

Inc.

THE MAGAZINE FOR GROWING COMPANIES

HOW TO

FINANCE

ANYTHING

FROM NEW BUSINESSES TO NEW PRODUCTS ■ 26 WAYS TO TAP INTO HIDDEN SOURCES OF CASH ■ AN INC. USER'S HANDBOOK

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PLUS: THE ANATOMY OF A START-UP • GOOD FORM
'THE ECOLOGY OF COMMERCE,' BY PAUL HAWKEN



NEW BUSINESSES

ALESSANDRA BIANCHI

THE GLOBAL X-RAY VILLAGE

Richard Gerlach dreamed of Rita! and founded Vision-Ten, in Torrance, Calif., to make it real. Rita!—an acronym for Radiological Imaging, Transmission, and Archive—is a computerized workstation with a scanner that creates a digitized image of a patient's X-ray on a computer screen. That, says Gerlach, enables physicians to view X-rays with greater accuracy and precision than conventional film affords. Rita! is now operating at 18 locations worldwide, with domestic dealers and foreign distributors selling the scanning stations for \$60,000 and the read-only stations for about half that amount. The digitized X-ray system has industrial applications as well: Procter & Gamble, an early customer, uses Rita! to inspect its production line. Vision Ten's revenues have been doubling annually since 1989 and reached \$700,000 in 1991. The company hopes to turn a profit within the next 18 to 24 months.

FOUND MONEY A voice on the other end of the line claims to have located thousands of dollars you are entitled to. A pipe dream? Absolutely not, says Sidney Golub, who received such a call three years ago. He was so intrigued that with a personal investment of approximately \$200,000, he launched the Coastland Group, in Stoughton, Mass., a company devoted to the recovery of unclaimed funds. With its proprietary database assembled over the past two and a half years by a nationwide network of field investigators, research personnel, and locally based lawyers, the company legally uncovers tens of millions of dollars a month in unclaimed funds for *Fortune* 500 companies, government agencies, small businesses, and private individuals. With Coastland's finder's fees ranging from 10% (for government agencies) to 50% (the business standard) of the claim, Golub expects 1992's gross cash value of retrieval contracts signed to be \$16 million.

THE LITTLE PICTURE The Hewlett-Packard HP3000, PenSoft, 3Com, and Adobe Systems all have something in common. His name is Bill Krause. And now the high-tech entrepreneur has a new, venture-backed start-up called Storm Technology, based in Mountain View, Calif., that has pioneered a new technology. It dramatically shrinks color-image files (as much as 20 times) while maintaining near-perfect quality. According to Krause, that simplifies complex problems associated with sending and receiving digital photo-like color images and makes desktop publishers' jobs easier. Storm Technology estimates it has a market of more than 500,000 businesses worldwide and some 3 million graphics professionals; it is marketing its products to end-users and original equipment manufacturers, with software materials starting at \$50 and hardware at \$999.

RACK 'EM UP David Cowan, a 32-year-old engineer who formerly designed disk drives for IBM, has devised a compact-disc package that is cheaper and less wasteful than the current box within a box system most commercially sold CDs come in. His Inch Packs are plastic cases that open like drawers and stack together when closed, forming their own rack system. Cowan invested three years and his life savings in the project; Dow Plastics helped, picking up the costs for some consumer testing. Inch Inc. recently signed a contract with Sony, which accounts for about one-fourth of the worldwide 400-million-unit CD market. Cowan hopes that the rest of the industry, now considering several environmentally friendly packaging options, will follow suit.

NORTHERN EXPOSURE ▶

Two years ago a flood of lower-priced Canadian products was threatening to wash out half of Ed Kiniry's business, the Stowe Canoe and Snowshoe Co., in Vermont. Of the 100,000 pairs of snowshoes sold annually in the United States, more than 65,000 are made of traditional wood and rawhide. Kiniry believed that by using better technology and creating greater awareness of the sport, he could fight back against the foreign competition. But he couldn't fund the effort.

He turned to the New England Trade Adjustment Assistance Center (NETAAC), one of 13 federally subsidized agencies set up around the country to assist those who, like Kiniry, are doing battle with foreign manufacturers. After a 60-day review period NETAAC agreed with Kiniry's assessment of the market and allocated \$40,000 to Stowe to design the ultimate high-tech metal snowshoe.

A designer was hired to develop a unique binding system; a graphic artist gave the shoe a colorful, contemporary look that would appeal to outdoor enthusiasts; and a business consultant helped increase workers' productivity by 27%. In addition, Kiniry launched a program of snowshoe/cross-country biathlons to promote snowshoeing as a sport.

As a result, sales of Stowe's high-tech models, the Katahdin (\$225) and the Sierra (\$250), have boosted Stowe's overall revenues by 120% over the past two years and won back a good deal of the market share that had been crossing the border.



Ed Kiniry: high-tech trekking