

# **Team Build War Stories**

Beth Marcus, Ph.D.

March 3, 2009

# Who am I?

- Ph.D. in Biomechanics
- Specialist in new product development
- Serial Entrepreneur
- Started EXOS in late 1988
- Medical business grew to 25 people & \$1.5MM and failed after 5 years

# EXOS, Inc

- Started EXOS in late 1988
- Medical business grew to 25 people & \$1.5MM and failed after 5 years
- Restarted in Interactive Entertainment 1993—8 people more money & the same core skill set and technologies
- Sold the company to MSFT in 1996

# The PowerStick™



# Team building @ EXOS

- I was sole founder
- I had seasoned advisors from the start
- I brought in a COO when we had 8 people
- He became CEO and I became CTO & Chairman
- When we changed industries we changed CEO's

# HBN Shoe, LLC.

- Founded in 1997
- I was brought in as founding President by inventor and patent counsel
- I build business plan and raised \$1.2MM
- I left after 9 months as my expertise didn't match the industry
- Company operating a small profit

# Product in 1999

## Standing Ovation™



*Style*  
WITHOUT SACRIFICE™



Standing Ovation™ represents the answer to the eternal question asked by women who wear high heels: "Why can't they make a pair of stylish heels that don't hurt my feet?"

By employing our revolutionary new Ovation Curve™ technology, the Standing Ovation™ brand is the solution for women who want fashionable, high quality footwear without the foot and toe pain associated with high-heeled shoes.

The Ovation Curve™ is the anatomically correct contour for the foot to sit in a high-heeled shoe. By lowering the heel relative to the ground, the Ovation Curve™ shifts approximately 18 percent of a woman's weight off the front of her toes and back on to the heel. The benefits of this weight shift include:

- a reduction of load and stress on the balls and toes of the foot
- improved ankle stability
- better balance between the front and back of the foot.

The result is a dramatic reduction in foot and lower back pain along with a heightened level of comfort when wearing high heels.

This seamless integration of form, function and value will fundamentally change the way you think and feel about high heels. For the first time you can have . . .

*Style* WITHOUT SACRIFICE™.



## 1999 Collection



**MARGAUX**  
01-10001B [medium] • 01-10001D [wide]  
Snip toe, square leather-covered heel, double stitched topline  
AVAILABLE IN BLACK, NAVY, LIGHT GREY, BONE



**DIANA**  
01-10002B [medium] • 01-10002D [wide]\*  
Wide rounded toe, flared leather-covered heel, drop topline  
AVAILABLE IN BLACK, LIGHT GREY, BONE  
\*(Wide widths available in Black and Light Grey only.)



**ELAINE**  
03-10013B  
Snipped toe slingback, tapered leather-covered heel, square topline, matte silver buckle  
AVAILABLE IN BLACK, NAVY, LIGHT GREY



# Product in 2004





# Now an insole product



# Zeemote, Inc.

- I began working on concept and opportunity in 2003
- In 2004 I assembled a team of people I knew or had worked with before
- The plan: technology licensing
- In 2005 we got a customer and angel funding
- In late 2005 we realized how huge the opportunity was

# Product Evolution

Human Interface  
System

7,218,313

Filed: 10/31/2003



Human Input  
Acceleration System

7,280,097

Filed 10/11/2005



Knowledge,  
Reference Designs,  
Expertise,  
Intellectual Property

# Zeemote gets focused

- In spring 2006 we closed a \$2.25MM venture round and started to build the company
- In 2007 we took a gamble and poured remaining resources into finishing the JS1—changed to a product company
- In late 2007 we closed \$7MM venture round with 2 new investors
- In early 2008 we began a CEO search

# The product and the team evolve

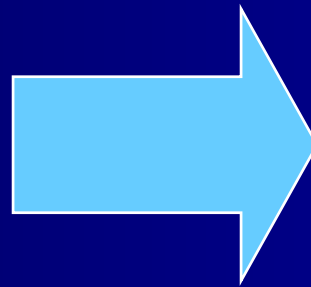
- Zeemote JS1 launched in February 2008
- One of founding team left in early 2008
- First Shipments in fall 2008
- Exceeded plan of \$950K revenue and did \$1.2MM in 2008
- New CEO started in November 2008

# The company grows and matures

- Team reaches 27 people world wide
- Some early staff are promoted, some leave, new key people added
- I transition to CTO and board member
- Sales build worldwide and licensing begins
- Profitability and exit in the future

# Job description

PEOPLE  
OPPORTUNITY  
IDEAS  
STICK-TO-ITIVENESS  
EXCITEMENT



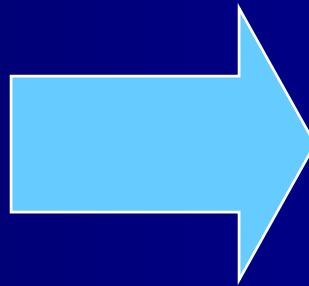
POISE: to  
balance, to  
keep steady

An entrepreneurs job is to keep the balance between excitement for ideas and opportunities and focusing on building a successful business



# Required Skills

FLEXIBILITY  
RESOURCEFULNESS  
INGENUITY  
ECONOMY  
NETWORKING  
DOLLARS



FRIENDS : use all the resources you know about and get to others through friends

An entrepreneurs life during the early phases of the business is like a rollercoaster. The expected seldom occurs or when it does it doesn't happen when you want it to.



# How & Why Some Ventures Succeed

- Opportunity selection
  - Have direct industry/market experience
  - Distribution—contacts, experience, alliances
- People, Team, People, etc.
- Money: there's Never Enough (it seems)
- Knowing your strengths & limitations
- Success & Failure under your belt

# Key Skills

- Networking (with people)
- Team building
- Wild Eyed enthusiasm
- Dedication bordering on Obsession
- Ability to learn and improvise
- Ability to live on a roller coaster & stay sane

# Advice

- You cannot predict the future (despite what your business plan says)
- You cannot do everything yourself (hire good people and let them do their jobs)
- Don't be afraid to fire people (admit your mistakes painful as they might be)
- Never stop questioning & learning (management & employees alike)

# Advice (continued)

- Make the journey worth it (it will be longer and harder and more expensive than you expect)
- Share the rewards (both monetary and intangibles)
- Your life  $\neq$  your company (so enjoy both)

# Return On Investment

- VC's want ~10X in 5 years (50% per year)
- If you raise \$2MM and give 50% to the investors
- If you sell it in 5 years for over \$40MM
- They achieve their goal
- It doesn't happen very often
- VC's more often get an average of 20%
- Typically 1-2 out of 10 is a home run