Dave Markert is director of business development for Progeny Systems Corp. He was the founder and former CEO of Tactical Systems Engineering. Markert has been a defense and aviation professional for 29 years. He is a retired commander in the U.S. Navy and served as a Naval Flight Officer, in the F-14 Tomcat for the bulk of his career, which included three years as a TOPGUN instructor. He represents Progeny in the Southeastern New England Defense Industry Alliance. Markert is active in Boy Scout Troop 1 in Portsmouth.

Markert has a bachelor’s degree in aerospace engineering from the University of Notre Dame, a master’s degree in foreign affairs from the U.S. Naval War College and an MBA from the Sloan School of Management at Massachusetts Institute of Technology.

PBN: You’re a 2013 graduate of the 20-month long MIT Sloan Executive MBA program for mid-career executives. Where were you in your career when you began and what convinced you to start that MBA program?

MARKERT: After I retired from the Navy and founded Tactical Systems Engineering, I rapidly came to understand the limits of my education. As a naval aviator, defense professional and engineer, I did not have to deal with any of the issues facing a startup business. The closest I came to a business education was my time as a program manager for a $5.2 billion aircraft program. In that instance, I learned a lot about the government side of things and had the assistance of many experts. But running a start-up forces you to figure out a lot of things on your own. In my case, I knew I needed help to understand the management side of my business. I looked at a few options, but MIT Sloan’s world-class reputation, its focus on innovation and technology, its flexible EMBA schedule for mid-career professionals and its close proximity made it the ideal choice for me.

PBN: What made you decide to launch Tactical Systems Engineering? Why did you locate in Newport?

MARKERT: I decided to launch TSE after working briefly at a defense consulting firm. The firm was a great company with really good people, but I was looking for more. Initially, we launched TSE to execute Navy program support work –providing qualified
engineers, analysts and subject matter experts for the government. This revenue model quickly evolved to include the design and development of an Unmanned Aerial System, or drone – we call it Wingman – for Navy Tactical Aircraft. As for Newport, I did a tour at the Naval Station in Newport and we owned a house nearby in Portsmouth. My last Navy assignment was in London, England, but after 13 Navy moves, my family wanted to drop anchor here in Rhode Island.

PBN: How did you secure the financing for your startup?

MARKERT: Funding is always an issue for a startup. Fortunately, at TSE we provided program support in engineering to some Navy programs immediately, which helped take a bit of the financial pressure off. Once we started down the Unmanned Aerial System path, we garnered funding through a Small Business Innovative Research grant. Between our program support work and our SBIR grant, we were able to “bootstrap” our funding.

PBN: Competition is tough for funding for startups. How did you rise above the competition? What’s the environment for start-ups in Rhode Island, from your perspective?

MARKERT: Although we didn’t get funding from “traditional” startup sources, like venture capital or angel investors, we definitely lived in the competitive world of funding. Ultimately, for us, having a superior technical proposal in the SBIR process was very important. Equally important, for all start-ups, irrespective of where they get funding, is having credibility – a background that makes you trustworthy and reliable in the startup space that you have chosen. Being an expert in your space helps convince the folks with the money that you know what you are talking about and will offer them a good return on their investments. As for startups in Rhode Island, from my perspective, it is a tough place for startups. There may be a lot of activity and synergy in the startup space, but for many reasons, it has not coalesced into an ecosystem as it has in Silicon Valley or Cambridge, Mass. Rhode Island has a lot to offer for businesses and I am confident our startup community can come together and reach greater success – it is just a matter of when.

PBN: Did you employ an exit strategy – an IPO or a merger and acquisition? Which did you prefer, and why?

Markert: We did, although not necessarily by choice. The sequester made additional funds for companies like TSE almost impossible to obtain. Next year the funding situation for defense firms will be even worse, which is why I elected to merge with our partner Progeny from our Wingman efforts. Progeny, while still a small business, is a $190 million revenue company and, as such, is big enough to survive the massive slowdown in defense spending, which TSE was not. We were far from an IPO at TSE, but an acquisition or sale is always attractive for startups.