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MEETING DATES:

November 10th

December 8th

January 12th, 2011

February 9th 2011

March 9th 2011

"I never perfected an invention that I did not think about in terms of the service it might give others... I find out what the world needs, then I proceed to invent "
Thomas Edison

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When Purchasing A Business—Consider this!

Ed Livingston, The Livingston Firm

When purchasing a business the purchaser is not only buying tangible assets, such as buildings and equipment, but also intangible assets such as patents, trademarks, copyrights, trade secrets, brands, ideas, products, customer lists, domain names and so forth. Although the phrase "intellectual property audit" suggests a mere counting up of intangible assets and assessing a value based on the number of patents and/or trademarks owned by the seller, a proper IP audit is actually much more involved.

An IP audit is a systematic review of the IP owned and used by a business. The goal of an IP audit is to identify and determine the status of the IP the business is using and/or claiming ownership of. An IP audit also provides valuable information regarding possible infringement issues and/or breaches on the part of the seller or third parties in relation to the seller's IP assets. Thus, the performance of an IP audit is invaluable, as it identifies the seller's core IP assets and the status of those assets, as well as assists the purchaser in negotiating a fair price for those assets.

However, there is a common misconception about IP audits in that they are only necessary if you are purchasing a large business which owns or develops complex patents, or a business that relies heavily on sophisticated trade secrets. The reality is that virtually every business, regardless of its size, utilizes a broad array of IP assets which may include patents,

copyrights, trademarks, trade secrets and licenses for same. According to one congressional report, as recently as 1978, intangible assets, such as IP, accounted for twenty percent of corporate assets with eighty percent attributed to tangible assets such as facilities and equipment. Today, that trend has reversed: seventy-three percent of corporate assets are intangible

and only twenty-seven percent are tangible. Due to this trend, attorneys and business people need to be more aware that the majority of a company's value lies in the ownership and management of IP.



The majority of a company's value lies in the ownership and management of IP.

In addition to identifying IP assets, an IP audit will also disclose the status of the IP and may uncover IP assets that have not been properly protected. For example, patent protection may be limited in terms of the type of patent applied for, the remaining enforceable time left on the patent, the non-payment of maintenance fees and/or what was actually claimed in a patent. Similarly, the IP audit may reveal that the business needs to file copyright and/or trademark registration applications, and/or affidavits of continued use of trademarks. In addition, the IP audit may uncover that the business does not have proper procedures and agreements in place to ensure that trade secrets are kept confidential.

An IP audit will also ensure there are no defects in title to the business's IP assets. The audit may reveal the existence of third parties who may be able to claim joint ownership of patents or other IP assets and who, by virtue of

(Continued on page 4)

"If you can dream it, you can do it."

Resources for Discovering Knowledge on the Internet

By **Marcus Zillman, M.S., A.M.H.A.**

This Internet MiniGuide Annotated Link Compilation is dedicated to the latest and most competent resources for knowledge discovery available over the Internet. With the constant addition of new and pertinent information coming online every second it is very easy to go into information overload. The true key is to be able to find the important knowledge discovery resources and sites both in the visible and invisible World Wide Web. The following selected knowledge discovery resources and sites offer excellent knowledge and information discovery sources to help you accomplish your research goals! Also visit the very latest resources on Knowledge Discovery at the following Subject Tracer™ Information Blog <http://www.KnowledgeDiscovery.info/>

ACM SIGKDD: Current Explorations Issue

<http://www.acm.org/sigs/sigkdd/explorations/issue.php?issue=current> Explorations is published twice yearly, in June/July and in December/January each year. The newsletter is distributed in hardcopy form to all members of the ACM SIGKDD. It is also sent to ACM's network of libraries. Online versions are available on the web free to the general public. Their goal is to make the SIGKDD Newsletter an informative, rapid means of publication and dynamic forum for communication with the Knowledge Discovery and Data Mining community.

Advanced Knowledge Technologies

<http://www.aktors.org/> The Advanced Knowledge Technologies (AKT) project aims to develop and extend a range of technologies providing integrated methods and services for the capture, modelling, publishing, reuse and management of knowledge. AKT is a multi-million pound, six year collaboration between internationally recognized research groups at the Universities of Aberdeen, Edinburgh, the Open University, Sheffield and South Hampton.

APECKS: a Tool to Support Living Ontologies

<http://ksi.cpsc.ucalgary.ca/KAW/KAW98/tennison/index.html> Ontology servers are currently under-developed in terms of the support they provide for collaborative activities on their content. This paper presents the APECKS (Adaptive Presentation Environment for Collaborative Knowledge Structuring) system, an ontology server which supports collaboration by allowing individuals to create personal ontologies. These ontologies can be compared with others' to prompt discussion about the sources of their differences and similarities.

Association of KnowledgeWork (AOK)

<http://www.kwork.org/index.html> At the Association of KnowledgeWork, people from every specialty cross professional, geographic, cultural, economic and hierarchical barriers to learn together. Not just another website, this is a virtual home for those who work with knowledge.

BAYESIA: Bayesian Networks and Data Mining Tool

<http://www.bayesia.com/> The Bayesian Network approach merges and supersedes existing approaches coming from Artificial Intelligence and Data Mining, both symbolic and statistical ones. Bayesian Networks are rigorously justified, provide a distributed knowledge representation, and are as understandable as a rule base. They deal particularly well with uncertainty, and they can be manually generated by consultation of an expert, or inductively built by machine learning.

Bibliomining Information Center - Data Mining for Libraries

<http://www.bibliomining.com/> The basic definition is "*data mining for libraries*." For years, bibliometrics has been used to track patterns in authorship, citation, etc. Today, there are many more tools available for discovering similar patterns in complex datasets from data mining and statistics. In addition, tools from management science such as Online Analytical Processing (OLAP) can be used to explore the data for patterns. Therefore, a more complex definition is: Bibliomining is the combination of data mining, bibliometrics, statistics, and reporting tools used to extract patterns of behavior-based artifacts from library systems

Brint.com - Business Technology - Information Economy - Knowledge Management

<http://km.brint.com/> KMNetwork and the WWW Virtual Library of Knowledge Management combined to bring together an excellent resource for research papers and portals on knowledge management and discovery. In depth research articles and research portals from over the entire global Internet discuss the business, technologies, processes, systems, sociology, creativity, psychology and philosophy of Knowledge Management.

Visit our Member's Only Section on www.eson.me for the complete MiniGuide.

THE SMALL BUSINESS JOBS ACT

What's in it for businesses ... and participants in 401(k), 403(b) and 457(b) plans.

Provided by:

Medley Advisory Services, LLC
SOLUTIONS FOR INCOME www.MedleyAdvisory.com
Tele: 239-444-5644

The long-stalled Small Business Jobs Act cleared a big hurdle on September 16 - it passed by a vote of 61-38 in the Senate. The measure will almost certainly pass in the House and become law later this month.

So what is in this bill? Will its perks and offerings really lead employers to step up hiring? And did anybody report on the interesting provision for anyone with a 401(k), 403(b) or 457(b) retirement account?

Let's take a closer look.

The \$30 billion fund to encourage loans. To some this is a boon, to others just a discouraging "mini-TARP". The yet-unnamed fund would lend \$30 billion to community banks - and those banks are the drivers behind small business loans. These capital injections would come with financial incentives: while the banks would have to make recurring dividend payments to the U.S. Treasury as a condition of the loans, the payments could be lessened by 1% for each 2.5% expansion in small business lending the bank demonstrates. (Incidentally, any bank that has accepted TARP money from the Treasury could opt to convert to this program.)

So how will this fund be funded? Over time, a chunk of the money will come from federal taxes resulting from Roth plan contributions. The Small Business Jobs Act contains a provision that would allow more individual investors to go Roth (see below). That would mean more tax revenue for the Treasury. Other money will come as result of diminished tax breaks, stiffer tax penalties and more stringent tax reporting requirements in the years ahead.

\$12 billion in projected tax breaks. The bill offers small business owners and small business investors some nice chances for federal tax savings. It would allow business owners to write off 50% of the cost of new equipment immediately, and raise the deduction for startup expenses all the way to \$10,000. It would exempt long-term investors in certain small businesses from capital gains taxes. Owners of retail shops and restaurants could even get deductions for remodeling.^{3,4}

Small business owners would also get a chance to deduct health insurance costs (for them and for their families) from self-employment tax for the 2010 tax year.

Two tax relief items did fall by the wayside as the bill went through the Senate. Republicans wanted to make the R&D tax credit for small firms permanent, and they wanted to ease 1099 reporting requirements that could prove grueling for small businesses starting in 2012. They achieved neither goal.

A news flash for 401(k), 403(b) & 457(b) plan participants. If the Small Business Jobs Act becomes law, participants in 457(b) plans will be able to treat their elective deferrals as Roth plan contributions starting in 2011. Additionally, the bill would permit those with 401(k), 403(b) and 457(b) accounts to roll over their pretax account balances into Roth accounts. According to the bill summary, a plan participant would be able to defer the taxes on the Roth conversion and split them over 2011 and 2012 if the rollover is made in 2010.

Does this bill really address the issues facing small businesses? Conservatives don't think so. In their view, all this bill does is offer businesses debt. Customers and cash are what these companies need, and they seldom arrive through government intervention. Liberals contend that the \$30 billion loan fund and \$12 billion in projected tax breaks will offer small businesses a lifeline at a very tough time, stimulate productivity and innovation, and ultimately lessen joblessness and help turn the economy around.

Gary Wm. Medley is a Registered Representative of The Investment Center, Inc.

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Continued from page 1:

such joint ownership, will be free to exploit those IP assets themselves without the permission of the business. These rights will need to be properly secured and any other defects in title will need to be cured prior to the closing date of the purchase. In addition, assignments of ownership from consultants may need to be secured and properly recorded and rights to works or inventions may need to be secured and/or obtained from employees who claim to be authors or inventors. The IP audit may also reveal deficiencies in license agreements with third parties allowing a business to create derivative works that incorporate elements of works owned by such third parties. Without adequate agreements and/or assignments in place, there will be a cloud on the title of the IP assets the business claims to own.

The above examples are only a small portion of what is reviewed and considered during an IP audit. Of course, the size and scope of an IP audit will depend on the size and type of the business being purchased. However, regardless of whether a prospective purchaser is buying a small family owned pizza parlor or a large industrial company, it is in the purchaser's best interest to know exactly what they are buying so they may make an informed business decision prior to closing. Unfortunately, many prospective purchasers fail to conduct IP audits or conduct ineffective or inadequate audits. Prior to acquiring the stock or assets of a business, the prospective purchaser and the attorney representing the purchaser should insist that a thorough IP audit be performed by experienced intellectual property attorneys to determine the scope and level of IP ownership and protection currently in place and what protection is needed in the future to ensure the investment is worthwhile.

An intellectual property audit is an inherently complex undertaking and should only be performed by attorneys with experience in conducting IP audits. The Livingston Firm specializes in all areas of intellectual property law including patents, trademarks, copyrights, trade secrets, franchising, litigation and business law. As the largest full-service intellectual property law firm in Southwest Florida with over forty years of combined experience.

FOCUS ON: Mark Pasek's LiftALone™

by Kathryn Williams, MBA

Motorsports is a passion of Mark Pasek and through it he found inspiration for his first patented home improvement invention, the LiftALone™ (which he demonstrated last month). The idea for the tool, which enables one person to easily lift and secure heavy objects overhead, came from the canopies attached to the transport trailers used in auto racing.

Mark is an extreme do-it-yourselfer and designed the LiftALone™ to install dry wall ceilings when he added a second story to his home. In his Chicago garage workshop in 2004 Mark built two prototypes each under \$100: one in steel, the other in aluminum with the help of one of his sons, a certified welder. While he was searching for a manufacturer, an attorney he met on the race car circuit helped him obtain the patent. Most patents are challenged by the Patent Office, but not the one for the LiftALone™. It took three years. The patent was granted in 2007.

While obtaining the patent was uneventful, protecting the patent has not been so. Mark spent his business career working for entrepreneurs in logistics and as a plant director for a beverage base manufacturer. After he invented the LiftALone™ at home in his spare time, he informed the owner about the intentions of his patent statements and obtained release of their implied ownership of the patent from the family and their corporate attorney. Lucky for Mark he had the foresight to do this, as the large conglomerate that purchased the firm from the founding family threatened to pursue a legal challenge to claim ownership of the patent. A year later he was forced into retirement.

For two years Mark tried to sell his patent to various tool manufacturers.

His big break came in August 2009, when ABC'S "Nightline" featured the LiftALone™. His appearance on "Nightline" gave Mark the credibility he needed to secure a manufacturing deal in America. His manufacturing partner, Granite Industries, also handles his packaging and fulfillment. LiftALone™ launched its e-commerce website, www.LiftALone.com in September. Mark developed the "slip-fit technology" to save on packaging and shipping costs, and it also allows the LiftALone™ to be assembled in a variety of width and height configurations.

To develop the pricing strategy, Pasek visited construction sites and asked various home improvement contractors to value the tool. They saw it as a device to reduce their labor costs, so it is priced accordingly.

The website is the first phase of LiftALone™'s rollout. Mark's goal is to sell units at the retail level though his website to fund the next stage of a nationwide product rollout. Next March he plans to exhibit at the American Rental Association trade show in Las Vegas to reach independent tool rental outlets.

Right now Mark is concentrating on guerrilla marketing – using unconventional, cost conscience ways to create a buzz about his product. In September, he visited the Remodelers Show in Baltimore, a leading trade show for construction professionals and received positive feedback for the LiftALone™. Also at the trade show, Mark met Michael King, the Cajun Contractor and host of the popular home improvement radio show, "Home Talk". Mark will be interviewed on December 18th on Mr. King's show with a listening audience of over 5 million. Pasek envisions the LiftALone™ revolutionizing ceiling decorative installations for the DIY enthusiast's and to create small business opportunities for others promoting ceiling decoration.

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Next Meeting (November 10th)
Entrepreneurial Expertise: ESON Board

(Dr. Landrum; Dr. Sturnick; Marcus Zillman; Ed Livingston; Ted Farah)

The survey from our members overwhelmingly requested a "working session" to help advance their business ideas, problems, and yearn for a chance to get answers within the monthly sessions. They asked for the chance to get answers from experts on: Marketing, Funding, Legal and other business related issues.

For the November session the board has agreed to function as a panel to field questions from the members in an open forum. This panel of experts on **Legal, Financial, Marketing, Behavioral and Web-related** topics will be on the stage but will be there to answer any and all questions. Here is an opportunity to ask that one question you really need answered so prepare your question carefully and be ready to hear the straight, no fluff answer to your question. This will be a working and learning session for all members attending to improve their firm or launch a new product into the market.

Turning Your Passion To Profit Entrepreneurs Workshop

The second annual "Turning Your Passion To Profit (P2P)" business educational workshop will be held Saturday, October 23 at FGCU's Lutgert College of Business. Presented by the *Small Business Development Center* (SBDC) and *Southwest Florida Business Today* (SWFBT) the all day event includes workshops, roundtables and panel discussions on legal concerns, business development, accounting, angel investing, marketing and media, and other topics for the business-savvy owner. The luncheon features nationally-recognized author and trainer Lee Knapp, whose business headquarters are in Fort Myers.

The cost to attend is \$69 for the full day, including breakfast and lunch, or \$39 for a half day, which includes lunch. Reservations are required and can be made online at www.sbdseminars.org or by calling 239.745.3700.

www.ESON.me

NEW Meeting Location, Dates & Time:

* Hodges University (Naples Campus)

2647 Professional Circle Naples, FL 34119

Science & Technology Building Rm 150

* 6:30—8:30 pm (see website for map)

* 2nd Wednesday every month (except August)

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