



A black and white photograph of a hand holding a pen, poised to write on a document. The document features the logo of the Institute for Entrepreneurial Excellence (IEE), which consists of the letters 'IEE' in a bold, stylized font, with 'Entrepreneurial Excellence' written in smaller text below it. The background is blurred, showing what appears to be a desk or office environment.

Successful companies are made, not born. And the Institute for Entrepreneurial Excellence, with Ann Dugan at the helm, has helped a cross section of entrepreneurs make their business-ownership dreams become realities.

By Jeffery Fraser Photography by Terry Clark

GETTING DOWN TO BUSINESS

ou're thinking about getting into the pizza business. Your homemade pies—novel creations all—draw raves from everyone who samples them. You loathe working long hours, nights, weekends and with young people. But no one can hold a candle to your pies, least of all the tired local competition. • If you're wise enough to have a candid conversation with Ann Dugan about your idea, you shouldn't be surprised if the advice you receive is this:

Don't do it.

Dugan is acutely familiar with the principles of entrepreneurship, what it takes to create a successful company and the value of innovation. She's spent the past 10 years as the founder, executive director and assistant dean of the University of Pittsburgh Institute for Entrepreneurial Excellence. She built that organization from a single, small business center to a broad, multi-program institute with an impressive depth of expertise, teaching, research, outreach and network of contacts. This array of resources has been necessary to nurture western Pennsylvania entrepreneurs from biomedical researchers to farmers so they might better survive, thrive and create new industries, jobs and wealth. In developing the institute, Dugan has drawn on her own energy, insight and real-world experience that include an early career in banking and success as a commercial entrepreneur, first with a pizza franchise and later with a distributorship for hazardous material packaging.

And if she's learned anything during that journey, it's that a bright idea alone—whether born in a university research lab or in someone's kitchen—doesn't guarantee success in the unforgiving world of business.

"Sometimes the idea is interesting," she says, "but the person isn't right for it. If you don't like to work at night or on weekends or with young people, well, those are the critical dynamics of being in the fast food business."

Last year, 56 businesses were started in western Pennsylvania with help from institute staff, its education programs, consulting services and wide network of financial, legal, government and other sources of support critical to the prospects of entrepreneurs and their businesses. If past performance is a reliable measure, these startups stand a better chance of surviving than their counterparts in other parts of the country.

The latest research reported by the federal Small Business Administration suggests that 44 percent of businesses nationwide with fewer than 500 employees survive their first four years. For new small businesses that receive assistance from the Institute for Entrepreneurial Excellence, the survival rate is closer to 80 percent.

Part of the reason is the institute's practice of giving those who are thinking about becoming entrepreneurs a complete picture of what it takes to succeed



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Ann Dugan founder, executive director and assistant dean, University of Pittsburgh Institute for Entrepreneurial Excellence



and a frank assessment of their chances. Last year, some 400 men and women with ideas of becoming business owners attended “first step” seminars offered by the institute’s Small Business Development Center to introduce them to the essentials and realities of starting a business. The number of institute clients who actually started businesses last year suggests that most who attend the introductory seminar end up reconsidering their startup plans.

“A lot of people fall in love with the idea of being an entrepreneur. Then they come to our program and find out it’s really hard work, there’s risk involved and that it won’t be a sure-fire success,” says Dugan. “Those things tend to discourage people.”

For those who follow through with their ambitions, like Bellevue businesswoman Anne Fleming, having the institute’s connections, educational programs and consultants at their disposal can be “like having another business partner.”

Fleming quit her day job and launched a Web site, Women-Drivers.com, which was inspired by the disconcerting realization that, although in her marketing career she had managed accounts worth millions of dollars and negotiated deals for her employers, she couldn’t find the confidence to walk

into a dealership showroom and negotiate the purchase of a car. After a year or more of study and planning, the Web site she created went live last year, offering women layers of information to empower them to become better consumers of automobiles and automotive services. She sells dealers access to data mined from the reviews and ratings women post on the Web site, detailing their car-buying experiences and behaviors.

Back in 2007, she ran the concept past Robert Stein, manager of information technology at the institute. “He’s like, ‘Kind of interesting, but needs some work.’” With his support, she began building the concept into a business.

The institute helped her secure her first round of funding. Its technology experts made sure she built her Web site on a platform that enables her to capture data and perform the analytics that generate revenue. When she needed a statistical portrait of her core audience—women aged 25 through 54—the institute had it to her in a matter of days. When she took the critical step of hiring a Web development company, Stein attended every interview and guided her through the selection process. “I know I’m not their only client, and I know I’m not their biggest client,” says Fleming.

STORIES OF OUR SUCCESS

WOMEN-DRIVERS.COM

With guidance and technical support from the Institute of Entrepreneurial Excellence, Anne Fleming, shown on the opposite page sitting to the right, started the Web site Women-Drivers.com to help women become better consumers of automobiles and automotive services. She also sells information collected from women's reviews and ratings to car dealers like Elda Sullivan, opposite page left, owner of Sullivan Chevrolet in the Pittsburgh suburb of Etna.

CELTIC HEALTHCARE

Using what he learned in the institute's executive education program, Arnie Burchianti, standing right, improved the acquisition strategy for his home health care services firm, Celtic Healthcare. Shown here talking with his company's Web developer, Jason Senecal, Burchianti says his firm has doubled in size in the 18 months since he completed the institute program.



"But they are always there. And not just at startup. It's been 21 months."

Established at the university in 1999, the Institute for Entrepreneurial Excellence has grown to reflect Dugan's conviction that a viable, growing regional economy requires an approach to economic development that reaches beyond Fortune 500 companies. The organization she built around the university's existing Small Business Development Center includes programs tailored to emerging entrepreneurs; small, mid-sized and family-owned businesses; and local farmers. It also moves innovations from university and outside research laboratories into the marketplace.

Such a focus is supported by U.S. Department of Commerce data that shows businesses with fewer than 500 employees paid nearly 45 percent of the U.S. private payroll, and created more than half of non-farm private gross domestic product and 60 to 70 percent of net new jobs since the mid-1990s.

"She appreciates that, to support small businesses and the economy, there is no one-size-fits-all," says Christina Gabriel, director of The Heinz Endowments' Innovation Economy Program. "Her organization has a broad understanding of what makes the economy tick. It doesn't just target

startup companies from universities. It looks at companies that may not be superstars or the next Microsoft, but that promise good jobs for people in the region and strong potential for growing, exporting and creating wealth."

The institute operates with funds raised from sources such as state and federal programs, client fees, the University of Pittsburgh and foundations, including the Endowments, which over the past two years has awarded it grants totaling \$350,000. The organization, says Gabriel, is well aligned with the Innovation Economy Program objectives of spurring innovation and economic growth in the region; expanding economic opportunities to a more diverse population; and creating a viable, attractive economic climate. The foundation's interest is in stimulating the regional economy by focusing on its assets, which include research, technology, engineering talent and ample medical expertise. Such a focus is seen as critical to growing a robust, underlying economic environment that will become self-sustaining over time, generating wealth and sales revenue, creating new jobs and attracting high-quality talent to the region.

The institute contributes to that endeavor by strengthening the region's entrepreneurs and



BUSINESS CLASS

Business owners enrolled in the Institute of Entrepreneurial Excellence's 12-month fellows program learn about critical issues that heads of growing companies often face. These Pittsburgh-area entrepreneurs are participating in a discussion that's part of their "Marketing, Marketing, Marketing" class. Shown are Jeff Tapolci, left, of ABG Capital, a venture capital firm; on the opposite page shown left to right, Odell Minniefield Jr., of Jadel Minniefield Construction Services; Suzanne Teele, of Aceda LLC, a management consulting firm; and Laurie Rogg, of Office Furniture Outlet.

developing the ecology of companies that have the potential to grow quickly because they have strong leaders at the helm. The institute has several distinctive features that help in that regard.

For example, its PantherlabWorks, created to help move technologies from the lab to the marketplace, distinguishes itself from many other technology-transfer programs by providing startups with comprehensive and more detailed business assistance. Its services range from assessing markets and the skills of employees to giving advice on drafting a business plan and structuring a company.

And the institute does not limit its reach to only a narrow slice of the technology sector. It supports the development of technologies in the agriculture industry, for instance, such as the recent efforts of its Agricultural Entrepreneurship Program to help a Greene County firm develop local and international markets for commercial switch grass fuel pellets. "Because they can be broad as well as deep in their approach, they can see opportunities others may not see," says Gabriel.

Dugan, who earned a master's degree in business administration from Pitt in 1985, began to build the institute after being asked by a former professor of hers to examine the Small Business Development Center housed in the university's business school, with an eye toward making it more efficient and effective.

She arrived with her background in banking and experience as an entrepreneur who operated

a successful pizza franchise and a company that distributed hazardous material packaging. The two businesses were not as incongruous as they seem, and her transition to hazardous material packaging illustrates her entrepreneurial instincts. While in the pizza business, she was introduced to a team of packaging designers in St. Louis who were working to improve the standard pizza box. After the 1996 crash of ValuJet Flight 592 in Florida, caused by oxygen canisters igniting in the cargo hold, it became clear that demand would soar for innovative packaging to more safely transport hazardous materials. And Dugan knew that the St. Louis team had already developed the technologies and testing facility to produce such containers.

When she looked at the Small Business Development Center, Dugan says, "I realized we weren't being strategic in the sense that there were people we were giving service to who had no credit, no collateral, no ability or passion or drive to start or grow a business." She began to transform the center—and, in the process, create the broader institute—by hiring people who, like herself, had experience with starting a business and understood what it takes to succeed.

"They have to be entrepreneurs," she says. "They have to be malcontents. They have to say, 'Here is what we have. How can we make it better?' I believe that in today's world, whether you're a janitor in an organization or on the fast-track toward becoming a vice president, you have to be entrepreneurial in what you do."



When Dugan saw, for example, that western Pennsylvania has few third-generation, family-owned businesses, the institute developed the Family Enterprise Center to provide services specific to these companies, including help with negotiating family relationships and transferring the business from one generation to another. The Agricultural Entrepreneurship Program was started after institute staff, while working to help local farmers plan for passing the family farm onto the next generation, realized the region was starved of support to help farmers sustain and grow their business in areas ranging from access to capital and new marketing ideas to exploring novel greenhouse technologies that extend the growing season.

Another institute strength is the broad network it has developed of providers of professional services, elected officials, and other sources of support for new and growing companies. The institute's staff also has a deep understanding of the communities that make up the local business environment. Their realization that an entrepreneur needs a long-term strategy, a tactical approach, and an understanding of constituencies and their individual needs has been key to the institute's effectiveness.

Last year, the onset of the recession led institute staff to aggressively expand the organization's network of angel investors, venture capitalists and other financing sources to offset the tightening of the credit market. As a result, the institute managed to help its client businesses raise \$44.2 million, the largest amount in its history.

Whether the institute can be as successful in the immediate future remains to be seen. Investor confidence is likely to remain low. But on a positive note, Dugan says, the economic crisis will probably kindle opportunities for entrepreneurs who have novel ideas for addressing the challenges and changes that emerge in the downturn's wake.

Arnie Burchianti sees such opportunities on the horizon. Over the past 15 years, Burchianti, a native of Connellsville, has gone from

moonlighting as a home care physical therapist to being the founder and CEO of Celtic Healthcare, a Mars, Pa.-based home care company with 600 employees and upwards of \$30 million in annual revenue. The prospects of health care reform, the strain of recession already being felt across his industry and increasing pressure to keep costs down and quality up, he says, favor his company. He attributes its growth to the efficiencies of its integrated approach to service delivery and a sophisticated use of technology, including software tailored to how Celtic operates that the company created with its own developers.

Just as important, the firm is well-positioned to acquire poorly or marginally performing hospital-based home care agencies, having worked the bugs out of its acquisition strategy with help from the Institute for Entrepreneurial Excellence. Its first acquisition, buying the home care division of Carlisle Regional Medical Center in 2006, "exposed all of our problems," Burchianti says, including problems transferring its corporate culture and technology-based way of doing business. The following year, he completed the institute's executive education program. "What it gives you is a formalized methodology to take your vision and strategy and come up with tactics, actions and accountability. It slows you down to think about what you need to do."

His company has doubled in size in the 18 months since he completed the institute program. Subsequent acquisitions have been more orderly and efficient, less painful and costly, and they have expanded the company's reach to markets in Ohio and Maryland. Burchianti enrolled his chief operating officer in the institute program last year to help plan for the next stage of expansion.

With the company's successes so far, Burchianti says it makes sense to turn again to the institute to maintain the momentum. "The school of hard knocks is not where you want to be." *h*