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Graziadio School of Business and Management PRESENTS

LAUNCH!

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Drought**

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**3 Tips for
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LAUNCH!

ON THE COVER



In founding **Beyond the Olive** in the heart of Old Pasadena, Graziadio School alumni **Crystal Reibel** and her husband **Chip** have created the premier source for the education, testing and purchasing of California's high-quality extra virgin olive oils, gourmet vinegars, specialty food products and merchandise. Learn more on page 10.

Photo by Leroy Hamilton

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ENTREPRENEURS

LAUNCH! Magazine celebrates the creativity, dedication to responsible business practice and entrepreneurial spirit of students and alumni at Pepperdine University's Graziadio School of Business and Management, principles fundamental to its mission and that the school and its faculty have embraced and actively advanced for more than 40 years.

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DEAN:

LINDA A. LIVINGSTONE, PH.D.

ENTREPRENEURSHIP PROGRAM:

Larry Cox, Ph.D.

PUBLISHING EDITOR:

Dianne King

EDITOR:

F. Douglass Gore III

EDITORIAL ASSISTANCE:

Jaime Quigley

PROFILES:

Amy Biemiller, Lightstream

CONTRIBUTING PHOTOGRAPHY:

Leroy Hamilton
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End of the 12 Year Drought

By **JAY TURO**

The news that Congress is seriously considering major re-writes of the painfully anachronistic rules on small securities offerings could just be the straw that breaks the back of this now 12 year equity investing return drought.

Two bills currently being considered in Congress, the Entrepreneur Access to Capital Act and the Access to Capital for Job Creators Act, shows that Washington is finally starting to grasp the chasm that separates the financial services industry as embodied in soulless and too big to understand banking institutions, and the action hero worlds of emerging company entrepreneurs and the investors that back them.

And that our fair regulators have at least an implicit understanding that very real (and real time) reputation and compliance checks and balances of our always on, always connected, online world is just better than the Feds' analog and antiquated regulatory regime.

Heck, even consideration of these bills is a welcome sign that a consensus has formed that out-of-date and ineffective regulations - far more so than taxes - are the worst inhibitors of job growth and economic vitality.

How so? Well, the proposed bills would update core aspects of the securities laws—most of which were written in the 1930's—to reflect how 21st Century business is actually done.

As in, over e-mail.

With relationships initiated, cultivated and maintained online.

They would exempt companies looking to raise \$5 million or less from standard SEC filing requirements and lighten the virtually impossible to follow rules on utilizing social networking and other Internet-based communications to market offerings.

As a patriotic American, I say “hooray.”

As an angel investor I say, “How can I get in on the fun!”

If these bills pass, I would predict that the value of all private companies would jump at least 10% simply because their pathways to liquidity would be far, far less.

Now attaining liquidity is almost always only possible via either a rare and difficult whole company sale or a public offering.

In contrast, these bills would remove many of the regulatory shackles that prevent secondary markets powered by inexpensive online deal syndication and transaction tools like Profounder, SecondMarket, and Prosper.com from flourishing.

And because they would allow smaller investments in private companies to be made almost as easily as into public stocks, they would address one of the biggest challenges of the Main Street investor –how to get pieces of the best deals.

Quite simply, the result would be more investors getting more of what they want - liquid, high performing equity investments.

Now what could be better than that?

So Congress pass these bills!

Looking for Opportunities Now?

Each year, Growthink reviews hundreds of emerging company opportunities and selects those with the best management teams, market opportunities, and financial prospects.

To learn more about opportunities we are following now, click here. ■

As co-founder and CEO, Jay Turo has led Growthink's emergence as one of the nation's largest strategic advisory and investment banking firms focused on the entrepreneurial marketplace. In his 12 years at Growthink, Jay has advised dozens of emerging, middle market, and corporate clients regarding their growth and capital formation strategies. His corporate clients have included Deutsche Bank, McKesson, Infospace, Samsung, Porsche, & Paramount Pictures. Jay is an active angel investor and speaker and writer regarding private equity, entrepreneurship, and technology.



Steve Bilt

COMPANY NAME:	Smile Brands
COMPANY URL:	www.smilebrands.com
LOCATION:	Irvine, CA
MISSION:	Make quality oral healthcare accessible to families and individuals across the country.
BUSINESS IDEA:	Deliver comprehensive business support services, non-clinical personnel, facilities and equipment to general and multi-specialty dental groups in the United States.
PROBLEM SET OUT TO SOLVE:	About 50% of the country does not get regular dental care because of issues of affordability, not knowing where to get treatment, or a lack of a sufficient call to action. This puts their oral health, self-esteem and overall health and well-being at risk.
TARGET CUSTOMER:	Dentists and hygienists; middle-market consumers in mid- and large-size metropolitan markets.
YEAR FOUNDED:	1998
AVG. ANNUAL REVENUE:	\$600 million
NUMBER OF EMPLOYEES:	4,600

If you want to work for a great company, make one. That's the personal motto of Steve Bilt (MBA 2001), co-founder and CEO of Smile Brands Group Inc., the nation's leading supplier of business support services to dental groups.

Once a CPA supporting health care entities with accounting and assurance services, Bilt did what all successful entrepreneurs first need to do: he identified a problem and created a solution.

"The process boiled down to identifying a need in the marketplace, developing a concept and determining with as much clarity as possible whether that concept truly added value to every key constituent group impacting the company," says Bilt. "In our case that meant asking if the model would ultimately create demonstrable and sustainable value for patients, providers, employees, vendors, investors and the company itself."

For Bilt, creating a company to fit that model was less of a case of fulfilling an entrepreneurial dream and more about taking advantage of an opportunity that just stayed top of mind.

"I never set out to start a company. The opportunity presented itself and I could see how I could combine my skills with retail principles to create a different type of offering," he says. "It felt like a challenge that I needed to answer."

Bilt did answer that challenge and time proved him right. He now heads the company that provides comprehensive business support services to more providers than anyone in the country, enabling them to spend more time caring for their patients and less time on the administrative, marketing and financial aspects of the dental practice.

But along with success, the early years of the company also proved to be a learning opportunity for him. "Most of what I took on was uncomfortable in many ways initially and then became second nature over time."

Bilt credits his time spent in the Pepperdine Executive MBA program, which he undertook two years into the genesis of his business, as instrumental in the success of Smile Brands.

"The professors were all very impactful in their own way," he says, particularly citing Wayne Storm and his leadership process classes. "So much of what he was teaching was so new to me and so meaningful in a service environment."

Bilt has been applying what he learned ever since. As the company has grown, he has challenged himself and his employees to endure that value continues to be delivered on every level.

"We constantly challenge the model so we can say with certainty that each year we are able to deliver a value proposition that is stronger for each constituent group," he says. "It was one challenge to deliver on that value proposition as a small company when I could touch every component every day; it is a very different challenge now that the company is distributed over 350 locations across the United States."

Rising to those challenges has helped Bilt develop a healthier management style.


"As in life and relationships, you don't control everything but you can and do impact the outcome based on your actions and attitude; probably by the later more than the former," he says. ■





Bardia Dejban

- COMPANY NAME:** Lolay, Inc.
- COMPANY URL:** www.lolay.com
- LOCATION:** Moorpark, CA
- MISSION:** Change the way people interact with their mobile devices.
- BUSINESS IDEA:** Location-based social networking applications for mobile devices.
- PROBLEM SET OUT TO SOLVE:** How to mine the untapped potential of mobile technology for both consumers and business.
- TARGET CUSTOMER:** U.S. Mobile users (iPhone, Android, Windows Phone 7, Mobile Web, etc.) and midsize to large corporations.
- YEAR FOUNDED:** 2010
- AVG. ANNUAL REVENUE:** Confidential
- NUMBER OF EMPLOYEES:** 15



Fully Employed MBA student Bardia Dejbán is in the business of seeing to it that mobile devices work just as hard as the people who use them.

Convinced that mobile technology has untapped potential to make life easier for consumers and drive efficiency for businesses, he launched Lolay, Inc., turning his ideas into applications. Now, his company's free app gives mobile users the ability to see where friends and contacts are on a map, where the most convenient and best places are to meet for food or fun, and push-of-a-button meet-up planning. Other initiatives help businesses take advantage of the mobile market with products that monetize the very first day they launch.

"We have two channels for the business: consumer and partners. The consumer-facing channel is composed of creating new products/innovations for mobile users to enjoy. The partner-facing portion of our business helps other businesses build out their mobile initiatives," he explains.

It's a business strategy that underpinned the company's success by the first-year anniversary, when Dejbán and his business partner Gary Rudolph celebrated what many aspiring entrepreneurs dream of: profitability.

"Being able to take a company from debt to profitability within the first year has been something Gary and I are extremely proud of," he says.

Partnering with a trusted friend and highly technical professional is one of the key reasons Lolay has been successful from the start, says Dejbán. "For aspiring entrepreneurs, I would highly recommend a partner. Working with someone that's as dedicated and detail-oriented as you is one of the most delightful parts of the process."

Dejbán also recommends having the right tools to succeed before taking on entrepreneurship.

"I would say I always had the entrepreneurship spirit, but started gaining confidence after learning about the right tools; Pepperdine helped tremendously in this regard," he says. "When we were developing our first app, we spent a month of ideation using the diverge/converge process that is taught in Dr. Larry Cox's classroom, going into whiteboard sessions every other day for six hours at a time."

The success of the business has yet to give Dejbán more hours or ease in his day. Quite the opposite; he works longer now than at previous jobs, including when he was director of CityGrid Media's Mobile division, the position he held before founding Lolay.

"I'm a lot busier, but also happier. At the end of a 16 hour work day, I have no complaints other than the fact that there's not enough time in the day," he says. But while that extra time would come in handy, Dejbán affirms his sense of calling to entrepreneurship.

"Gary and I are entrepreneurs, no doubt about it. Since day one, we have sacrificed family, our significant others, kids, dogs, career path, finishing grad school, and many opportunities that would have been great learning experiences. We have battled house floods, Grave's disease, Gout, and created poor credit scores," he says. "I wouldn't change any of it for the world." ■



Crystal & Chip Reibel

COMPANY NAME:	Beyond the Olive
COMPANY URL:	www.beyondtheolive.com
LOCATION:	Pasadena, CA
MISSION:	To provide customers with the knowledge to accurately assess the quality of extra virgin olive oil and provide them with access to the greatest extra virgin olive oil that California has to offer.
BUSINESS IDEA:	Market locally-produced California olive oil, wine vinegars and balsamic vinegars in a fashion similar to wineries.
PROBLEM SET OUT TO SOLVE:	There are over 600 producers of extra-virgin olive oil in California, yet many olive oil stores in the state import the oil from Europe.
TARGET CUSTOMER:	Adults who enjoy fresh, locally produced olive oil, wine vinegars and balsamic vinegars.
YEAR FOUNDED:	2009
AVG. ANNUAL REVENUE:	Confidential
NUMBER OF EMPLOYEES:	3

Serendipity can be the cause of many pleasant results. For Crystal and Chip Reibel (MBA 2009), it brought them to entrepreneurship.

In 2004, the couple moved to California from Michigan, and began exploring their new home – including the wine region. While at a winery in Paso Robles, they sampled a locally produced olive oil and their love affair with the taste and health benefits of olive oil took root.

“Exploring and sampling California-produced olive oil became a passion of ours. In 2009 we decided to share our experiences with a broader audience by starting Beyond the Olive,” says Crystal.

Coming up with their idea for the business was one thing; actually taking the steps to start it was another. Once again, they were helped along by serendipity.

“Chip and I were in the last year of our MBA program at Pepperdine when my company went through a restructuring and I was laid off,” she says. The couple floated the business idea with their MBA classmates and professor, Larry Cox, and received tremendous support. “That’s when we had to stop talking about the business and start doing it.”

“It was relatively easy to come-up with the background and supporting documentation. Proforma business statements, sales forecasts and marketing plans are child’s-play compared with making the decision to invest real money in a real business,” she says. “That’s where it got very scary - and very real. Would we be successful? Would our customers be as passionate about olive oil as we are? Should we just scrap the idea and stick with a ‘safe’ corporate career?”

They needn’t have worried. Beyond the Olive has received a warm welcome from the community and continues to gain loyal customers.



“Our customers come to us to sample from a diverse selection of California olive oils, wine vinegars and balsamic vinegars, and to learn about the production process,” she says. The couple’s goal to promote locally-produced oil is key to the store’s popularity.

“We wanted to start a local business that focuses on local products. A shocking idea, right?” she jokes. “This is the reason that we exclusively carry California extra virgin olive oil. We are very proud to provide access to the greatest extra virgin olive oil that California has to offer, so we will not import any oils. This resonates with our customers and keeps many of them coming back for more.”

Starting and running the business has had a positive impact on their personal lives as well, Crystal says.

“Every spare moment we had was spent working on the business. Fortunately, Chip and I work well together and most of our friends and family were understanding and supported us during this difficult stage of the process,” she says.

In April of 2010 the couple made room for a new partner when their daughter Caitlin was born. She has transitioned well into the day-to-day operation of Beyond the Olive.

“Owning our own business provides me with the opportunity to spend much more time with her than I would have been able to otherwise,” says Crystal, who brings her daughter to work several days during the week and on weekends.

“Had I still been focusing on my corporate career, I would not have had the opportunity to spend near as much time watching her grow.” ■



Davien Watkins

COMPANY NAME:	Superhero Enterprises
COMPANY URL:	www.superheroenterprises.com
LOCATION:	Los Angeles, CA
MISSION:	Lead, launch, and cultivate a new generation of modern-day superheroes.
PROBLEM SET OUT TO SOLVE:	Modernize the superhero genre, with fresh iconic characters and entertainment content.
BUSINESS IDEA:	Publish and merchandize consumer products branded with original superhero characters.
TARGET CUSTOMER:	Contemporary, affluent young adults
YEAR FOUNDED:	2004
AVG. ANNUAL REVENUE:	Confidential.

SUPERHERO ENTERPRISES™

It's a bird. It's a plane. It's this century's newest iconic superhero.

Blessed by both artistic sensibility and an entrepreneur's drive, Davien Watkins (BSM '11) has created the world's freshest superhero character – and thereby has established a corporate brand as well as a thriving enterprise.

"Our character, Notes, was originally conceived as a logo for our music production division," says Watkins. "But my instinct guided me to form an organization that would ultimately steward the success of Notes into mainstream popular culture."

As the company's flagship superhero, Notes headlines an entire cast of characters that are defining this iconic internet-based character business. Their superhero visages and exploits are being developed for digital media, printed art, mobile software, animated television series, feature films, comic books, fashion apparel, electronic games, toys, and various collectible consumer products.

"The initial response to our character and entertainment properties from all around gives us a favorable outlook on the future," he says. "Measuring the amount of positive feedback we've received early on, from business clients as well as consumers, helps to guide us in the right direction for future successes."

Experienced in corporate entertainment, Watkins was hardwired to look for opportunities and effectively allocate resources in order to

create successful brands. Armed with that experience, he found entrepreneurship to be a challenge but a natural progression.

"Managing Superhero Enterprises just became an extension of my passion," he says. "The opportunity to do something new and creative almost immediately provided an opportunity for freedom, a complete control of decision making, and an ultimate feeling of accomplishment. It literally has afforded me a completely different view of the world."

Entrepreneurship has also cultivated Watkins' natural extrovert personality.

"Starting this enterprise has brought me tremendous personal and professional satisfaction," he says. "Being an entrepreneur means I can maintain important relationships with my family and friends, but also establish new relationships with professional colleagues and potential partners. It's one of the greatest things I have ever done."

Cultivating relationships has been key to Watkins' success, and he deems his time spent at Pepperdine doing the same equally important.

"The school attracts a profound range of leaders from varying professional backgrounds, which inspires new collaborative alliances," he says. "For me, the classroom was an unsurpassed

opportunity to introduce and share new ideas, gain feedback and guidance, as well network with the best and brightest minds in the business world. I continue to associate with advisors, board members, and professional connections I've made at the university. Our company started and furthered business relationships inspired by Pepperdine's academic leadership community."



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Build Your Business: **3 Tips for Explosive Growth**

By **DAVE LAVINSKY**

I read way too many business plans with overly optimistic projections. I'm talking plans showing the entrepreneurs generating tens if not hundreds of millions of dollars in revenues in just a few years.

Unfortunately, such explosive growth rarely materializes. And the angel investors and venture capitalists I speak with are often really turned off by these projections.

But, many entrepreneurs will argue that such explosive growth is in fact possible. Just look at Groupon or Facebook. Clearly these two companies are exceptions to the rule, and both have grown dramatically in terms of customers, revenues and footprint in just a few years.

However, interestingly, each company has followed the same 3-step blueprint. And this same blueprint holds true even for slower growing companies, so I want to share it with you now.

*Dave Lavinsky is the co-founder and president of **Growthink**. Since 1999, Growthink has helped thousands of entrepreneurs to start, grow and sell their ventures through products and services including business planning, capital raising and exit planning. You can learn more about Growthink at www.growthink.com*



RULE #1: Start Small

Both Facebook and Groupon started small.

Let's start with Facebook. When it originally launched, Facebook was only available to students at Harvard. Then, it was only available to students at Ivy League schools. Then, it was only available to college students. And then it opened up to everyone.

In fact, there was a time when I had employees who were graduates of Harvard and were using Facebook, and I wasn't able to use it myself.

Groupon, on the other hand, used the more traditional geographic expansion plan. The company started in Chicago where it is based. It then expanded to serving New York City, Boston, Washington DC, Los Angeles, and San Francisco.

Next it launched in cities including Atlanta, Denver, Dallas, San Diego, Phoenix and Seattle. And by the end of 2009, Groupon was still in only about 20 cities (today Groupon serves over 200 cities).

In both the Facebook and Groupon cases, the companies started small. They launched their offering to a relatively small group of customers. They got customer feedback and they improved their offerings.

RULE 2: Grow By Design

Once Facebook and Groupon improved their offerings, they didn't start going after every

possible customer. Rather, both had a controlled game plan. As mentioned above, Groupon expanded into a few more cities. And Facebook expanded into the Ivy League.

Some key reasons for this controlled growth:

A. It allows you to further refine your offering and cater, as appropriate, to new needs exhibited in the new markets.

B. Operationally, it allows you to create better systems so that you can support the current customer base and larger customer base you hope to attract in the future. Likewise, it gives you time to hire and train the staff you'll need to satisfy your customers.

RULE 3: Make the Product/Service Great

Seth Godin hammered this point home in his great book Purple Cow. The point of the book is that you need to create a remarkable business. And that when your business is remarkable, you don't have to rely on multi-million dollar ad budgets to promote your product; the market will do that for you. For example, as you might imagine, seeing a purple cow would be a remarkable sight that you would tell all your friends about.

So, the key is to offer remarkable products and/or services. Both Facebook and Groupon created and offer remarkable services. They solve a unique need in a highly elegant way. Groupon gives customers savings that previously were unavailable, and Facebook allows for social interaction that was previously unavailable.

Becoming the next Groupon or Facebook is a mammoth and extremely challenging task. But launching companies that experience significant growth and success is much less challenging and very doable. It can be achieved by each of you reading this today. So follow the three steps outlined here, and build a remarkable business. ■



The Entrepreneur's Journey

Identifying, Seeding & Accelerating New Ventures

JAN
2012

A NEW YEAR
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