

Kim Zentz has turned Spokane's SIRTI from just another government agency into a dynamic business incubator, with success stories numbering among its clients.



# Fostering Inland Startups

SIRTI'S KIM ZENTZ HAS TURNED A ONCE STAID AGENCY INTO AN ENTREPRENEURIAL DYNAMO.

BY BLYTHE THIMSEN

**KIM ZENTZ'S BUSINESS CARDS** should list "Problem Solver" as her official title. That, after all, is what she has successfully done time and again during her 25-year career. And that's what she's doing now for a state-funded agency in Spokane with the mission of nurturing startup companies, particularly in eastern Washington.

"I am drawn to multidimensional business challenges," says Zentz, executive director of SIRTI (Spokane Intercollegiate Research and Technology Institute). "I love to see a problem and, no matter what it takes, try to rally the people involved to solve it." ¶ Her current position at SIRTI, the only organization of its kind in the state, has given her plenty of problems to tackle. Although the Inland Northwest region produces a great deal of innovation—particularly in areas like energy and health care—the area has been less successful at nurturing venture capital-backed companies. Only by creating more successful startups,

Zentz says, can the region generate more innovation, more technology spin-offs and more jobs. "It is one of the key benefits of establishing a healthy innovation ecosystem in any community," says Zentz.

Among SIRTI's recent successes is Pacinian, a company that pioneered a technology for keyboards on touch screens that gives tactile feedback. Users have the sensation of typing on a real keyboard, while the small size and power efficiency of the keyboards make them desirable. The company recently received a multimillion dollar order from a major notebook computer manufacturer and signed a development agreement with a leading gaming company. "They [Pacianian] are hitting on all cylinders and are at the right place at the right time," says Zentz.

Local leaders are effusive in their praise of the organization under Zentz's leadership. "SIRTI plays a very useful role in the Inland Northwest in that it brings together people, ideas, technologies, facilities and investors. It is a great clearinghouse and matchmaker for the region," says Len Jessup, director of the Center for Entrepreneurial Studies at Washington State University. "Kim came in at a time when things were very topsy-turvy, and she has been a great stabilizing force, by team building and providing a sense of direction."

SIRTI was established in 1994 with the goal of helping the region transition from a natural resource-based economy to one with a larger proportion of knowledge-based companies. But for many years, the organization fell far short of achieving its goals. Although it has a campus near downtown Spokane that offers entrepreneurs office space and IT help, SIRTI long operated like a government agency that did not understand the challenges of entrepreneurs.

Zentz, who has a bachelor's degree in civil engineering from the University of Idaho, personally experienced the problems at SIRTI from the time when she was chief operating officer of Avista Labs

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(an Avista Corp. spin-off now called ReliOn, which makes fuel-cell technology for backup power applications). Her company moved off the SIRTI campus in 1998 because Zentz found the relationship with SIRTI unproductive. In 2005, after nearly a decade in operation, SIRTI had worked with only eight companies, and many observers expressed serious concerns whether the state was getting a good return on its investment.

Zentz, who had moved up through the ranks at Avista and overcome steep challenges as chief executive of the Spokane Transit Authority (STA) at a time of sharp budget cuts, welcomed the challenge of

“I created a management team that was made up of serial entrepreneurs,” explains Zentz. Today, her team of five consultants comprises veteran technology entrepreneurs who bring with them a network of contacts and a wealth of industry experience. These mentors are better able to help businesses identify the value startups offer, and to advise the company on such critical issues as hiring personnel and raising money.

Among SIRTI's most successful clients is Signature Genomic Laboratories, which was launched at Providence Sacred Heart Medical Center and later moved onto the SIRTI campus, and which develops genetic techniques to identify chromosomal abnor-

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transforming SIRTI. “The idea of working with people in the high-risk, scarce resources and passion-driven arena of technology entrepreneurship really captured my imagination,” says Zentz.

She set out to build a more entrepreneurial, customer-focused culture at SIRTI. “I felt that SIRTI needed to focus the majority of its time and resources on serving client companies,” she explains. She began eliminating activities that did not directly benefit a client firm and shifted management so more responsibility went to employees with industry experience.

The next challenge was to strengthen the support system for the young companies. One of SIRTI's key offerings was its team of consultants. The role of these consultants, or mentors, is to coach entrepreneurs as they cross the iconic “valley of death”—the time from initial launch or spin-out from a university or corporate setting to a fully sustaining, funded business model. But many of the mentors had never built a company.

malities in children with mental retardation and birth defects. “They thought investors should be happy that they were saving lives,” says Zentz. “We had to say, ‘No, investors care about revenues.’”

Under Zentz's leadership, SIRTI teaches clients to use “bootstrapping” techniques. The goal is for client entrepreneurs to refine their product and use a minimum of outside capital—a strategy that is particularly important today when capital is so scarce.

Still, there are times when startups need access to funds. For those times, SIRTI launched its Technology Growth Fund, a revolving loan for businesses that have little access to conventional bank financing because they have no track record of sales and profitability. The first loan was made in June of 2007 to GenPrime. Pacinian, the touch screen technology firm, received a total of \$500,000 from the fund at a critical time.

In 2007, Zentz helped institute a new legal services program in partnership with the Gonzaga University School of Law and



local law firms. Under the program, law school students perform critical but potentially expensive legal services for SIRTI clients, handling such issues as copyrights, patents and trademarks, employee contracts, intellectual property acquisition and the development of business contacts. Students get important, hands-on experience under the watchful eye of local attorneys who review the work.

The changes that Zentz worked so hard to put in place are now showing strong results. Last year, SIRTI helped 54 companies, nearly seven times the number it assisted in 2004. While the nationwide survival rate for startups, according to the Small Business Administration, is only 44 percent after four years, 68 percent of SIRTI's graduates are still in business within the same time frame. This high survival rate is thanks to the entrepreneurial coaching, business services, access to capital and legal services needed for successful information, IP protection and long-term growth. SIRTI clients who launched local companies account for more than 1,025 full-time jobs. The 2008 annual payroll of SIRTI clients and alumni exceeded \$43 million, and over \$116.4 million in annual revenue was reaped in 2008 alone. Governor Chris Gregoire recently called SIRTI "an economic engine" for eastern Washington.

SIRTI has an annual state budget of \$1.5 million. Zentz is working hard in concert with SIRTI's board—nine technology business leaders from throughout the state and eight representatives from the state's eastern Washington higher education institutions and the University of Washington—to make sure people on both sides of the Cascades understand SIRTI is a worthy recipient of the state funds. "People sometimes question whether there is technology in Spokane," says Zentz. "There are companies and university technologies on their way to accessing global markets with SIRTI's help."

As technology businesses create more well-paying jobs and become profitable, Zentz says the benefits accrue to the state's economy. "Not only can SIRTI help people pursue and achieve dreams," she says, "but we can help the region succeed and build wealth for Washington." **SB**

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