

Mid-Columbia entrepreneurs could soar with help of angels

I was born and predominantly raised in the Tri-Cities. I remember driving — well, riding, anyway — over the green bridge. I've lived and attended school in all three cities, even completing all of my undergraduate and graduate studies at our local Washington State University campus, and eaten a sandwich or other culinary treasure at almost every local restaurant.

And despite the two-or-so degrees of separation that keep this area feeling a little like a small town for many of us, when I stop and take stock, the amount of economic growth and change we've experienced in my lifetime is impressive.

More good news: A lot more opportunity still exists. But entrepreneurs looking to seed businesses here frequently find themselves in

search of the often elusive special sauce of growth, otherwise known as start-up capital.

Where do you get it and how?

It turns out there are angels among us, angel investors that is. These are typically affluent members of a community who invest their personal capital in fledgling businesses in exchange for some kind of stake in the company.

They fill a critical gap in start-up financing between "friends and family" who provide seed funding — sometimes jokingly referred

to as "friends, family and fools" — and venture capital.

A few angels recently visited with members of the community via the Three Rivers Entrepreneur Network to share the key ingredients to successfully obtaining early stage

startup funds for clean-tech businesses in today's economy.

Byron McCann is co-chairman of the Northwest Energy Angels. He says his group looks for several things when considering an investment in addition to focusing on clean energy technologies.

Some of these positive indicators include a management team that they could see forming a successful working relationship with, presence of disruptive market opportunities, a sustainable and scalable business model, and a proprietary intellectual property position.

"The winning recipe is essentially a combination of good people, innovative ideas, market opportunities, thorough due diligence and lots of luck," said McCann, an angel investor since 1985.

"Angel investing is inherently about capital efficiency, which is particularly important in this economy," he added. "Entrepreneurs are well-

served to find strategic partners who can help them be successful once the funding is secured so they can use it most productively."

Tom Simpson, president of the Spokane Angel Alliance, said his investment strategy follows a couple of general rules. First, only invest in a company once it has raised the minimum amount it set out to obtain.

"If they said they wanted \$450,000 and they've already raised \$400,000, it's less risky for me to pony up that last \$50,000," he said. His second rule: only invest once in any given company.

According to Simpson, the Tri-Cities area is well-suited to attract angel money.

From a geographic standpoint, we're in the middle of the Northwest, relatively close to Seattle and Spokane. The presence of proprietary research, such as that conducted at Pacific Northwest National Laboratory and by other local inno-

vators, and the growth of our tech-based business climate through the Tri-Cities Research District also could serve us well.

Simpson's advice for those interested in bringing angel investment to the Tri-Cities is pretty simple: "Stay connected to the ideas coming out of this area and begin networking with regional angel groups to learn about their specific interests and processes for screening investment candidates."

So, Tri-Cities entrepreneurs, do your homework and bring your ideas forth. These angels might just give them the wings to help them — and our local economy — soar into prosperity.

▶ *Ali Madison is with Pacific Northwest National Laboratory's Economic Development Office. She can be reached at ali.madison@pnl.gov. This column on Tri-City diversification and economic development appears monthly in the Herald.*



Ali Madison

Economic
Diversity