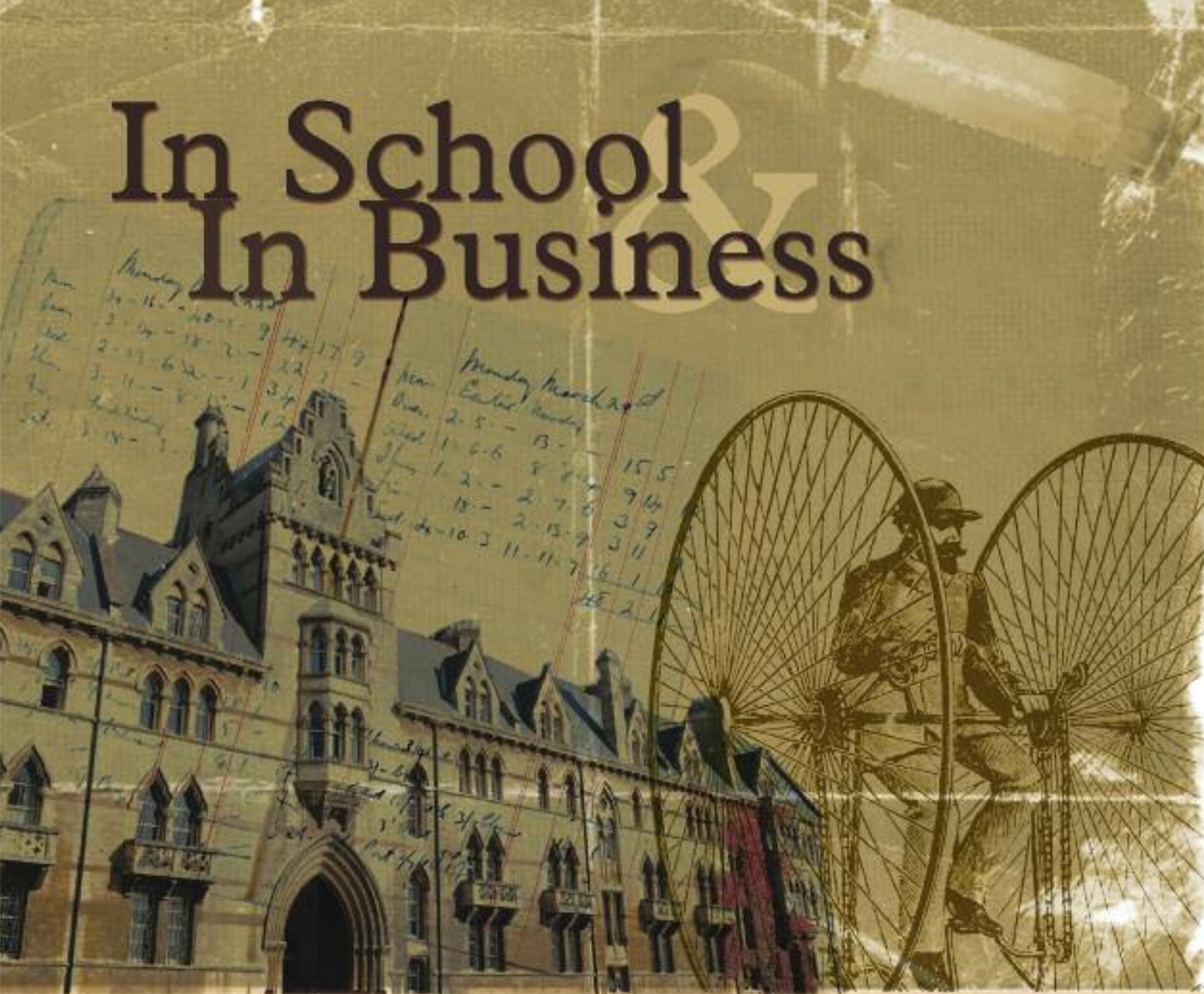


# In School & In Business



By Adrienne Lawrence



Whether in high school or grad school, **these entrepreneurs** have made their businesses work

Robert Baum believes there are two types of people who become entrepreneurs. The first is a dissatisfied customer. When entrepreneurs want something they cannot find or do not like, they say, “Well if I want it, there must be other people out there who want it too,” he says. The second type of entrepreneur is a very strategic person who looks to see what is making a lot of money—like iPhone apps right now.

As a professor of entrepreneurship and management and organization at the Robert H. Smith School of Business at the University of Maryland since 2002, Baum has taught and worked with many entrepreneurs who became successful either during or right after business school. “At [the University of] Maryland right now, there are 400 or so students thinking about starting a business,” he says.

In his classes, Baum advises students to be “very experimental” when starting a business, with a caveat to start out small. “Try it with your friends, try it with people who are close to you and watch what happens,” he says. As examples, he cites two successful businesses that came out of the school, North Star Games and Hook & Ladder Brewery (see stories below). “They experimented with their fellow students and, based on what they learned, adapted their product for a wider audience,” he says.



Peer2Peer Tutors believes in the power of human networks—local students helping their peers—with benefits that go way beyond the academic. The company says it strives to “make learning cool.” In 2011, the company’s founder, Erik Kimel, was named to the *Washington Business Journal*’s “40 under 40” and *Business Week*’s “Top 25 Entrepreneurs Under 25.”

## Peer2Peer Tutors, Rockville

Twenty-five-year-old Erik Kimel, founder and CEO of Peer2Peer Tutors, was a 17-year-old senior at Winston Churchill High School in Potomac when he launched his company by placing an ad offering tutoring services in his local newspaper, *The Gazette*.

Kimel’s business took off. When he began to feel overwhelmed by the number of parents and students requesting his services, he hired other classmates as tutors. Upon graduating, Kimel went to New York University in New York City, but continued to manage his Maryland business which was growing steadily. When he graduated from NYU four years later with an undergraduate degree in finance and management, he was ready to devote all his time to his burgeoning business.

Peer2Peer has grown by leaps and bounds since Kimel placed that newspaper ad in 2004. The company now serves 11 school districts in a number of states, including North Carolina, New Jersey, New York, Connecticut, Maryland, Virginia and Washington, D.C., and has provided more than 50,000 hours of tutoring services to 3,000 students.

Kimel sees his company serving a much larger client base in the future. He selected the current service areas because they had the right mix, in terms of the size of school districts, income and general demographics. Plus, “they are close enough to visit equally to ensure high-quality management and support,” he says.

Kimel likens his vision of the future to “those AT&T commercials, where you see the coverage map.” He expects to see a nationwide map covered with Peer2Peer logos one day,

although he plans to wait at least a year before expanding to new locations. Waiting to see how the business does in the company’s newer service areas, including New Jersey, North Carolina and Connecticut “will help us define how to take the next step,” Kimel says.

Part of what has made Peer2Peer so successful is Kimel’s philosophy that students learn best from other students. “Students are able to learn in a more comfortable way,” he says. “They are able to get a role model, plus a tutor.” And since the tutors are students at local high schools, they might already be familiar with the teacher and the materials. “They might get a tutor who knows what Mrs. Jones’ tests are like. They’ll get an inside, targeted, tailored view of the course and specifications of the class.”

The company takes certain things, such as cheating, very seriously. To safeguard against it,



Hook & Ladder produces three year-round beers, including an American-style wheat, which won a gold medal at the Great American Beer Festival.

tutors are subjected to a thorough screening process before they are hired. They must have a 3.7 unweighted high school GPA or fluency in a foreign language and undergo training. The process is quite selective, with only about one-third of the students who apply to become tutors selected.

“We’ve had students who saved all their math work during the year they were working with a Peer2Peer Tutor and bring it to the company a few years later to prove they were worthy of being hired,” Kimel says. “To me, that’s the most powerful thing. If you have a good tutor and you work really hard, you can get an A in a class. But it’s a lot more difficult to master something and want—and be able—to teach it. It builds a strong learning community.”

## Hook & Ladder Brewing Company, Silver Spring

When long-time volunteer firefighter Rich Fleischer first



Brothers Matt and Rich Fleischer convinced Hook & Ladder beer distributors to match company funds, raising \$4 for each barrel of beer sold. Since 2005, Hook & Ladder has donated more than \$60,000 to burn units that treat firefighters and other burn victims.

started home brewing beer in 1994, it was just about making something he wanted to drink. But with encouragement from friends, he founded Hook & Ladder Brewing Company in 1999 and by 2008, with his brother Matt, owned one of the fastest-growing, independent craft beer brewing companies in the United States.

Matt Fleischer, now 36, joined Rich in 2000 to help grow the business. Without enough capital, however, Hook & Ladder stalled in 2002, even though the company won a gold medal for its Golden Ale during the 2001 Great American Beer Festival sponsored by the Association of Brewers.

So, the brothers took a break and Matt went to graduate school. He earned a master’s in business administration at UMD’s Robert H. Smith School of Business. In 2005, when Matt graduated, the brothers were ready to begin again.

Matt says a key to the company’s success was a course he took with Baum during his first term. “The course, called ‘New Venture Financing,’ was very inspiring and I learned a lot about financing small businesses and how to get businesses off the ground through angel investing and venture investing,” he says. UMD Prof. Baum invested in Hook & Ladder and “he helped me get the business off the ground,” Matt Fleischer says.

Another key part of Matt’s new plan for the business included donating funds to burn units that treat injured firefighters. “A penny in every pint and a quarter in every case,” he says. In addition to enjoying the flavor of Hook & Ladder beer, customers “know they are making a donation every time they drink a beer and they can feel good about it.”

Hook & Ladder produces three year-round beers: Golden Ale, Backdraft Ale and Flashpoint Pale Ale, and offers seasonal selections,



North Star Games recognizes the contributions of its game designers by putting their names on the front of each box.

like Ember Amber, as well. Rich developed the recipes over the years and sometimes the brothers had to suffer through the tasting phase. “It was horrible,” Matt says. “There were several times when we had kegs on tap and we just had to go through it and try it out.”

The toughest times may have been just after graduate school, when Matt worked the longest hours. “I was selling beer in the morning, delivering beer in the afternoon and meeting with potential investors in the evening,” he says. “There were long hours filled with lots of hard work, especially when [delivering] kegs, which can run 150 pounds.”

But, Matt says, he got in really good shape and “could drink as much beer as I wanted, because I was sweating it all out, delivering kegs. And he knew they were successful the day he could afford to hire his first employee. “I was excited when the first employee I



Dominic Crapuchettes invented his first game, Kabloogi, in 8th grade. It was banned from the school because students were playing it during class. Crapuchettes gave up his career as a salmon fishing boat captain in Alaska to create North Star Games

hired was a delivery driver,” he says. Currently, Hook & Ladder has 110 distribution partners in 27 states.

### North Star Games, Bethesda

Dominic Crapuchettes, 42, a former Alaskan salmon fishing boat captain, had big dreams when he was away at sea for months at a time—he dreamed of making board games.

Crapuchettes, founder and co-president of North Star Games, conceived of his first game while on the boat. He then went to the Robert H. Smith School of Business for a master’s degree to make sure he knew everything he could about how to run a successful business.

Crapuchettes’ ideal game is a game played with friends that is not too long or too complicated and keeps conversation going. Some popular games, such as Monopoly, can be fun, he says, but when the length of the game

is unknown—it can take two hours or ten—not everyone wants to play.

Crapuchettes met his business partner and current North Star Games co-president Satish Pillalamarri during the business school’s very first mixer for entrepreneurs to pitch their ideas to potential partners and angel investors. Little did Crapuchettes know when he pitched his idea, that fellow student Pillalamarri was seriously interested in working with him. “Lucky for me, he was,” Crapuchettes says.

Their business took off. By the second year of their master’s program, they were building Crapuchettes’ first game, Wits and Wagers. They spent three months assembling a few thousand games before the holiday shopping season. “We got a lot of free labor from the [University of Maryland] MBA students who were looking for jobs. We’d get them pizza and beer,” Crapuchettes says. “I called it my MBA sweatshop.”



Crooked Monkey offers about 70 shirts for men and 70 for women on its website.

Although their production methods worked, Crapuchettes and Pillalamari discovered their first mistake—spending too much money and time assembling each game by hand. Production costs ended up being 400 percent more than they had planned. “We also spent 10,000 percent more of our time than we planned,” Crapuchettes says.

Crapuchettes started North Star Games with a small amount of capital—he initially raised about \$25,000 while he was still an MBA student and combined it with \$10,000 of his own money. Since that time, the company has taken in a total of \$600,000 from family friends and professional investors.

North Star Games’ Wits and Wagers has won a total of 33 awards in the industry—more than any other party game in history. Versions of the game are available in Target, Toys-R-U’s, on Microsoft’s Xbox and come in 13 different languages.



Micha Weinblatt launched Crooked Monkey in 2005 from the basement of his parents’ home in Potomac. Last year the company’s revenue totaled \$750,000.

### Crooked Monkey, Potomac

Micha Weinblatt, the 28-year-old co-founder and CEO of Crooked Monkey, dreamed up the idea for his T-shirt design company one day while spending time with friends during winter break of his senior year in college. They were “trying to figure out how we could create something of our own, so that we could create our own jobs, our own companies, and wouldn’t have to go work for ‘the man,’” he says. What they ended up with were witty T-shirts that “speak to the college crowd in the college voice,” he says.

The one thing he and business partner Jon Mervis did not know was just how fast Crooked Monkey’s products would take off. “It did snowball very quickly, from getting the idea to selling our first t-shirt online to getting [our products placed] in our first store to getting in our first multi-store

## BY THE NUMBERS

### NORTH STAR GAMES

- Multi-million dollar company. The company expects to double its 2010 profits in 2011.

- Has eight full-time employees and is looking to hire a ninth.

### CROOKED MONKEY

- Made about \$750,000 during 2010.
- Has 10 employees.

### HOOK & LADDER BREWING COMPANY

- Multi-million dollar company. Grew about 85 percent during 2011, compared with 2010.

- Has two full-time employees and one part-time employee.

### PEER2PEER TUTORS

- Made about six figures during 2010 (Kimmel declined to share a more specific amount), with 40 percent growth each year.

- Has 13 full-time employees including MOMs (who are professional educators) and employees about 400 tutors. Approximately 700 students in 100 high schools.

# Budding Genius

A high-school junior seizes the day

By Adrienne Lawrence

Nathan Hefner, a 16-year-old senior at Urbana High School in Urbana, Md., had an epiphany around Christmas 2010. He wanted to start a business.

He was inspired by Andy Brown, a humanities teacher at his high school. Brown asked Hefner what he wanted to do with his life and Hefner gave a non-committal answer—"Something in business."

Hefner says the teacher then ranted about his answer being a prime example of why American students are falling behind other students living in Asia. It was just the spark Hefner needed.

"I went home and looked at different opportunities in business and thought it would be pretty cool if I started something of my own," Hefner says. "I started reading magazines and came up with a few things I want to do and that's when I went to Mitchell."

Mitchell Flanders is one of Hefner's friends and business partners. In February 2011, he and Hefner approached Flanders' uncle, Armando Seay, owner of Ross Technologies Inc. After discussing their ideas, Seay helped Hefner and Flanders get started with some computers.

"Before then, we didn't have much computer experience or know-how. We didn't know how to build websites," Hefner says. "So he hooked us up with their main software developer. Now we've gotten to be pretty good with programming."

Hefner founded Deft Technology, a company he now runs with three of his high school friends: Flanders, Alex Lee and Thomas Shelley—all juniors at Urbana High School. Hefner skipped a year of high school and will graduate at the age of 16 this coming May. He plans to use the time he would have been in high school to get

a jump on college at Frederick Community College and to also develop his business plans.

Deft Technology is currently testing a new program, StudyPl.us. The name includes the web address ([www.studypl.us](http://www.studypl.us)), but also addresses the reason why it was created.

"My friends and I used Google Plus to study for AP Economics," Hefner says. "And I thought, 'Well it would be kind of cool to do the same thing, but make it more of a game.'"

The Deft Technology crew has programmed a web-based video chat that allows participants to create a game out of a study group. One member creates a question with answers and the rest of the group answers the question. Anyone who gets it right scores a point and the game continues until someone reaches the pre-approved number of points. The game was released around mid-December 2011.

The teens have a number of ideas waiting to be developed and tested. Hefner does not want to limit them. "Instead of just focusing on one idea, why don't we try and take all our ideas and make a rough prototype version of an idea that we have, put it out there and see if people respond to it. And if they like it, then we can improve it," he says.

Through the last year, Hefner has learned some key components to success. "The most important lesson would be persistence," Hefner says. "Because there are times when things aren't working the way they should or going the way you expect, and you just have to stick with it." He acknowledges that running a business involves a lot of hard work. "You have to be dedicated and put your best effort into it," Hefner says. "And if you fail, you just have to keep trying."



In 2005, Crooked Monkey shirts made their first retail appearance at Lord & Taylor. Currently, 550 retailers around the world, including Urban Outfitters, Nordstrom and Fred Segal carry the brand. Crooked Monkey shirts can be found in Japan, Hong Kong and Saudi Arabia as well as the United States.

chain to getting in our first department store. It all happened within about a year and a half," he says.

But two months before the company's products were picked

up by their first brick-and-mortar store, Mervis and Weinblatt talked. Mervis wanted out and Weinblatt bought his share of the company. Both had been working long hours, but suddenly

Weinblatt's previous 50- to 60-hour weeks seemed slow compared with the 60- to 70-hour weeks he worked after Mervis left.

Mervis' doubts about the company's future affected Weinblatt—his belief in the company's success waned and he was not sure if it would last. He turned out to be wrong. Two months later, Urban Outfitters and Nordstrom wanted to sell his shirts. Other stores soon joined the list and the business continued to grow. "[Ending the partnership] was kind of a blessing in disguise, because I was able to focus more on what I thought would grow the company," Weinblatt says. ■

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## ANGEL INVESTORS

An angel investor is a wealthy individual who invests in early-stage entrepreneurial companies, typically at lower dollar amounts than venture capitalists. In addition to providing financial assistance, some angel investors also act as business advisors, sharing their wealth of information and experience with budding entrepreneurs.

According to the Center for Venture Research at the University of New Hampshire in Durham, which has been researching the

angel investment market since 1980, there were 61,900 angel investments in 2010 worth a total of \$20.1 billion, an increase of 14 percent from 2009. The largest share of funds were invested in healthcare services/medical devices and equipment (30 percent), followed by software (16 percent), biotech (15 percent), industrial/energy (8 percent), retail (5 percent) and IT services (5 percent).

