

Being Fired May be a Lucky Break

When some executives get fired, they start drinking or go home and kick the dog. After Dr. G.N. Patel, president of JP Laboratories in Piscataway, was fired, he went out and started his own company. Would he do it again? "Absolutely."



That is not surprising because Patel has founded a successful research company that is now exploring the possibility of moving into manufacturing and sales. Its latest product is a time-and-temperature indicator that monitors the shelf life of products. For example, it would show whether a product like milk is too old to be sold. He is now looking to raise between \$500,000 and \$1 million to launch his new manufacturing venture. In addition, Patel in December won a \$50,000 grant from the National Institutes of Health to work on artificial blood.

All this is a big change from 1983, when Allied-Signal, the Morristown conglomerate, was laying off people. One of those who got the boot was G.N. Patel, a Ph.D. chemist with 25 patents to his name. A native of India, Patel earned his degrees in that country before moving to the University of Bristol in Britain, where he was a research scientist for three years. Then it was on to Baylor University for a year and finally to Allied for eight years. When the end came, he was working in Syracuse. Patel still looks fondly back on his

days at Allied: "As a scientist, I thoroughly enjoyed my time there. I went around the world giving lectures, and they provided the facilities that permitted me to get my patents."

But when you are out on the street, even a scientist has to think about the future. Patel is a thorough and systematic person who seems most at home wearing his white lab coat. After some reflection, he decided to start his own company. Patel moved from Syracuse back to the Central New Jersey area because "this is the place for a chemical business to be since this is where the supplies are."

Looking out at his unpretentious offices in Piscataway, Patel admits candidly, "I'm in a business that is none of my business." That business is research and development. Says he: "This is a business for big companies not for little firms like me." Nonetheless, Patel set out to do R-and-D work in hopes that he could discover and then manufacture a few products.

Unlike many new ventures, JP Laboratories did not raise any outside money to launch the company. Patel approached venture capitalists, but found that they had little interest in him. "This type of company is too much risk for them," he says. Patel thus had no choice but to dig deeply into his own pocket. Says he: "I depended totally on my savings and government grants. I've sometimes had to go to banks for short-period loans because government work pays late. But I really did this without outside money. That has meant that I have not been under pressure from financial backers and can concentrate on research." His savings totaled less than \$50,000, and he had run through that money in his first year.

At the time he started, Patel was unaware of a government program established just the year before that was going to literally save his business. This was the Small Business Innovation Research Program, which is run by the federal Small Business Administration and is designed to encourage small companies to undertake research into new products. Patel has obtained ten grants from the SBIR for a total of some \$700,000. Says he: "Without that program, this company would not have survived." He won his first grant, for \$50,000, in 1984.

Patel at first rented out a large set of offices because he hoped that he would both develop and manufacture his own products. That was his first mistake, and he decided to do only basic research and then license products to other companies. Says he: "The complexity of business surprised me. Finances, hiring, managing. It was all a lot more complex than I thought. My strength is R-and-D, not manufacturing or marketing, and I decided to concentrate on that. It takes one- to-two years to develop a new product and then another one-to-two years to patent and license it. JP Laboratories has licensed four products, and Patel says that the company earns "a few hundred thousand dollars from royalties."

Many entrepreneurs would not look forward to depending on the government for financing, but Patel says that it has worked for him. He admits that it involves "lots of paperwork" but adds that if a company "keeps clean books" there will not be any problems.

Patel considers himself more of a scientist than a manager. He still spends more than 50% of his time in the lab and wishes that he could spend more. Says he: "If I found a good person to run the company, I'd only do research. I don't enjoy business, but I have to do it to survive."

Having started small and grown slowly, Patel believes that he is now in a position to move into manufacturing. Said he: "The market potential for the time-temperature indicator is great. And the interest in artificial blood because of the AIDS crisis is also high. I'm very optimistic."

-by George M. Taber

