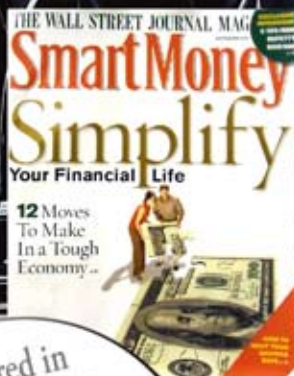


Smart Money

Small-Business Special



Featured in
Smart Money
Magazine



MOBILE WIRELESS HEALTH MONITORING

Interview
with Medapps
Founder & CEO
Kent Dicks

BREAKOUT IDEAS

Innovation isn't always welcome in corporate life—but it can light the way to success for a start-up business. How to leave the cubicle world behind.

By Chris Taylor

LABORING AWAY BOB CRATCHIT-STYLE UNDER THE CONSTRAINTS OF corporate hierarchy, millions of workers fantasize about going out on their own. And in tougher economic times, when pay freezes and downsizing stall many careers, self-employment can look even more attractive compared with wage slavery at Scrooge & Marley LLC. So it's no surprise that more than 600,000 start-ups get launched every year. Of course, many of the people who launch them wind up wishing they'd stayed safe in the arms of Big Brother: About a third of all entrepreneurial ventures fail in their first two years, according to the National Federation of Independent Business.

In this risky undertaking, innovation can make the difference between success and also-ran status. Business gurus say that entrepreneurs who are animated by a novel, game-changing idea can be more enthusiastic about the seven-day weeks and trial and error it takes to get a start-up off the ground. By filling an unmet need, their companies can attract investors more easily and grow faster. And being small doesn't have to hold them back. "These days a stealthy start-up with \$10,000 can compete against—and overtake—slower Fortune 500 companies," says Tim Ferriss, best-selling author of *The 4-Hour Workweek*, a bible for the entrepreneur-oriented workforce.

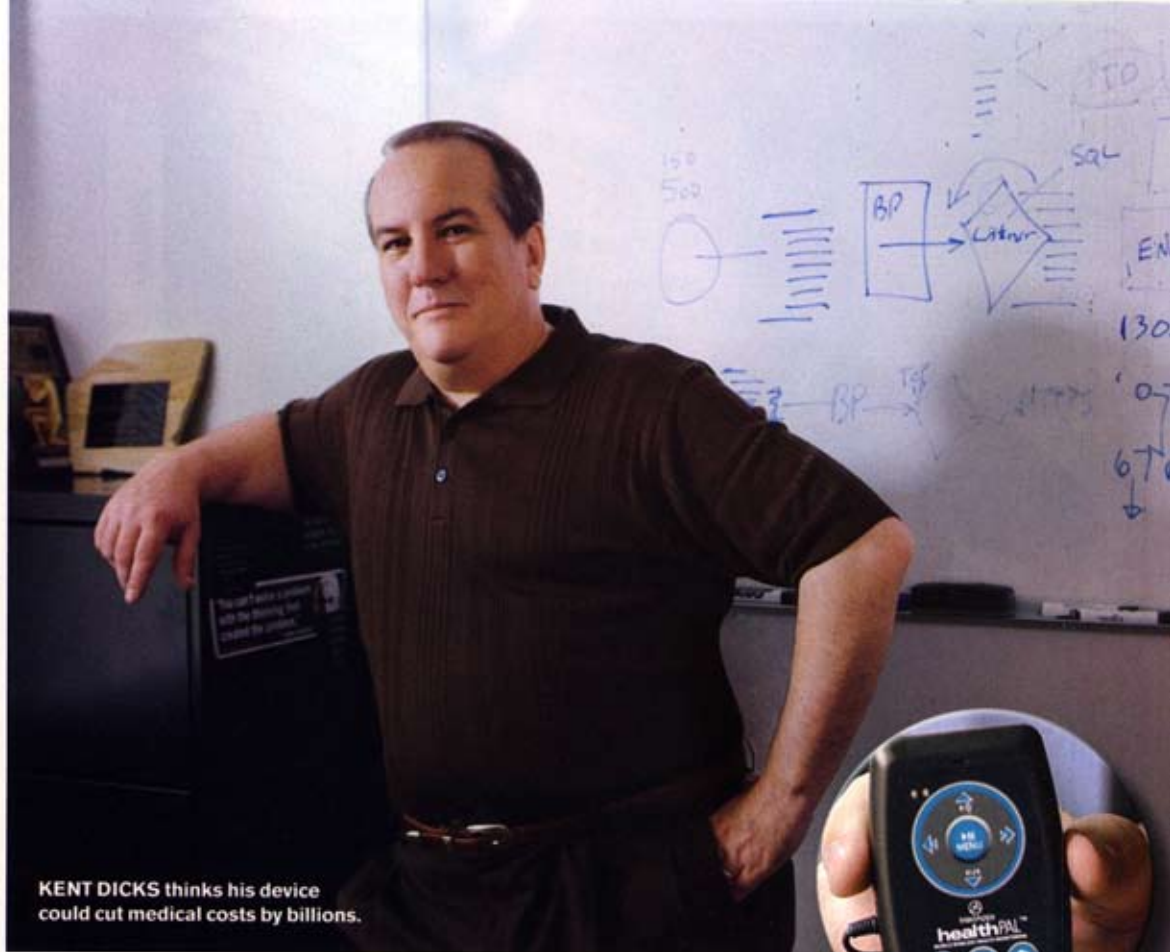
Sure, aiming to overthrow Microsoft or Wal-Mart may be setting the bar a bit high. Even the most creative newbies may find it hard to get seed money in the current lending climate. Nonetheless, read on: We've found inspiring stories from two business owners who have learned just how far a good idea can take them.

In Sickness and in Health

Kent Dicks is such a fan of running a small business that he's done it twice. First, he left financial titan American Express—where he started out as a programmer and eventually became a manager—to start an IT staffing firm. Then in 2005 he and a group of software buddies took one great idea and spun out a little company called MedApps in Scottsdale, Ariz. It turns out, the idea was so good that the firm isn't so small anymore.

The concept? People suffering from chronic conditions like diabetes and heart disease need a better way to be monitored by health care professionals, rather than just checking in with a doctor every few months or years. Caring for patients with chronic conditions gobbles up four-fifths of all U.S. health care spending, or \$1.4 trillion every year, according to the California HealthCare Foundation. But it's estimated that for seniors with multiple chronic conditions, 40 percent of hospitalizations could be avoided altogether with proper outpatient monitoring. MedApps' solution: a low-cost device that uses Bluetooth and cell phone technology to take everyday health data, like glucose readings, and relay it to a central server, where it can be accessed by caregivers. The devices start at under \$300 and replace older, clunky boxes that plug into regular phone lines and cost thousands of dollars.

"There was nothing on the market that allowed people to go about their daily business and still be monitored," says Dicks, 47. "Now, if my elderly mom forgets to take her blood-pressure medication, she'll get an automated call to remind her. When



KENT DICKS thinks his device could cut medical costs by billions.

my daughter, who has diabetes, checks her glucose three times a day, I'm able to monitor that from wherever I am and make sure she's all right."

The innovative idea was developed by Dicks with a team of nine other people who kept their day jobs but met every Saturday for a year before the business launched. Dicks put up much of the start-up money himself, to the tune of a half-million dollars, in return for 51 percent of the company. (He still owns a controlling share.) Though any start-up is a gamble, this one seems to be gaining traction. Last year's sales at MedApps were \$700,000, and the goal for 2008 is \$3 million. Many clients are disease-management companies interested in handling illnesses before they become catastrophic, in outcome and costs.

Dicks, who logged 10 years at American Express before going out on his own, says that being part of a ragtag group of programmers was far preferable to being in the bowels of a huge firm. "Being in a big corporation slows down innovation," he says. "It's just a natural fact, and they admit it themselves." When you're smaller, "you can move faster, make key decisions and run ahead of the pack."

Dicks's advice for entrepreneurs: Don't fall in love with your invention.

However fabulous it may be, you also need to grapple with the very practical issues of bringing an idea to the public. As Dicks says, "Is there a real market for this, where are we going to generate revenue, and who's going to pay for it?" After that, you can create a moat around your innovation that serves as a barrier to competitors—whether it's getting the proper regulatory clearances early or filing a flurry of patents (31 applications in MedApps' case). But at the heart of success, there's always that One Great Idea. "If someone can be monitored for \$10 a month instead of hundreds, that rewrites the whole health care system," says Dicks.

If the Shoe Fits

Candra Palmer grew up in Chicago, acting as an assistant for her seamstress mother—shopping for fabrics, doing beadwork and even putting on amateur fashion shows for friends. So perhaps it was inevitable that she'd turn