

## **Need funding? Learn to talk to angels**

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A fool and his money are soon parted.

Technology investors are a lot tougher. It takes more than a great idea to win an investor's confidence and cash – to present an opportunity so compelling that prospective investors want to share in its future.

Technology entrepreneurs can gain critical insights into investors' expectations at the Washington Technology Center's Tri-Cities Eye of the Investor Workshop next week in Richland.

“There is a lot to learn in starting a business or launching a product, and some of that learning can be very expensive,” said Steve Anderson, design and project manager at E-Learning Tools in Kennewick. “Now we can see what investors expect in entrepreneur presentations – from people who have been through the mill and know how investors think.”

### **Advice from pros**

Workshop leaders are John Geer and Sven Liden, experienced entrepreneurs and program managers at the Alliance of Angels, a Technology Alliance activity that matches young technology companies and interested investors.

The workshop features an interactive training session in which Geer and Liden take participants through the process of preparing and making a successful presentation to potential early stage investors, also known as angels.

Topics include:

- Finding and approaching early-stage investors
- What investors consider in making funding decisions
- What investors expect to see in a presentation
- Creating a successful pitch that stands out from the competition
- Answering investor questions about the presentation
- Common pitching pitfalls and how to avoid them.

“Companies are coming up with amazing ideas, and investors really want to be part of the next big thing,” Geer said. “Yet there is a big difference between understanding your product and being able to communicate with people who aren't familiar with either it or the market you want to capture.”

### **Avoid pitfalls**

“What we try to do in the workshop is to give you the tools to stand out as the best of all the other companies the investor is looking at,” Liden said.

For example, Liden and Geer advise entrepreneurs to resist the temptation to tell everything about their company. An interesting story makes a better first impression.

Workshop panelist Keith Trefry agreed, comparing the investment pitch to a resume. “Whether it’s for a job or financing, the trick is to differentiate yourself from stiff competition – to set the hook for a longer discussion.” Trefry is an attorney with Paine Hamblen’s Spokane office.

The most basic issue Geer encounters is the over-optimistic assumptions entrepreneurs make about their products and the marketplace. He advises entrepreneurs to focus on a very narrow market and to demonstrate a thorough understanding of their competitive advantage.

Panelist Bob Margulis is a member of the Northwest Entrepreneurial Network and co-chaired the group’s Early Stage Investment Forum. “You’ve got to get your financials right,” he said, noting that unrealistic financial projections can make the audience skeptical of the entire proposal.

### **Live demonstrations**

E-Learning Tools and Aviation Safety Facilitators of Benton City will put the presentation principles they’ve learned from the Angels into action by giving real investment pitches, complete with “investor” feedback from the workshop leaders and panelists.

Working with the Angels and also the Columbia Basin College Small Business Development Center was a revelation for ASF vice president Helen Workley.

“I had no idea that innovators and high tech people don’t speak the same language as bankers and financial experts,” she said. “I realize now that our presentations were too technical and that new regulations are actually selling points for our product,” she said.

### **The big picture**

In the final portion of the workshop, a panel of seasoned investors and entrepreneurs will explore the larger financial picture, including banking, mergers and acquisitions, and venture capital, the funding usually reserved for more mature companies.

“You can’t know too much about approaching angels or venture capitalists,” Margulis said. “Attending an event like the Eye of the Investor has tremendous value, even if you get only one good idea.”

Gary Spanner, PNNL economic development manager, put it this way: "If technology entrepreneurs are going to grow their businesses, they have to know how to get their hands on other people's money. That's what this is all about."

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