

# EINSTEIN'S ALLEY: Best Practices

Conference Report

Congressman Rush Holt  
Honorary Conference Chair

December 19, 2005  
Princeton, New Jersey



[www.publicforuminstitute.org](http://www.publicforuminstitute.org)

## OVERVIEW

Central New Jersey has long lived and thrived on the frontier of scientific and technological innovation and is positioned to capitalize on this competitive edge. *Einstein's Alley* is an effort to do just that – and to make central New Jersey a national center for research-based industry. The belief is that through active collaboration, the region can foster more entrepreneurs, small businesses, cutting edge companies, and a robust spirit of innovation.

In 2003, the Public Forum Institute organized a summit with Representative Rush Holt to help bring focus and greater regional cooperation to enhance economic opportunity, create jobs, stimulate innovation, and encourage sustainable growth. Nearly 300 delegates participated in a series of workshops to generate recommendations for creating an environment of sustained economic growth.

Since the Einstein's Alley summit, there has been an intense amount of energy and much activity throughout central New Jersey. Several success stories emerged as the focus of a follow-up forum -- Einstein's Alley: Best Practices.

Again led by Representative Holt, more than 150 business leaders, government officials and interested citizens turned out to listen and learn from a series of central New Jersey success stories regarding:

- Start-Up and Venture Funding
- Meeting the Needs of Tomorrow's Workforce Today
- Responsible Economic Development
- Nurturing the Entrepreneurial Network, and
- Marketing NJ for R&D Investment and Attracting Business Development

Representative Holt reiterated that not all economic futures are created equally – that some futures are better than others. Indeed, brighter futures and stronger economies are built by those who have the vision to imagine, the desire to influence their own destiny, and the determination to act with purpose.

However, he also noted that *Einstein's Alley* is about building communities that can attract and retain New Jersey's best and brightest: a region with additional first-rate, good-paying jobs and expanded economic opportunity for all; a region with outstanding schools; a region with livable communities that have high-quality but affordable housing; a region with public transportation, recreational space, and safe neighborhoods.

What follows is a summary of the recent successes outlined during *Einstein's Alley: Best Practices* in the hope that they can be replicated to achieve that vision for central New Jersey.

## Keynote Address: Voyage to the International Space Station Presented by Dr. Greg Olsen, Founder and Former President of Sensors Unlimited



**Dr. Greg Olsen explains the intricacies of reentering the Earth's atmosphere in a Soyuz spacecraft.**

Dr. Greg Olsen, a New Jersey entrepreneur, product of Einstein's Alley, and the world's third private space explorer, delivered the keynote address – an inspirational look at his October 2005 trip to the International Space Station. Dr. Olsen impressed on the crowd the value of persistence, which he learned first-hand through this adventure. In his experience, "persistence over brilliance" has led to many successes.

By not allowing himself to give up, Dr. Olsen completed more than 900 hours of training in preparation for the Soyuz TMA launch. By far the most difficult part of this training for Dr. Olsen was

the Russian language classes. However, his weekly exams also tested his knowledge of advanced technical systems and survival skills. Additionally, he had to condition his body through intense physical and zero-gravity training.

To become a successful entrepreneur, businessman, and space traveler, Dr. Olsen credited persistence and the efficient use of resources. Dr. Olsen cited some practices of the Russian space program as examples of efficiency when faced with limited resources, including using a snow plow to tow the launch vessel out to the launch pad. During questions from the audience, he emphasized that there are "so many other ways you can do things besides money. You're just limited by you own ability and imagination."

### **Please consult the following links for more information:**

GHO Ventures, LLC : 90 Nassau Street, 4th Floor, Princeton, NJ 08542, Tel: 609-497-6333

Sensors Unlimited: <http://www.sensorsinc.com>

Space Adventures: <http://www.spaceadventures.com>

## Start-up and Venture Funding

Presented by:

**Katherine O'Neill, Executive Director of Jumpstart New Jersey Angel Network**

**David Lenihan, Co-founder, Chairman and CEO of CareGain, Inc.**

**Kathleen Coviello, Technium Project Manager, NJ Economic Development Authority**

Katherine O'Neill, the executive director of Jumpstart New Jersey Angel Network, emphasized the importance of angel investors in bridging the gap between science and business. Started in late 2002, Jumpstart brought together angel investors with the goal of being member and results driven. Jumpstart focuses on early stage, technology focused, and geographically close companies.



**David Lenihan, Katherine O'Neill and Kathleen Coviello answer questions from the audience about their best practices.**

Jumpstart's successes include:

- Increasing available seed funding
- Providing focus for New Jersey-based angel investors
- Moving technology from universities to active entrepreneurs
- Hosting "meet the angel" events to establish connections between angel investors and entrepreneurs, and
- Offering members the opportunity to work with their peers

Kathleen Coviello manages the Technium Project – whose goal it is to "support the full life cycle of

technology and life science companies" – at the New Jersey Economic Development Authority. The EDA assists small companies in New Jersey by improving access to real estate; education and training; and financing.

The Technium Project has a number of programs available to provide start-up companies with necessary funding for sustained growth at all stages of development:

- An angel guarantee program to help "hedge the risk from the angel investor's perspective and encourage more angel investing"
- Seed and early stage financing to help entrepreneurs in the short-term while building a legacy to help entrepreneurs in the future
- Emergent and growth stage financing
- Investing in venture funds including their own Garden State Life Science fund, and
- Working with regional banks to provide guarantees and match funding

David Lenihan and CareGain are a great example of start-up and venture funding enabling an idea to become a business. In order to produce the infrastructure necessary for successful consumer directed health care, Lenihan said that CareGain filed provisional patents and sought funding from angel investors. This financing resulted in more advance work, allowing CareGain to secure venture capital funding – provided they first landed a client. The most important thing Lenihan said he could share with the audience was "if you don't have customers, you don't have money."

**Please consult the following links for more information:**

Jumpstart New Jersey Angel Network: <http://www.jumpstartnj.com>  
Technology companies seeking funding may submit an executive summary directly by writing or emailing <http://www.angelcapitalassociation.org>

New Jersey Economic Development Authority: <http://www.njeda.com/>

Technium: <http://www.njeda.com/technium.asp>

Care Gain: <http://www.caregain.com>

## Meeting the Needs of Tomorrow's Workforce Today

**Presented by Dr. Gregory Kornhaber, NJCST Post-Doctorate grant recipient at ExSAR Corp.**



**Dr. Kornhaber listens as questions are asked about his experiences.**

Dr. Gregory Kornhaber, a recent graduate, addressed some of the issues facing postdoctoral graduates and the New Jersey universities. His focus was on the lack of faith in future opportunities whether in various tech fields or the state as a whole. To keep a talented pool on career tracks in New Jersey, Kornhaber said, "We need an incentive-based formula," which he found through a New Jersey Commission on Science and Technology fellowship program.

The NJCST program places the state's postdoctoral candidates, like Kornhaber, in New Jersey-based technology companies and provides them with support of \$50,000 a year for up to two years with the goal that recent graduates may find career opportunities and settle in New Jersey.

Kornhaber outlined the three main goals of the NJCST fellowship program:

- Retain talented postdoctoral graduates in New Jersey -- thus maintaining a workforce of capable and intelligent individuals
- Promote collaboration between the state's universities and businesses, and
- Further the transfer of technology and advanced innovations from universities to businesses

Due to the NJCST fellowship program, Kornhaber is able to continue his research now at ExSAR Corporation, proving by example there are more than just economic benefits to keeping these postdoctoral graduates in New Jersey.

**Please consult the following links for more information:**

Individual or company eligibility as well as FAQs: <http://www.state.nj.us/scitech/postdoc.html>  
Fellowship Application: <http://www.state.nj.us/scitech/fellowshipapplication.doc>  
Application Deadlines: <http://www.njtfp.org>

## Responsible Economic Development

**Presented by:**

**Martin Bierbaum, Executive Director, Municipal Land Use Center at TCNJ**  
**Martin Johnson, President, Isles, Inc.**



**Martin Bierbaum discusses the land use challenges his office faces.**

Martin Bierbaum, the executive director of the Municipal Land Use Center at The College of New Jersey, explained the various ways the Center was working to better meet its goals of economic development.

The Municipal Land Use Center develops tools for municipalities such as websites and newsletters, training programs, technical support and geographic info systems by focusing on four primary areas:

- Building Municipal Capacity
- Environmental Management
- Transportation Planning, and
- Economic Development

Bierbaum emphasized the need to foster relationships with colleges and universities. Collaboration with students, faculty and administration can result in grant proposal writing, research, publications, work study programs, career counseling, forums, seminars, and campus facilities planning.



**Martin Johnson describes Isles, Inc.'s role as "social entrepreneurs."**

Martin Johnson, president of Isles, Inc., spoke on issues of diversity and economic disparity, underscoring the spread of poverty to the suburbs and the lack of affordable housing near available jobs.

Isles addresses problems compounded by poverty in central New Jersey through a multitude of programs. As a part of a regional coalition, it works to bring attention to both the social and economic factors through public education and discussion of relevant issues.

**Please consult the following links for more information:**

Municipal Land Use Center at the College of New Jersey: <http://www.tcnj.edu/mluc>

Isles, Inc.: <http://www.isles.org>

## Nurturing the Entrepreneurial Network

**Presented by:**

**Michael Wiley, Innovation Project Officer, Economic Development Authority**

**John Romanowich, President & CEO, SightLogix, Inc.**

**Jeff Milanette, President, Innovative Partners, Inc.**



Michael Wiley, Innovation Project Officer for the Economic Development Authority, focused his remarks on the Innovation Zone Initiative.

The vision of the initiative is to encourage technology companies to move into vibrant communities where people can live, work and play. Tying into core "smart growth" principles, the program will result in more cooperation between universities, businesses and the state government, and speed up the transfer of technology from the laboratory to the market place.

**John Romanowich, Michael Wiley and Jeff Milanette provide pointers on networking.**

At the core of the program are three Innovation Zones, each anchored by a technology center:

- The Commercialization Center for Innovative Technologies in North Brunswick
- The Waterfront Technology Center at Camden, and
- The Digital Century Building in Newark (in late planning stage)

These centers provide targeted assistance for technology and life sciences companies through enhanced financial incentives with the EDA, including:

- Additional funds through the Technology Tax Certificate Transfer Program
- A boost to the scoring formula under the Business Employment Incentive Program (BEIP), and
- Access to low-cost financing and technical assistance via the EDA's Technium Initiative

Wiley encouraged everyone to look not just to the EDA for financing, but to reach out to universities and industry statewide for additional resources.

Jeff Milanette, President of Innovative Partner and Entrepreneurs Forum, discussed a key concern of entrepreneurs – what to do to maximize financing opportunities.

Milanette urged participants to ask themselves, "What should I be able to tell an investor about my company that would make them interested enough to write me a check?" He identified necessary elements to incorporate when conversing with investors such as:

- A coherent, well-reasoned, investment presentation
- A business plan that is readable, realistic and satisfies a market need
- A workable business model that illustrates how the company will be able to make money and return something to the investor, and
- A willingness to work cooperatively with investors and not view them as adversaries

Milanette shared that investors often judge the quality of an idea (and team) on the basis of an "elevator pitch" - a brief overview of an idea for a product, service, or project that can be

delivered in the time span of an elevator ride. He stressed that an effective elevator pitch must be able to quickly and concisely explain what a company does, why it has a competitive advantage, and why it would be wise to invest in that company.

Milanette concluded with several pieces of advice for entrepreneurs including:

- No meeting with an investor is informal - when an investor calls to meet it will be to talk about a business plan
- Always be prepared to pitch your company, and
- Follow up, because it is all about persistence and perseverance

John Romanowich shared his experience of finding investors to finance SightLogix, a provider of automated surveillance cameras. He started at 2003 Einstein's Alley conference by volunteering to help develop an entrepreneurs' collaborative. The collaborative quickly grew into a monthly gathering that gives entrepreneurs a chance to share their experiences and learn directly from one another.

According to Romanowich, the key elements necessary to build and grow a company are:

- Having passion and identifying others with passion - Romanowich did this by inviting twelve friends to a restaurant to excite them about the SightLogix concept.
- Creating a "heart beat" - Romanowich and his core group decided to meet regularly.
- Finalizing a business plan and registering for patents, and
- Working with Angel investors - Angels from the Einstein's Alley community and support from the EDA enabled SightLogix to quickly double in size.

**Please consult the following links for more information:**

New Jersey Economic Development Authority: <http://www.njeda.com>

The Technology Centre of New Jersey: <http://www.njtechcentre.com>

Waterfront Technology Center at Camden: <http://www.waterfronttechcenter.com>

Entrepreneurs Forum: <http://www.njef.org>

Innovative Partners, Inc.: <http://www.innovativepartners.com>

SightLogix, Inc.: <http://www.sightLogix.com>

Article about Automated Threat Detection on EDA website (former name of SightLogix):

[http://www.njeda.com/pr\\_071105.asp](http://www.njeda.com/pr_071105.asp)

## Marketing NJ for R&D Investment and Attracting Business

### Development

#### Presented by:

**Maxine Ballen, Founder, President and CEO, New Jersey Technology Council**

**Kenneth Traub, President and CEO, American Bank Note Holographics, Inc.**

**Richard Goldberg, VP Public Affairs, DRS Technologies, Inc.**



**Maxine Ballen, Kenneth Traub and Richard Goldberg discuss areas of growth for New Jersey.**

Maxine Ballen, founder and head of the New Jersey Technology Council, spoke about what the NJTC has done to establish the state as an attractive destination for technology companies.

Ballen discussed New Jersey's successes:

- Strong and steady job growth
- High levels of productivity
- Growth in venture capital investments
- A highly skilled and educated workforce, and
- A high standard of living

She then identified the challenges:

- Business growth is slowing
- Productivity growth slowing
- Too few new discoveries due to a lack of money to fund them
- Falling R&D investments with a small federal R&D base, and
- A low degree of production of scientists and engineers by universities and colleges

Ballen cautioned, "we have let a lot of opportunities go by the wayside in this state because we haven't been able to recognize them or have the funding to further them."

Kenneth Traub, the President and CEO of American Bank Note Holographics, Inc., discussed how he turned the once struggling 200 year old company into a leading supplier of document security solutions with support from New Jersey. Relocating to New Jersey allowed ABNH to use incentives and grants provided by the EDA, and obtain talent from New Jersey's labor pool, as well as attract talent from New York and Pennsylvania. In addition, the reasonable cost of real estate in locations near key markets helped the organization expand.

Traub continued to develop the company through an investment program. ABNH expanded as it developed new technologies, built new facilities and acquired new equipment, resulting in the development of 120,000 new jobs in New Jersey.

Richard Goldberg of DRS Technologies explained what New Jersey can do to reverse the slow down of R&D investment and business development including:

- Keeping taxes low
- Investing a percentage of pension dollars in New Jersey technology companies
- Increasing venture capital funding
- Fostering more collaboration among technology translators in New Jersey universities and tech companies
- Establishing new specialized incubators
- Increasing promotion of the EDA's Technium program, and
- Increasing support to help companies obtain federal financing (e.g. SBIR and STTR grants)

"I believe that if the state is an affordable place for a company to come set up shop, they will come and stay here," Goldberg stated.

**Please consult the following links for more information:**

New Jersey Technology Council: <http://www.njtc.org>

American Bank Note Holographics, Inc.: <http://www.abnh.com>

DRS Technologies, Inc.: <http://www.drs.com>

**Additional Resources:**

New Jersey Commission on Science and Technology: <http://www.state.nj.us/scitech/>

New Jersey Small Business Development Center: <http://www.njsbdc.com/home/>

New Jersey Association of Women Business Owners, Women's Business Center:  
<http://www.njawbo.org/html/wbc.html>

Venture Association of New Jersey: <http://www.vanj.com>

Additional finance info for New Jersey start-ups and business ventures:  
<http://www.gaebler.com/New-Jersey-angel-investors.htm>

Monmouth Ocean Development Council – Funding:  
[http://www.modc.com/resources/venture\\_source.htm](http://www.modc.com/resources/venture_source.htm)

New Jersey Entrepreneur.com: <http://www.njentrepreneur.com>

New Jersey Entrepreneurial Network: <http://www.njen.com>

New Jersey Biotechnology Council: <http://www.biotechnj.org/index.jsp>

A resource for the life science industry in New Jersey:  
<http://www.newjerseylifescience.com/>

New Jersey biotechnology Life Sciences Coalition: <http://www.njblsc.org/About.htm>