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Economic Revitalization Through Entrepreneurship

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What it takes:

- “Change the World” People
- Patient and Smart Money
- Aggressive Customers
- Exits>Returns
- “Chutzpah”

PEOPLE

- “Job security no longer exists anyway”
- “Why not me?”
- “Life is short”
- “Someone IS going to do this”
- “I am going to do this”

M O N E Y

- Risk = Reward
- A basket of “risky” assets is not itself “risky”
- “Prudent Man Rule”
- #1 Performing Asset Class
- Tremendous pressure to enhance portfolio returns
- Pensions, Endowments, Foundations

C U S T O M E R S

- “I don’t have to outrun the bear...I just have to outrun you”
- Aggressive, Smart, Innovative
- Willing to take firm risk to beat their competition
- Willing to take personal risk for potential promotion
- “Nobody ever got fired for buying IBM”
but...
- Nobody ever got promoted for buying IBM either

- We invest CASH. For the system to work, at the end of the day, we must return CASH.

How?

- Big companies can simply no longer hold onto “the best and the brightest” – Innovation has shifted to the small and the nimble.
- Mammals versus Dinosaurs – who wins?
- Big companies need our products – they must buy our companies.
- Portfolio managers need fast growers in their mix – they too must buy our companies.
- Cyclical “exits”, but we have 10-year time horizons and can wait.

C H U T Z P A H

- “The classic example of Chutzpah is someone who kills his father and mother, than asks the court to show mercy because he is an orphan.”
- Starting companies to take on established competitors is fundamentally not a rational act...
- Yet people do it, and it works often enough to maintain US leadership as the capital of innovation.