

SMALL BUSINESS GROWTH STRATEGIES

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Ada Polla concocted Alchimie Forever, an Arlington-based distributor of Swiss skin-care products, while still a student in Georgetown University's MBA program.

JOANNE S. LAWTON / STAFF

Textbook startups

In an ever-accelerating business world, ambitious students launch their first companies before leaving the classroom

BY MELISSA SULLIVAN, CONTRIBUTING WRITER

Some students go back to school to escape the harsh realities of the world. Ada Polla found that higher education gave her just the leverage she needed to tackle them.

The recent graduate of Georgetown University's McDonough School of Business started Alchimie Forever in May 2003, while still in school. The independent company markets and distributes in the United States skin-care products developed by her parents, who live in Geneva. Rich in natural antioxidants, the products are sold to dermatologists and plastic surgeons at an average cost of about \$60 a bottle.

Even when double majoring in art history and political science at Harvard University, Polla, 26, knew she wanted to run her own business. After graduation and a few years of practical experience, she thought she might better fulfill her entrepreneurial dream while in school.

She is not alone. Pressured by a competitive marketplace or driven by their own restless ambition or both, more students are drawing on the resources and support available in business school to launch enterprises before ever receiving a diploma.

In the Washington area alone, students have started businesses in an array of industries including

biotechnology, construction, event planning and pest control.

In starting her business (www.alchimie-forever.com), the university setting provided an opportunity "to be able to take advantage of those resources in a way that was as advantageous as possible," Polla says. "I didn't have to pay anything other than my tuition."

She spent her first semester at Georgetown developing her plan. Polla plunked down her life's savings, got a business loan and incorporated her company out of her home in Arlington.

"It was like, why wait?" Polla says. [CONTINUES]

STUDENTS IN BUSINESS

ADA POLLA

President
Alchimie Forever,
Arlington
Established: May 2003
Business: Marketing, distribution of skin care products
School: Georgetown University, MBA (May 2004)
Anticipated 2004 revenue: \$53,000

MATT WINKLER

President
MW Communications,
Washington
Established: September 2002
Business: Marketing communications and event management consulting
School: The George Washington University, MBA (December 2005)
Estimated 2004 revenue: \$50,000

DANNY MARKSTEIN

Managing Director
The Strategyst Group, Washington
Established: May 2003
Business: Provide strategic planning services, including writing business and marketing plans, and assist in securing capital
School: The George Washington University, MBA (May 2003)
Estimated revenue for FY2005: Approximately \$300,000

THE ALL-IMPORTANT PLAN

Jim Hunt, an adjunct professor who teaches an introductory course for entrepreneurs at the McDonough School, has been a big influence on students like Polla. Above all, Hunt impresses on them the imperative of a good business plan.

Hunt is such a firm believer that he's taken to writing plans just for fun.

"I've gotten 70 pages into a business plan, and I realize it won't work," he says.

Charles Toftoy, director of the Entrepreneurship and Small Business program at The George Washington University's School of Business, also stresses the importance of the business plan.

"Even if the business is just me, myself and I, you should have a business plan because it's good discipline, and it keeps you organized, and it forces you to think about things that you would never think about," Toftoy says.

He compares the development of a business plan to training for an athletic race. An athlete wouldn't start running for the first time during the day of a meet.

"It's the same in business," Toftoy says. "Those injuries will be like things that you've overlooked."

Overlooked items on a business plan may translate into such missteps as running out of cash or discovering one year in that you should have had a partner.

Writing a good business plan will take anywhere from a month and a half to three months, Toftoy says.

Danny Markstein, managing director of The Strategyst Group, says it took him and his partners about two months to write their plan. He started his D.C.-

based consulting business with two other GWU business school classmates in May 2003. Now, Strategyst is projecting revenue of about \$300,000 by the end of its 2005 fiscal year.

Having a solid, practical plan upfront is all the more crucial when you consider the odds.

According to GWU's Toftoy, 24 percent of new businesses fail within the first two years, 51 percent within four and 63 percent within six.

Nevertheless, in the last three years interest in the academic field of entrepreneurship and small business has shot right off the charts, increasing by approximately 300 percent, Toftoy says.

A DELICATE BALANCE

Matt Winkler runs not one, but two businesses in addition to teaching and taking classes.

Winkler started MW Communications, a communications and event services company, and Sports Industry Education, which holds a yearly event for people trying to break into sports marketing.

Winkler says 10-plus years of experience before entering the MBA program at George Washington University's business school helped him determine exactly what he wanted to get out of school for his business.

What he also found was a network of support from professors and students.

"I let my professors know what I was doing," Winkler says. "A bunch of them took a good interest."

He found a schedule that gave him the flexibility he needed to pursue his degree. Winkler was able to work at his consulting company during the day and take classes in the evening.

Smith Wood, an adjunct professor at the McDonough School and president of Seneca, a software consulting firm in Vienna, says combining studies and a new business is doable, but a delicate balance.

Students must be highly motivated, and he discourages a business venture if it drags down their grades. If it works, students get an education while learning to apply it to the real world, he says.

NO EXIT STRATEGY

Polla, a former student of Wood's, found that the price of balancing her education and her startup was working longer hours. She started her second year at Georgetown waking up at 7 a.m.; by the end of the year she had rolled the alarm clock back to 5.

Heading into her second year in business, Polla enlisted a summer intern and together they are branching out into retail. She is targeting boutiques and within the next five years hopes to land products on the shelves of Saks Fifth Avenue or Neiman Marcus.

Recently, Polla crunched the numbers from her first-year financial results and reevaluated her business plan. She had projected \$150,000 in sales for the fiscal year 2004. Now she knows a third of that will be more realistic.

Her revised plan sets some aggressive sales goals in an all-out effort to turn a profit before her seed money runs out. She won't consider the alternatives for one simple reason: She has no exit strategy.

"I've invested so much of my money and so much of time, should it fail, it would suck," Polla says. "I know life goes on, but it really would suck."

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