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A Financing Guide for Recycling Businesses:

Investment Forums, Meetings and Networks

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This publication should not be relied upon as legal, securities or accounting advice. Parts of this guide will not apply to all recycling businesses or all economic developers. The summary nature of this publication gives rise to many generalizations that may not be appropriate to all business, organizational or individual circumstances. The information contained herein has been obtained from sources believed to be accurate, but neither the U.S. Environmental Protection Agency nor its grantees nor their subcontractors guarantees the reliability of such information, and we do not assume any liability for any loss resulting from, or occurring in connection with, the use of information contained, described, disclosed or referenced in this publication.

For more information on the details of this publication, please contact:

National Recycling Coalition
1727 King Street
Alexandria, VA 22314
Tel (703)683-9025
Fax (703)683-9026

KirkWorks
P. O. Box 15062
Durham, NC 27704-0062
Tel (919)220-8065
Fax (919)220-9720
Email: Dkirkwks@igc.apc.org

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Chapter 1: Introduction and Overview

Access to capital is a significant barrier to the growth of new and expanding recycling enterprises. This publication is designed to make the process of identifying and securing new sources of capital for these ventures more efficient.

The Value of Recycling Businesses

Fostering recycling entrepreneurship can strengthen our country's economy and environment. New recycling companies are inventing ways of recovering and reusing more and more of the materials that we previously wasted. In the process, they are creating jobs and wealth in our communities. They are ensuring that all of the materials collected from our homes and businesses are productively remanufactured. They are also making all of our industries and nation more self-reliant and efficient.

Helping recycling ventures succeed is a worthy goal, which can be achieved through many different strategies. This Guide is designed to help these businesses identify and obtain the capital needed for growth.

Access to Capital: A Small Business Concern

Recycling companies are not unique in having difficulty finding the funds to start up and expand. Indeed, "improving capital formation" is a perennial top priority of small and entrepreneurial business participants in the ongoing White House Conferences on Small Business.[1] *The 1995 Survey of Small and Mid-Sized Businesses* by Arthur Andersen's Enterprise Group and National Small Business United found that 23% of existing small and mid-size companies could not obtain adequate financing in 1995. The survey further documented that new or growing companies face financing problems at every phase of their expansion. The Federal Reserve Bank also has documented that the existing financing system in the United States ranges from limited financing options for small businesses to a well organized system for large businesses.[2]

The Need to Finance Recycling Innovation

Access to capital is often even more difficult for small and emerging companies in the recycling industry. Financiers are wary of any venture in a relatively new or unfamiliar industry and for which standardized bench marking data is not available. Some investors also may be concerned about the volatility of the markets for certain recovered materials and the ability of unproven recycling companies to ensure reliable and growing profitability. Finally, potential providers of capital may assume that recycling companies are relying for business success on governmental regulations that may be changed or weakened at the whim of the legislative process.

Although these concerns have been addressed by many recycling, composting, reuse and remanufacturing enterprises,[3] they still represent obstacles to the entrepreneurial growth of this industry. In a 1994 survey of recycling enterprises in North Carolina, 38% of responding companies cited "limited access to capital" and 29% listed "cash flow problems" as their main obstacles to growth.[4] Similar research in other states has

[1] *The White House Conference on Small Business—Issues Handbook,* Office of Advocacy, U.S. Small Business Administration, April 1994, p. 17.

[2] Smith, Brad, WBS&A, Ltd. Strategic Consulting Services, "Capitalizing a Small Business Using SCOR Seminar " speech, Houston, Texas, January 25, 1995.

[3] Throughout this document, "recycling company" is used to refer to a business involved with the reuse, recycling or composting of recovered materials.

[4] Kirkpatrick, David, *North Carolina Business Study,* NC Office of Waste Reduction and Self-Help, 1995, p. 15.

identified enhancing access to capital as a key to fostering the growth of recycling companies, especially start-up and small expanding companies developing new products, services, and markets.

Fostering access to capital is particularly important for those start-up and small firms that provide much of the innovation in the emerging recycling industry. Raising smaller amounts of funds for young companies is often more difficult than raising larger amounts for more established firms. However, recycling innovators can take tips from other successful business sectors on capitalizing their businesses.

Entrepreneurs and economic developers can utilize a portfolio of approaches to meet business financing needs. As this Guide explains, these can include thorough business planning, the Small Corporate Offering Registrations (SCORs) and other financing structures, and investment forums and networks. Other sources not extensively discussed in this Guide, but which have an important role to play, include: banks, recycling loan funds and governmental finance programs. Together, these strategies and resources can ensure that sufficient capital allows the recycling industry to sustain its growth and innovation.

How This Guide Can Help

This guide was developed to be a resource for recycling entrepreneurs and economic developers who work to foster the recycling industry. It presents new strategies that have been developed to make capital markets work more efficiently for small companies in general and recycling companies specifically.

This publication is not intended to serve as a stand alone business financing manual. However, the Guide does provide references to several excellent publications that effectively serve that purpose, in the "Resources" section at the end of Chapters 2 and 3. In the end of Chapter 5, the Guide also lists associations of small business centers, financial associations, incubators and other service providers that can provide business planning and financing assistance in a company's region.

The particular contribution of this Guide is to highlight innovative approaches to fostering capital formation for emerging companies that have developed recently and are not widely known. These include investment forums, meetings and networks, as profiled in Chapters 4 and 5, as well as new equity financing structures, such as the SCORs profiled in Chapter 3.

This guide does not focus extensively on debt financing. However, the reader is directed to some of the U.S. Small Business Administration's fine resources on this topic in Chapter 3.

A summary of the contents of each chapter is provided below.

Chapter 2: Recycling Business Planning, focuses on the building and documenting of business strengths necessary for a recycling enterprise to attract significant investment. The chapter is addressed to the entrepreneur who is writing a business plan. Areas that should be addressed in the plan include the company's mission and history, the management team, marketing, operations and financing.

Chapter 3: Business Financing Strategies provides entrepreneurs and economic developers ways to identify a wide range of potential financial partners for recycling companies. The important role that individual "angel" investors can play in meeting the equity demands of expanding companies is highlighted. Cost-effective methods for capitalization are also reviewed, including sales of company securities complying with Securities and Exchange Commission (SEC) small business exemption regulations. Small Corporate Offering Registrations (SCOR offerings), in particular, are highlighted as one increasingly popular means for entrepreneurs raising less than one million dollars per year to attract a broad range of smaller, private investors.

Chapter 4: Recycling Investment Forums provides recommendations for economic developers and prospective forum organizers on the design of recycling-specific investment forums, based on the earlier *Recycling Venture Forum Study*, the Southeast Recycling Investment Forum conducted in November 1995 and the Northeast Recycling Investment Forum conducted in May 1996.

Chapter 5: Investment Forum, Meeting, Network and Association Directory provides a listing of more than 100 investment forums, meetings and networks that have developed across the country to help entrepreneurs, investors and service providers find compatible partners. Contact information and brief descriptions are provided for each organization. The event descriptions help to give entrepreneurs and economic developers an understanding of the many strategies that have evolved for fostering small business capital formation and entrepreneurship across the country. The chapter concludes with a listing of national financial and entrepreneurial trade associations and federal government finance agencies.

Chapter 2: Recycling Business Planning

A good business plan is important to obtaining financing for a new or growing recycling company. A written plan can help an entrepreneur explain to a financier how a loan or investment will be repaid and rewarded. In addition, the plan can be a document that the management team, advisers, board and staff work together to develop. The business plan can continue to provide strategic focus and coordination for the marketing, operating, financing and staffing activities of the growing business. While some recycling entrepreneurs have been able to succeed while making decisions based only on their business instincts, having a written plan can help to ensure sustained and continued success.

The business' founder, owner or chief executive should write the business plan, with input from other company team members. Consultants, government agencies and software programs can provide suggested templates and advice on different sections. However, just as the founder "owns" the company, he or she should "own" and take responsibility for writing and carrying out its plan for success. By developing the plan, the entrepreneur can make some of the potential mistakes on paper, instead of in practice. The plan and its projections can become yardsticks for measuring the progress of the company.

Finally, the business plan should be a living document, in a loose-leaf notebook and computer files that are revised annually or more frequently as circumstances change. Staff hiring, fixed asset purchases, marketing activities, new facilities, financing actions and budgets should all be consistent with the business plan. If the entrepreneur is making decisions that are out of step with the plan, he or she may indeed be on the right track, given a change in the company's environment. However, the discipline of going back and revising the plan will help to point out unforeseen effects of a change in company strategy.

Ask for advice about your business plan from your accountant, lawyer, business partners, board members and consultants. Several books and software packages have been developed to help entrepreneurs in writing their plans. A few are listed in the Resources section at the end of this chapter.

Provided below is a brief overview of the important sections of a recycling business plan and some of the questions each section should answer. Depending on the size, type and stage of a business, some sections of the plan can be more or less extensive. Developing the business plan should not be seen as a big task separate from starting or running a business. Rather, developing the plan should involve compiling the market, management, operational and financial information necessary to the business into one well-organized document.

The remainder of this chapter is written as if addressed to an entrepreneur who is compiling and writing the business plan for his or her recycling company. The business plan sections are divided as shown in Figure 2-1.

Executive Summary

In the executive summary, you should concisely communicate the nature of your business and why investors or partners should want to be involved. Investors sometimes receive stacks of business plans each week. You have to quickly catch their interest and convince them that your company deserves a second look.

Write the executive summary after all other sections of the plan are completed, highlighting:

Figure 2-1
Recycling Business Plan
Sample Table of Contents

Executive Summary
Company Mission
Mission Statement
Goals and Objectives
Company Overview & Management Team
Legal Business Description
Management Team
Board of Directors, Strategic Partners
Products and Services
Upcoming Product Developments
Proprietary Technologies or Processes
Marketing Strategy
Market Definition, Customer Profile
Competition, Risk Factors
Market Research and Testing
Sales, Distribution, Promotions
Sales Projections
Operations Design
Facilities and Equipment
Personnel
Information and Quality Systems
Financial Overview
Historical Financial Statements
Projected Financials and Assumptions
Capital Requirements
Exit and Payback Strategy
Contingency Options
Worst Case Scenarios
Potential Company Responses
Conclusion
Supporting Documents

- *Business Mission and Description*—What business are you in? Why? What unique products or services do you offer?
- *Marketing*—Who will be your customers? How will you increase your sales to them?
- *Operations*—What facilities, equipment and personnel resources will allow you to fulfill these sales?
- *Management Team*—Who are the founders and owners? How will this team be strengthened as the growing business demands new skills?
- *Finances*—How have you and how will you perform financially? What do you need from lenders or investors to meet your business goals?

Company Mission

What is your business? You should be able to answer this question succinctly enough to pass the "elevator test." That is, can you tell an investor or banker what your business is while you are riding the elevator to his or her office?

Remember that just being in the recycling or environmental business is not enough. Indeed, for some financiers, your being a recycler may initially be a drawback. Instead, explain why your company is or will be successful with its customers. For example,

- "We supply automotive rubber product manufacturers with above-spec crumb rubber at below market prices."
- "We provide integrated janitorial and recycling services to office property managers that are the most cost-effective in the metropolitan region."
- "We market ecological, recycled-content, trendy apparel to Generation X'ers through mall retail outlets."

Many nonprofit organizations develop a mission statement to provide guidance for their board of directors and staff and to ensure that decisions are consistent with their charitable or educational mission. Private businesses may not think a mission statement is really important—after all, isn't the real mission just to be profitable? Yes, but most businesses achieve profitability by following a founding vision or mission that

provides a unique service to their customers and society. Most small business owners don't put this in writing, but they intuitively run their business in concert with their purpose, vision or mission.[5]

Writing out the mission statement allows for investors, employees and even customers to help buy into the excitement of the founder and entrepreneur. An example could be:

Clean and Green's mission is to provide excellent and inexpensive janitorial and recycling services to office property managers thoughout the New York metropolitan region. We make offices clean and green by providing efficient, integrated services that ensure that all discarded paper, cardboard, bottle, can and organic materials are recycled or composted. By using only nontoxic, natural cleansers, we ensure that each morning, our clients arrive in offices that are clean and healthy work environments.

Company Overview

The company overview can include basic information on:

- *Company history*—founding date, achievements, predecessor companies
- *Company legal status*—sole proprietorship, partnership, corporation or limited liability company
- *Company founders, managers, investors and board of directors*
- *Current and projected facility locations*
- *Company products and services*, including descriptions and diagrams, benefits, stage of development and patent or other proprietary protections (A more thorough, separate Products and Services section can be included in the business plan, as well.)

Management Team

When equity investors are asked what is most important in their decision to invest in a company, they usually start off with the people—the owners, founders or management team. Indeed, as noted in Figure 2-2, some of the primary reasons that individual investors reject deals involve management. For bankers and lenders, also, the company's leadership team and its track record are critical in deciding to make a loan.

Figure 2-2
Deal Rejection Reasons for Individual Investors[6]

Rank:	Reason:
1)	*Venture's chances for growth seemed limited*
2)	*Inadequate personal knowledge of firm's principals or key personnel*
3)	*Firm's management lacked experience or talent necessary for success*
4)	*Proposed value of firm's equity was unrealistic*
5)	*Did not coincide with Angel's long-term investment objectives*
6)	*Venture concept needed further development*
7)	*Not enough time for adequate appraisal*
8)	*Insufficient information provided*
9)	*Unable to assess technological aspects*

Many business plans try to address the strengths of management by providing pages and pages of resumes. Although resumes are important, and can be included in an appendix, it is more vital to give the reader a feel for yourself and your team and your commitment to the business. Try to

[5] For an eloquent description of mission-driven businesses, see *Growing a Business* by Paul Hawken, 1987, Fireside, Simon & Schuster.

[6] Responses from nationwide survey of individual investors as reported in Gaston, Robert J., *Finding Private Venture Capital For Your Firm*, John Wiley & Sons, 1989, p. 91.

answer the following questions in a unique and persuasive manner:

- Who are the founders, active investors, key managers, directors and important advisors for the company? What experience do these people have in starting up and expanding companies in your industry?
- Why did you get into this business? What excites you and your team about the opportunities in this market?
- How will your company be organized? What roles will the directors and key managers play? What organizational structure best matches the needs of the company at this stage of development?
- Why is an investor likely to reap rewards and minimize risks by going with your company's team instead of somebody else's?

If you have not recruited and employed all of the managerial talent you will need to carry out the next immediate phase of your business plan, explain your plan for doing so. That is, assume that you are planning to market a recycled-content retail product to mass merchandisers and do not yet have experienced marketing staff. Then, lay out a plan for hiring a marketing manager with the appropriate experience or for contracting for these marketing services. Similarly, demonstrate that you have or will recruit and pay for the necessary expertise in the finance and operations areas.

Finally, how about the CEO? Who will make sure the business meets and exceeds business plan and financial targets? If you are the founder, inventor or visionary for the company, don't necessarily assume that you should always be the chief executive officer. Often very different personalities and skills are needed to have the vision to invent a unique product or service and to manage a company's successful growth. If you are initially successful, your company can outgrow your talents.

Take a management and vocational aptitude test and objectively assess whether you are the best person to lead the company. If not, recruit a CEO or business manager with the requisite skills, or show in the business plan at what stage such talent will be recruited. Even if it means giving up some of your ownership stake in the company, such humility and realism in assessing your strengths and weaknesses can help to ensure long-term success for a venture.

Succinctly communicating the skills, experience and motivation of the founders and management team does not just happen in the business plan alone. When seeking investors or lenders, nothing can substitute for direct personal contact. A young entrepreneur whose experience looks thin on paper may have such drive and determination in person that she or he inspires an investor to become a partner.

Referrals are essential to widening your realm of contacts. Always try to have a referral source when contacting a financier, rather than making a cold call. Venture capital partners and active individual investors often get so many business plans, that they do not give them a second look unless the company has been referred to them by a reputable attorney, accountant, entrepreneur or investor.

Marketing Strategy

After your management team, the market for your company's products or services is the most important concern for many investors. You may be tempted to focus on a unique technology or service strategy you are using, without paying enough attention to how you are serving your customers. If you have invented an automated container sorting device that is technically elegant, but too expensive for processors to purchase, you will not have a successful business. Rather, the focus of your marketing and business plan should be on the unique value you provide to your customers, i.e., a cost-effective system for generating marketable commodities from commingled recyclable streams. *Your marketing and business strategy should be built around providing your current and new customers with a*

unique value that they cannot get from your competitors.

Some of the specific questions the marketing section of your business plan should cover include:

- How are your products and services uniquely suited to meet customer needs?
- What market research or testing have you done to verify customer interest in buying your products or services? How many current or prospective customers have been interviewed? What directions did this research indicate for future offerings?
- What is the strategy behind your choices of product or service design, pricing, locations and marketing activities?
- What are your competitors' strengths and weaknesses vis-à-vis your company's, and how will your marketing efforts exploit your advantages and minimize disadvantages?
- How much are you relying on the "green" or "recycled" features of your products or services to sell them? Are your offerings better than those of competitors without considering environmental benefits?
- What is the total market for your product and service? How is this total market segmented? Which particular market segments will your company pursue?
- What are the marketing expansion plans for the company? Will you keep the same product or service and offer it to a broader range of customers? Or will your company develop new products and services to offer to existing customers? Will you try to do both, and if so, how will you keep from becoming overextended?
- What are the sales projections for the company in the coming years? That is, how much of which products and services will be sold to how many customers in each period? What market share does this represent and how does this compare to your existing share and those of your competitors?
- What assumptions are your sales projections based on? What are worst and best case scenarios—i.e., if your products gain wider acceptance more quickly or if an unexpected, tough competitor enters your market?

These questions are just a few of those addressed in thorough market analyses and marketing plans. These sections can address more detailed issues of marketing and sales strategies, distribution channels, advertising and promotions, and public relations. As the company grows, management will need to continue to develop its marketing expertise and planning.

Operations Design

Once you have told your reader who you are, what you do and to whom you are going to sell, the next question is: Can you do it? That is, can the company deliver the products and services to the customer on time, at the right price, in the quantities desired and of a quality that meets or exceeds the customer's expectations?

Managing a growing recycling operation requires expertise in personnel, equipment, facilities, information systems, shipping and materials flow. Your plan should demonstrate that your team has thought through what will be needed to meet the anticipated customer demands projected in the marketing section. If you have successfully managed complex operations before, financiers can be assured that you can do so again. If you have not, your operations section must assure them that you have anticipated the challenges, and will be tapping into appropriate expertise to ensure that products and services are produced within projected budgets.

Readers will be looking for answers to the following questions about your new or expanded operations:

- What *facilities and equipment* will be needed to meet your production or service schedule?

Are existing buildings and equipment adequate, or have new sites and machinery been identified? Is the capital budget for these new fixed assets sufficient? Have quotations been obtained for these items?

- What will be the *staffing plan* for the company? What skill levels, compensation and benefits are anticipated? How will employees be motivated to help provide value to your company's customers?
- What *management and information systems* will be instituted? What systems will help assure the quality of the product or service provided? How will production expenses and components be tracked? How will the critical information get back to employees and the management team to help inform continuous improvement?
- What *risk management and insurance plan* does the company have in the case of a mishap—equipment failure, natural disaster, labor stoppage, shipping problem, etc.?
- What strategies will the company use to *manage materials and product flows*? How will a regular supply of feedstock or raw materials be obtained, transported and stored? Has the production flow and process been designed to maximize efficiency and quality? How will finished products inventory be stored and distributed on a timely basis to customers?
- As the company grows, *how will multiple sites maintain the operational procedures developed at the home location?* How will product and service consistency be maintained while allowing for continued innovation and improvement?

Financial Overview

Finally, you need to tell the story of your company in numbers. Some business plans go overboard in the financial section, printing page after page of spreadsheets with little explanation. It is more important that the reader understands the assumptions behind your financial projections. Your marketing section should explain how you arrive at your sales projections. Likewise, your operations section should describe what is behind the operating expense budget. Make sure to reiterate key assumptions or refer the reader back to the pages where they are explained in more detail.

If your company has historical and current financial statements, be sure to include them. Note whether they have been prepared, reviewed or audited by an outside accounting firm or prepared internally. (If you have not yet done so, hire an accounting firm to assist in the preparation of your financial section and move toward having an annual financial audit done on the company.)

Figure 2-3
Business Plan Sections and Their Relative Importance to Individual Investors[7]

Rank:	Business Plan Information:
1)	*Clear description of proposed financing needed from start to maturity*
2)	*Marketing plans, including segment on market sought or controlled by company, data on market size and characteristics, present and potential market competition, and future market strategy*
3)	*Summary statement of the purpose and goals of the enterprise*
4)	*History of the firm, financial statements and backgrounds (resumes) of key personnel*
5)	*Clear description of the technical aspects of the proposed project*
6)	*Direct personal knowledge about firm's principals and key personnel*
7)	*Names of principal suppliers and customers*

[7] Gaston, Robert J., *Finding Private Venture Capital For Your Firm,* John Wiley & Sons, 1989, p. 85.

> *"Entrepreneurs believe that profit is what matters most in a new enterprise. But profit is secondary.* ***Cash flow matters most.*** *Growing bodies need to be fed, and a business that grows fast devours cash. You have to make constant investments just to keep even with it. This is totally predictable, so getting caught in a cash crunch is totally unnecessary."*[8]
> *Peter Drucker, Clarke Professor of Social Science and Mgmt., Claremont Graduate School*

Your projected financial statements should cover at least the time period for which you are seeking a loan or equity investment, and illustrate how these capital infusions will be repaid. The statements should include:

- *Balance sheets* for the beginning of the company's fiscal year and the end of each year covered by the plan, listing all assets, liabilities and company equity.
- *A fixed asset budget*, showing the anticipated schedule of investments in plants and equipment.
- *Projected income statements* for each year of the plan, broken down on a monthly basis for at least the first two years. The income statement should incorporate revenues consistent with the marketing section and expenses consistent with the operations, financing and marketing sections.
- *Cash flow statements* for the same time periods as the income statements, showing how cash levels will be affected by operating income, interest and financing charges, fixed asset purchases, changes to current liabilities and assets, depreciation, and anticipated capital infusions from equity sales or loans. Even if the company achieves a positive monthly net income according to the projected income statements, if cash flow is not monitored closely according to projections, a business can easily fail. This is especially true for recycling companies reliant on materials markets that are slow to pay for shipments and whose prices fluctuate widely with commodity prices.

Be sure to explain how each statement is derived such that the anticipated results will be achievable by the company. The cash flow statement, particularly, will be essential in predicting the amount of outside financing you will be needing to meet your start-up or expansion goals. Some of the questions your financial section should answer include:

- When will the company first achieve a *net monthly income and a positive cash flow?*
- What are the *greatest expense items* for the company—labor, equipment or material supplies? How will these expenses be managed and minimized?
- What *levels of equity investment and debt* are needed for the company to carry out its business plan? When and in what amounts will the financing be needed? What will the funds be used for—research and development, marketing, facilities, equipment or working capital? Are some of these uses more appropriate for debt financing and others for long-term equity investment?
- *How much has been invested in the company* to date and by whom? What are the total assets currently? What level of sales and income have been already achieved? How will these prior results be improved?
- *How will debt financing be repaid*? Is cash flow sufficient to more than cover anticipated principal and interest payments? What assets will collateralize the loan? Does the company have a secondary source of repayment if the primary revenue source falls through?
- *How might new equity investors be repaid* and what appreciation can they expect on their investment? Does the company anticipate

[8] Drucker, Peter, "Flashes of Genius," *Inc. Magazine*, May 21, 1996, p. 30.

repaying investors who wish to cash out in a few years through an internal refinancing, a merger with or acquisition by another company, an initial public offering, or a private equity placement of stock?

- *How will the company deal with commodity price fluctuations*? What recycled material price levels are assumed for the financial projections? How much would prices have to fall (or rise, if recovered material is used as a feedstock) before the business would have negative cash flow? How will the company protect itself against such commodity price fluctuations?

Contingency Options

For the entrepreneur and investor, it is important to think through what may go wrong. As an entrepreneur, you are probably by nature optimistic about the prospects for your business and may have been a bit generous in even your most "conservative" projections. The contingency section forces you to think about the worst case and how you would respond to save the business and safeguard investor or creditor capital. Some risks you should consider include:

- Sharp decreases in recycled commodity prices if you are a collector, processor or supplier of materials (or sharp increases if you are a buyer and manufacturer).
- Price cuts or service or product expansions by strong competitors in your market.
- Natural disasters, equipment breakdowns, employee injuries, labor difficulties or working capital shortfalls.
- Government procurement or recycling mandate rollbacks that reduce the demand for your product or service.
- Difficulties with getting new technologies to operate effectively at desired production levels.
- Inability to penetrate markets dominated by established virgin materials manufacturers or waste management companies.

Develop creative and viable responses to the most likely setbacks your company could face. In so doing, you can demonstrate that in the negative scenarios you may be able safeguard investors' principal, while in the positive scenarios financial partners will share handsomely in the company's success.

Confidentiality

Entrepreneurs are often concerned about giving away proprietary information about their companies in a business plan. Many investors will likely be hesitant to sign a confidentiality agreement before looking at your business plan. Do not reveal any specific technical or competitive information in your plan that would weaken your business if a competitor obtained it. If revealing such information is necessary to persuade an interested investor to consider your company, it can be included later in an offering circular for which the investor must sign a confidentiality agreement to obtain.

The title page of the business plan can state *"This document contains confidential and proprietary information belonging exclusively to [Company]," and the further disclaimer "This is a business plan. It does not imply an offering of Securities."*[9] The business plan copies should also be numbered, so that you can track their distribution and limit circulation.

Conclusion

Wrap up the business plan by reminding the reader why your company is a good partner for them. Touch on all of your key competitive strengths and invite the reader to contact you to talk further and to arrange a meeting.

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[9] Franklin, Burke et. al., *Write a Winning Business Plan—Reference Guide for BizPlan Builder*, 1995, JIAN Tools for Sales, Inc., p. 1-3.

Figure 2-4—What Investors Look for in Companies[10]

- ***Management team***—*Company management has been successful in managing other business ventures or corporate departments, preferably in the same industry area. In addition to a CEO or owner, the company has recruited a CFO or controller, a COO or operations manager, and has significant technical, engineering and marketing staff expertise suited to its business. If this broader management team has not been recruited, the business plan lays out a timeline and budget for recruiting and hiring necessary financial, operational, technical and marketing management and staff.*

- ***Market opportunity and strategy***—*The company's products or services have a strategic advantage over competitors in the marketplace—they are of better quality, lower price, unique or proprietary design, or offer some other advantage to customers. The company has opportunity for expansion either geographically, through partnerships or licensing, or through offering a broader range of services or products to existing customers. The company is not excessively reliant on only one product, customer or contract. The company has a strategy for insulating itself from commodity price risk fluctuations, manufactures products with significant added value or has service contract revenue.*

- ***Current and projected financial statements***—*The company has kept thorough and accurate financial records since inception, with annual financial reports prepared and preferably audited by a reputable accounting firm. Financial projections are reasonable for the company's industry segment and project investment returns for outside investors commensurate with the investment risk. Margins allow for near-term profitability at realistic sales levels.*

- ***Company stage and status***—*Business strengths needed at different stages of company development include:*

⇒ ***Start-up, needing seed financing***—*Strong founding management, unique and tested product or service, significant untapped market potential, weak or nonexistent competition.*

⇒ ***Early stage, needing expansion financing*** —*Existing sales with current or near-term profitability, new capital will allow company to serve a larger market more efficiently; building a management team, 1+ years of operations.*

⇒ ***Growth company, seeking mezzanine financing***—*Annual sales over $3 million, current profitability, capital will allow for more efficient operations, expanded sales, or stronger capital structure, experienced management team, 3+ years of operations.*

⇒ ***Mature company, seeking initial public stock offering, merger, or acquisition financing***—*Annual sales over $10 million, strong sustained profitability and cash flow, strategic market advantage, proven management team, 5+ years of operations.*

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[10] Kirkpatrick, David, *Recycling Venture Forum Study, Final Report, June 1995*, KirkWorks, sponsored by U.S. EPA, the Northeast Recycling Council, the National Recycling Coalition, and the New York State Office of Recycling Market Development, p. 14.

Business Planning Resources

Check your community or business school library for books on business planning and entrepreneurship. Some useful books to look for include:

- Allen, Kathleen, *Launching New Ventures*, 1995, Upstart Publishing.
- Baty, Gordon B., *Entrepreneurship for the Nineties*, 1990, Prentice-Hall, Inc.
- Franklin, Burke et. al., *Write a Winning Business Plan—Reference Guide for BizPlan Builder*, 1995, JIAN Tools for Sales, Inc.
- Hawken, Paul, *Growing a Business*, 1987, Fireside, Simon & Schuster.
- Kotler, Phillip, *Marketing Management*, Prentice-Hall, Inc.
- Siegel, Eric, Brian Ford and Jay Bornstein, *The Ernst & Young Business Plan Guide*, 1993, John Wiley & Sons, Inc. (Many large accounting and law firms publish similar business planning and start-up guides.)
- State and regional recycling market development offices and state recycling organizations sometimes publish recycling business guides. For example: *A Guide to Starting a Recycling Business*, 1994 & *Funding Opportunities for Recycling Business Enterprises,* 1992 [California Department of Conservation, (916)445-1490] and *North Carolina Resource Guide for Recycling Businesses*, 1994 [NC Recycling Association, (919)851-8444.] For a guide to all state recycling market development contacts, order the *Market Development Directory* from the National Recycling Coalition at (703)683-9025.
- *U.S. Small Business Administration* offers a range of business and financial planning publications, software and resources. Contact the SBA Answer Desk at (800)8-ASK-SBA and ask for the *Resource Directory for Small Business Management* publication guide as well as the phone number for your SBA District Office. The district office can put you in touch with a local Small Business Development Center (SBDC) or Service Corps of Retired Executives (SCORE) where small business counselors can help with business planning. If you have a computer modem, access SBA's home page on the world wide web at http://www.sbaonline.sba.gov/ or dial in to their electronic bulletin board at (800)697-4636. Information on SBA-guaranteed loans and local lenders, Small Business Innovative Research (SBIR) grants, and Small Business Investment Companies (SBICs) can also be obtained from the SBA.

Chapter 3: Business Financing Strategies

New and expanding recycling, reuse and composting companies need capital to grow. New facilities, equipment, product development and marketing campaigns all often demand more funds than are available internally to the business.

A good business plan should predict the amount of money needed for each of these specific uses during the different stages of the business's growth. The next step for attaining financing is to *match each intended use of funds with the appropriate source of financing at the different stages of the company's development.*

This chapter briefly reviews the range of financing options and then focuses particularly on individual "angel" investors as a source to fill the equity financing gap faced by many recycling companies. The chapter concludes by summarizing the range of exempt security offerings allowed by U.S. and state securities regulators, especially Small Corporate Offering Registrations (SCORs) that help to streamline small company equity financing.

Debt and Equity Financing—Multiple Options

The most basic distinction between financing sources is between debt and equity. Debt financing is essentially borrowing money for a fee. Typically, regular payments are required and interest rates are charged based on the perceived risk to the lender. Often the funds are used for fixed assets that have a collateral value that can allow the lender to recoup losses if the business fails. Sources of debt can include commercial banks, governmentally guaranteed loan providers, credit unions, suppliers, customers, factor companies, leasing companies, credit card companies and governmental loan funds.

Equity financing, on the other hand, involves selling partial ownership in the company for an investment of funds. Typically, company founders are the first equity investors through their own "sweat equity" and personal savings. Other equity sources can include friends and family, private individual investors, venture capital funds, corporate partners, employee stock ownership plans or investment partnerships. Equity sources of funds are used for purposes that lenders will typically not finance in young companies—including research and development, marketing, working capital and the equity share of fixed asset purchases.

Traditionally, banks have been viewed as the primary source of debt financing and owners or venture capitalists as the main sources of equity financing. However, entrepreneurial companies often tap into a much wider range of financing sources during their start-up and growth. Several of the business financing books listed in "Resources" at the end of this chapter provide an eye opening catalog of the types of business financing sources and options. A sample list of potential business funding sources is shown in Figure 3-1. Contacts at financial trade associations and federal government finance programs for many of these sources are listed at the end of the directory in Chapter 5.

Figure 3-1
Business Funding Sources[11]

Self-funding

- ◊ *Personal savings and equity*
- ◊ *Moonlighting*
- ◊ *Home equity loans*
- ◊ *Insurance policies*
- ◊ *Credit cards*
- ◊ *Customers*
- ◊ *Trade credit with suppliers*
- ◊ *Trade or barter*
- ◊ *Stock purchases and options to employees*
- ◊ *Employee stock ownership plans (ESOPS)*

[11] Franklin, p. A-1—A-45.

Figure 3-1 (continued)

Private resources

- ◊ *Investment from friends and family*
- ◊ *Angel investors*
- ◊ *Previous or present employer*
- ◊ *Individual partners*
- ◊ *Corporate partners*
- ◊ *Strategic alliances*
- ◊ *Private foundations*
- ◊ *Private placements*
- ◊ *Limited partnerships*

Commercial funding

- ◊ *Commercial banks*
- ◊ *Venture capital*
- ◊ *Investment banking firms and boutiques*
- ◊ *State venture capital funds*
- ◊ *Franchising*
- ◊ *Institutional term lenders*
- ◊ *Insurance companies, pension funds*
- ◊ *Commercial finance companies*
- ◊ *Credit unions, savings and loan associations*
- ◊ *Community development financial institutions*
- ◊ *Factoring companies, leasing*
- ◊ *Warehouse receipts financing*
- ◊ *Procurement assistance programs*
- ◊ *Surety bonding companies*

Government financing programs

- ◊ *State business and industrial development corps*
- ◊ *Veterans Administration guaranteed loans*
- ◊ *Farmers Home Admininistration guaranteed loans*
- ◊ *Small Business Administration guaranteed loans*
- ◊ *Small Business Innovative Research (SBIR) grants*
- ◊ *State or local recycling grants and loans*
- ◊ *Community Development Block Grants (CDBG) & loans*

Recycling companies have had success with some of the governmental funding sources listed above. In particular, SBA 504 and 7A loans, CDBG loans, and state recycling loans and grants have been tapped by reuse, composting and recycling enterprises.

However, the listing of "moonlighting," "credit cards," "trade or barter" and "home equity loans" as business funding sources in Figure 3-1 is not meant to be flippant. Rather, they are realistic ways that many new recycling ventures have been bootstrapped into existence—through the sacrifices and personal risks of the entrepreneurs. Indeed, even among 500 of the fastest growing companies in 1995, most started with capital from nontraditional sources. The primary sources of start-up capital for the 1995 Inc. 500 companies were as follows: [12]

♦ Personal savings	54%
♦ Family members	10%
♦ Partners	9%
♦ Angels and friends	6%
♦ Bank loans	6%
♦ Personal charge cards	4%
♦ Venture capital	4%
♦ Mortgaged property	3%

Debt Financing Tips

Although debt financing is not the primary focus of this Guide, it is an important element to consider as part of an overall financing strategy. Banks remain the primary source of debt capital for small businesses, but not every financial institution is geared toward small business lending, and even fewer institutions make loans to high technology companies. Recycling businesses are advised to target lenders who have familiarity or expertise with that industry, where possible.

Traditionally, community bankers have played the most important role in small business lending. As interstate banking and branching become more

[12] "The 1995 Inc. 500 Almanac," *Inc. 500 1995*, p. 39.

prevalent, however, some large national and regional financial institutions are putting more emphasis on small business loans. The U.S. Small Business Administration has published a state-by-state report, *Small Business Lending in the United States*, which rates banks within each state on whether they are "small business friendly." (See citation at the end of this chapter.)[13]

Individual Investors—Family, Friends and "Angels"

Once companies have tapped internal sources for equity financing, they often cannot meet all of their remaining financing needs with debt. For example, even for profitable businesses, bank and SBA guaranteed loans often require at least at a 25% or greater equity share in financing packages. Additional equity investment can become critical to pulling the total financing deal together. New companies often do not qualify for traditional loans in any amount, forcing them to rely wholly on equity or nonconventional financing.

Venture capital firms are rarely the source for this needed equity investment. Venture capitalists have demonstrated minimal interest in recycling companies that do not often fit their profile of enterprises with the potential for explosive growth and multiple returns on investment. Entrepreneurial activity in the communications, biotechnology, medical, information and internet fields has captured most venture firms' interest in recent years, leaving only a very few that may invest in environmental, manufacturing or recycling companies.

Fortunately, private individual investors invest approximately three times as much as professional venture capital firms into private U.S. companies on an annual basis. These "angel" investors are estimated to invest about $3 billion or more annually. They are typically high net worth individuals who invest in private companies to achieve investment returns and to participate in an entrepreneurial venture.

Angel or informal individual investors have been studied in detail by some business finance researchers. These studies have documented significant private equity and debt investment activity among a wide variety of individual investors.

Figure 3-2
"Keep Your Eye on Angels"

". . . We're going to have to pay a lot more attention to the availability of early-stage risk capital. Entrepreneurs just don't fit into what debt providers are designed to do. And venture-capital funds have left the start-up field, particularly when we're talking about less than $1 million. . . ."

"The participation of the growing population of 'angels' is going to become more visible. The market mechanism right now for deal financing is really very inefficient and random: who knows whom, who mentioned something on the golf course, who talked to his or her accountant lately about who's looking for money. The marketplace is also horribly time-consuming. Next to capital, time is the scarcest resource entrepreneurs have."[14]

Dr. William Wetzel
Director Emeritus
Center for Venture Research
University of New Hampshire

A nationwide survey of individual investors was conducted in 1987 by Dr. Robert Gaston, sponsored in part by the Office of Economic Research of the Small Business Administration. Based on median responses from the survey, a

[13] Gregory Dean, Assistant Chief Counsel for Banking and Finance, Office of Chief Counsel for Advocacy, U.S. SBA, comments, August 28, 1996.

[14] Wetzel, Dr. William, "Keep Your Eye on Angels," *Inc. Magazine*, May 21, 1996, p. 22.

composite profile of the U.S. angel investor was developed, as follows:[15]

- Business owner/manager is principal occupation
- Has professional entrepreneurial experience
- Has a $90,000 annual income
- Has a $750,000 net worth
- Friends and associates are primary information source
- Accepts 3 out of 10 investment opportunities
- Rejects deals mostly due to insufficient growth potential
- Invests every 18 months
- Has 3.5 firms in portfolio
- Two other co-investors per deal
- $131,000 informal equity invested in portfolio
- $75,000 more via loans/guarantees to portfolio firms
- Minimum return on investment target 22%/year
- Active as a consultant, board member or employee
- Does not seek voting control on company board
- Wants to invest 35% more than opportunity permits

(Note that these statistics were compiled in the late 1980's, and the current composite profile of individual investors is likely different, particularly with respect to the financial information.)

In addition to objective investment criteria, angels usually invest based on their "affinity" for a company, its founders, its technology or business activity. In recycling, for example, angel investors include recycling entrepreneurs and managers who have been financially successful in the industry. High net worth individuals who support recycling for its social and environmental values are also likely candidates. Finally, business executives from the waste management, commodity, and manufacturing industries provide capital and expertise to new recycling ventures that they see as the next generation of companies in their fields.

One report, based on a survey of 328 new firms that achieved between one and $50 million in sales, suggests that the affinities of private capital sources for businesses change for different stages of company investment. For example, for investments up to $150,000 during the seed and start-up stages, the investor's affinity for the *entrepreneur* is most important. For investments up to $210,000 for the business survival/ commercialization phase, the investor's affinity for the *technology or venture* becomes more critical. Finally, for investments of up to $450,000 during the initial market growth stage, the investor's affinity for the *investment deal* becomes most vital.[16]

The investment networks, meetings and forums as listed in Chapter 5 provide an excellent means for recycling entrepreneurs to contact angels and other financing sources that they could not identify through their own personal contacts. These organizations are helping to make the fragmented market for private investment in companies operate somewhat more efficiently.

Financing Strategies

The entrepreneur's goal in securing financing should be to identify the appropriate mix of funds with the least cost to the business and the fewest restrictions on business operations. The founder(s) usually seeks to retain as large a share of ownership in the firm as possible, so as to realize returns on the investment and innovation and to maintain business control. Sometimes, however, *it is important to realize that equity investors can contribute much more to the business than money*—including management expertise, contacts, marketing channels, and business partners.

[15] Gaston, Robert J., *Finding Private Venture Capital for Your Firm,* John Wiley & Sons, 1989, p. 16.

[16] Benjamin, Gerald A., "Correlation of Stage of Development with Private Capital Source," *Earth Angels: Finding Hard-to-Find Private Investors,* Gold Rush Press, International Capital Resources, (415)296-2519.

Debt providers can also be valuable resources to a recycling company. For example, even before a young company is "bankable," it can be useful to recruit a commercial banker as a business advisor. The banker may be interested in helping the venture achieve a level of profitability that will allow for bank debt to be placed in the future.

As noted in Figure 3-3, fund raising is an ongoing process for the entrepreneur, in partnership with his or her board members, management and professional advisors. No single source or amount of capital will be appropriate for all of a company's financing needs during its development. Rather, *the financing of the company should be seen as an incremental process,* as with the expansion of staffing, manufacturing or marketing efforts. At each stage of company development, the firm only needs to attain the funds to achieve the next milestone, while laying the groundwork for future financing rounds. This staged approach limits the risk for the entrepreneur and the investor. It also ensures that the founder has to give up smaller shares of his or her company's equity early on, when the company's valuation is lower. As success is achieved on progressive milestones, the company will be worth more and future equity financing rounds will yield more dollars for each ownership share in the company.

Legal Structures for Equity Investments

Whether identifying potential equity investors through networks, associations, forums or other methods, the entrepreneur needs to structure the investment offering with assistance from appropriate counsel. Legal, accounting and investment banking advice should be obtained from professional firms that have experience working with entrepreneurial companies and securities laws. Early advice on structuring financing for the start-up and growth of a company can avoid many headaches later. *This publication is intended to illustrate innovative approaches for identifying and structuring business financing, but it cannot replace direct professional advice from qualified counsel.*

Figure 3-3
21 Ways to Make (or Break) Financing Success[17]

"Most of those in search of capital mistakenly think 'the process is all about finding the right sources,' according to Bruce Blechman, co-author of Guerrilla Financing *and president of the Capital Institute based in San Mateo, Calif. Actually, only two steps of Blechman's 21-step blueprint for financing involve finding sources of capital. Blechman points out that his financing process is carefully orchestrated, and the steps follow a logical progression. He advises entrepreneurs to 'take one step at a time, master it and then go on to the next step.' "*

1) *Business Strategy*
2) *Business Plan*
3) *Financial Projects and Modeling*
4) *Business Plan Review*
5) *Executive Summary*
6) *Valuation of Business*
7) *Financing Strategy*
8) *Guerrilla Financing Techniques*
9) *Financial Source Data Base*
10) *Target Marketing*
11) *Initial Mailing of Executive Summary*
12) *Investor Follow-Up*
13) *Schedule Appointments*
14) *Personal Introductions*
15) *Face-to-Face Oral Presentation*
16) *Questions and Answers*
17) *Due Diligence*
18) *Structure Terms*
19) *Obtain a Financing Commitment*
20) *Negotiation Terms*
21) *Closing*

[17] Ammerman, Peggy, "21 Ways to Make (or Break) Financing Success," *Indianapolis CEO*, June 1994, pp. 56-57.

Equity Financing and Securities Laws

Debt financing through banks, SBA lenders, leasing agents or other sources are relatively standardized transactions. However, equity financings (or equity/debt financing combinations) are often more customized to the priorities of the company and the investor. When financiers invest in a company, they are purchasing company securities, whether shares of common or preferred stock, warrants or notes. Such securities transactions are regulated by federal and state securities laws. Public offerings of company stock typically must be registered with the U.S. Securities and Exchange Commission (SEC), which involves costly filing and reporting requirements. For most small and emerging companies, equity financing is usually structured so as to be exempt from full SEC registration requirements.

All securities transactions, even those that are exempt from registration, are subject to anti-fraud provisions of federal law that hold issuers responsible for false or misleading statements. Securities laws are designed to ensure that accurate and complete information regarding a company and its financial status and prospects are provided to potential investors so as to promote efficient capital markets. A misrepresentation or omission of a material fact regarding a security offering is considered securities fraud.

The types of exempt securities offerings permitted by federal securities laws vary according to the number and sophistication of investors, the aggregate amount allowed for the offering, how the securities are marketed and sold, and other factors. *Small businesses should be aware that state securities laws may differ, and that businesses are required to comply with both federal and state securities laws and regulations.*

Figure 3-4
Summary Characteristics of Types of Small Company Equity Offerings[18]

SEC Regulation	Regulation A	Reg. D, Rule 506	Reg. D, Rule 505	Reg. D, Rule 504 (SCOR, U-7)
Total Offering Amount Limit:	$5 million	Unlimited	$5 million	$1 million
Investor Qualifications:	No restrictions	Accredited investors and not more than 35 non-accredited, sophisticated investors	Accredited investors and not more than 35 non-accredited investors	No restrictions
General Solicitation for Investors:	Limited solicitation allowed	Not allowed	Not allowed	Allowed
SEC Registration and Reporting:	Offering circular must be filed with & "qualified" by the SEC	Form D must be filed, SEC reports may be required	Form D must be filed, SEC reports may be required	Form D must be filed, no reports required to SEC

[18] Office of Public Affairs, U.S. Securities and Exchange Commission, *Q&A: Small Business and the SEC* (Washington, DC, June 1994) 13-22 & Walter E. Daniels and Linda Markus Daniels, *Legal Considerations for Start-Up Companies* (Durham, NC: Daniels & Daniels, P.A., 1995), pp. 29-33.

This section will focus primarily on Small Corporate Offering Registrations (SCORs) as permitted under SEC Regulation D, Rule 504, since they are a relatively new approach for cost-effective small company financing. Before covering SCORs, however, some of the other types of exempt equity offerings allowed by SEC regulations are reviewed below. (For more detailed information, refer to *Q&A: Small Business and the SEC* and other publications available from the SEC at (202)942-4040 and contact state securities administrators and a securities attorney.)

Figure 3-5
The First Digital Public Stock Offering

On February 26, 1996 the Spring Street Brewing Company completed the first stock offering on the internet. The company raised $1.6 million through a Regulation A offering. The firm also received SEC approval in March to allow internet trading of the stock. Wit Capital Corporation was established to host the trading site and to provide investment banking services for other public offerings of securities through the World Wide Web. For further information, visit the WWW site www.witcap.com/caphub.htm.[19]

Regulation A Offerings

Under Regulation A, offerings are limited to $5 million within a 12-month period. However, there are no limitations on the number of investors or their qualifications, securities may be resold and traded, and limited advertising is allowed. Regulation A offerings are usually more expensive than Regulation D offerings since an offering circular must be prepared, filed with and qualified by the SEC before the sale of securities. The circulars must be provided to purchasers.

In contrast to full registration of a public offering of stock with Form S-1, SB-1 or SB-2, however, simpler and unaudited financial statements are allowed and there are no periodic SEC reporting requirements under Regulation A. Finally, a short written statement may be distributed to potential investors under a provision of the regulation, to allow the issuer to assess whether the full cost of proceeding with a securities offering is worthwhile. This "test the water" provision is allowed by state securities laws in some but not all states.

Private Offering under Section 4(2), Securities Act, and Regulation D, Rule 506

Section 4(2) provides an exemption for "transactions by an issuer not involving any public offering." Securities sales must be to persons who are "sophisticated investors," that is, those who have sufficient knowledge in financial and business matters to evaluate business risks and who are able to bear the economic risks of the investment. The offering must not be advertised or be a general solicitation, and securities cannot be resold or distributed.

Regulation D, Rule 506 provides more clarification than Section 4(2) by stating that offerings are exempt if they are sold to only accredited investors and not more than 35 non-accredited but sophisticated investors. "Accredited investors" are defined by securities laws as financial institutions and organizations with assets exceeding $5 million or natural persons whose net worth exceeds $1 million or who have a regular individual annual income of $200,000 or a regular joint income of $300,000. There is no ceiling on the aggregate amount that can be raised through Section 4(2) or Regulation D, Rule 506 offerings. They are typically used for larger equity transactions with a small number of investors, especially when the investors are institutional or venture capital firms.

[19] Mamis, Robert A., "Andy Klein interview," *Inc. Magazine*, July 1996, p. 39.

Regulation D, Rule 505 Offerings

Rule 505 offerings have all of the restrictions that apply to Rule 506 except that in addition to selling to accredited investors, the issuer can sell to up to 35 non-accredited investors who do not have to meet the definition of a sophisticated investor. In addition, the total offering price of the securities during any 12-month period cannot exceed $5 million. Both Rules 505 and 506 require that specified business and financial information be provided to non-accredited investors. Form D must be filed with the SEC. Most states will accept Form D, a filing fee and an "Issuers Statement" for Rule 505 or 506 offerings, in lieu of a separate state registration or approval process.

Regulation D, Rule 504 Offerings/Small Corporate Offering Registrations (SCORs) or U-7 Offerings

All of the exempt offerings described above involve significant legal and accounting expense and restrictions on contacting potential investors. There is another option for start-up or small expanding businesses requiring smaller amounts of equity capital and seeking to attract investment from a wider range of potential small-scale investors. Regulation D, Rule 504 of the federal securities law and companion Form U-7 state registration filings may be better suited to these small business financing needs. These offerings are called Small Corporate Offering Registrations (SCORs). They are also called Direct Public Offerings, since securities can be sold by the company or its agents directly to prospective shareholders as versus the Initial Public Offering in which SEC-registered securities are sold through a managing underwriter.

Regulation D, Rule 504 provides an exemption from SEC registration for companies making securities sales of less than $1 million in a 12-month period. No limitation is placed on the number or qualifications of the persons purchasing the securities and the offering may be made through a general solicitation and advertising. The SCOR securities can be traded and, as with all Regulation D offerings, a Form D must be filed with the SEC within 15 days of the first sale of securities.

These smaller offerings are not exempt from state securities registration requirements. However, most states have adopted a standardized Form U-7 registration statement requirement and almost all states recognize SCOR offerings. Only Alabama, Delaware, Florida, Hawaii and Nebraska state securities regulators did not allow SCOR offerings to be sold in their states as of March 1996. Regulation D, Rule 504 / U-7 requirements include:

- The company issuing the stock must be a corporation.
- The corporation must be involved in a specific business activity—no "blind offerings" are allowed. The company must not be an investment company or involved in an extractive industry such as mining or petroleum.
- The offering price for the stock must be equal to or greater than $5 per share.
- Financial statements are required. They must be audited unless the company has not previously sold securities through a general solicitation, the company has not been previously required to file audited statements, the aggregate amounts of previously sold securities do not exceed $1 million and the amount of securities being registered does not exceed $500,000.
- Either the corporate issuer or selling agents may sell the securities, with commissions or fees paid only to properly registered agents.
- No "bad actors" may be involved with the company. That is the owners, management or brokers must not have been convicted of securities violations or been subject to a restrictive court order regarding a securities offering.
- Form U-7 may not be used to register securities for resale by a selling security-holder.

- An attorney's opinion must be obtained on the validity of the securities offering and financial statements should be prepared and preferably audited by a certified public accountant.
- Unlike purchasers of securities issued under Regulations 505 and 506, investors do not have to sign a letter demonstrating their intent to hold the securities as an investment and not to resell them.

Form U-7 is available in hard copy and on computer disk from the North American Securities Administrators at (202)737-0900. Send a $10 cashier's check or money order and request for SCOR software to: NASAA, 1 Massachusetts Ave N.W. Suite 310, Washington, DC 20001.

Eight Western states now coordinate their U-7 filing process and provide the publication *The Western Region Issuer's Manual on How to Complete the Question and Answer Disclosure Document for Your SCOR or Reg. A Filing.* The states are Alaska, Arizona, California, Colorado, Idaho, Oregon, Utah and Washington. Contact the appropriate state securities examiner to request the above publication, such as the California Department of Corporations at (213) 736-2731.

As with any equity offering, the issuing corporation should have a complete business plan to demonstrate to investors its plans for growth and how new capital will be utilized to achieve that growth. The business plan will be invaluable in completing the U-7 registration form, which must include the following sections:

- The Company
- Risk Factors
- Business and Properties
- Offering Price Factors
- Use of Proceeds
- Capitalization
- Description of Securities
- Plan of Distribution
- Dividends, Distributions and Redemptions
- Officers and Key Personnel of the Company
- Directors of the Company
- Principal Stockholders
- Management Relationships, Transactions and Remuneration
- Litigation
- Federal Tax Aspects
- Miscellaneous Factors
- Financial Statements
- Management Discussion and Analysis of Certain Relevant Factors

U-7 or SCOR offerings are particularly attractive because they are beginning to allow capital markets to develop for small companies in a way that mirrors the liquidity and access of public capital and stock markets for large companies. The use of SCORs for business financing is escalating rapidly. More than one-third of all companies registering SCOR offerings to date are estimated to have raised more than their escrow requirements, an indication of at least the partial success of those offerings.

SCOR financing lends itself to raising capital through "affinity groups" that are interested in and supportive of the business. These can include customers, vendors, suppliers, business associates, friends or family. For a recycling company making a SCOR offering, solicitations could be sent to individuals with a particular interest in recycling, conservation, or environmental or socially responsible investing.

The Pacific Stock Exchange's SCOR Marketplace

In April of 1995, the Pacific Stock Exchange (PSE) received approval from the Securities and Exchange Commission to provide a market for SCOR and Regulation A securities. The SCOR Marketplace allows listed companies and current or prospective shareholders to buy and sell company securities in a public market. By making these securities more liquid and tradable,

the marketplace makes SCOR and Regulation A offerings more attractive to prospective investors.

To be listed on the SCOR Marketplace, a company must meet quantitative and qualitative criteria of the PSE. Quantitatively, the company must have a minimum of:

- $500,000 in net tangible assets
- $750,000 in net worth
- 150,000 publicly held shares
- $5 offering price per share
- 250 public beneficial holders

Qualitative requirements cover issues of financial condition, operations, management, asset composition, bond and credit ratings, competition, government policies impacting the company and the use of offering proceeds. More rigorous requirements must be met by companies to be listed by the PSE as "Tier 1" and "Tier 2" companies. The application processing fee for the SCOR Marketplace is $500. This fee can be applied toward the original listing fee of $5,000. Annual maintenance fees for a traded SCOR stock are $1,000. Finally, the conversion fee to Tier 1 or Tier 2 listing is $15,000.[20] See the "Resources" section for publications on SCOR offerings and the PSE SCOR Marketplace.

SCOR Offering Limitations

SCOR offerings have several drawbacks, however. Separate U-7 forms must be approved in each state from which investors are recruited. New capital investment is limited to $1 million per year. If larger scale venture capital investors will be needed at a later stage of company growth, they may be less interested in investing in a company that started with a large number of individual SCOR shareholders. As with any equity or debt financing structure, SCOR offerings should be pursued only after consulting appropriate legal, accounting or investment banking counsel.

Conclusion

A host of alternative financing sources and strategies are available to entrepreneurial companies. Recycling, reuse and composting companies must be innovative in selling their products or services. Similarly, they must be creative in marketing the company and its capital demands to equity and debt partners.

Financing Resources

- Benjamin, Gerald A., *Earth Angels: Finding Hard-to-Find Private Investors,* Gold Rush Press, 1995, International Capital Resources, (415)296-2519.
- Blechman, Bruce and Levinson, Jay Conrad, *Guerrilla Financing—Alternative Techniques to Finance Any Small Business,* Houghton Mifflin Company, 1991.
- Blum, Laurie, *Free Money for Small Businesses and Entrepreneurs*, John Wiley & Sons, 1995. (Information on foundation and government grant sources for business ventures.)
- *Bridging the Valley of Death: Funding Technology for a Sustainable Future*, prepared by the U.S. SBA for the U.S. EPA, Interagency Agreement #DW73936877-01, December 1994.
- Diener, Royce, *How to Finance a Growing Business: An Insider's Guide to Negotiating the Capital Markets*, Merritt Publishing, 1995, (800)638-7597.
- *Financial Resources for Recycling and Waste Management Entrepreneurs*, Resource Recycling Magazine, 1994, (503)227-1319.
- Gaston, Robert J., *Finding Private Venture Capital for Your Firm,* John Wiley & Sons, 1989, Seed Capital Network, (423)573-4655.
- Lewis, Michael et al., *Financing Recycling-Related Ventures,* 1995 and *Manufacturing from Recyclables: 24 Studies of Successful Enterprises*, 1994, Institute for Local Self-

[20] Pacific Stock Exchange, *SCOR Marketplace* brochure, San Francisco, CA, September 1995.

Reliance, (202)232-4108. (Ask for their full publications list.)

- *Q&A: Small Business and the SEC, Small Business Offering Package* and other SEC publications, Office of Public Affairs, U.S. Securities and Exchange Commission, Washington, DC, June 1994, (202)942-4040. (Also contact state securities regulators and securities attorneys for their publications on capital formation.)
- *SCOR Marketplace Information Packet,* Pacific Stock Exchange, 301 Pine Street, San Francisco, CA 94104, (415)393-4160.
- *SCOR Report—Capital Formation Alternatives for Small Companies* and the *Do It Yourself Capitalization Handbook*, SCOR Report, 1996, (214)406-1838.
- *Small Business Lending in the United States*, U.S. SBA, Washington, DC, 1995 (Send request for a report on any state with your name, address and phone number to (202)205-6928; also available at http://www.sba.gov/SmallBusinessLending1995/)
- Other SBA resources may be obtained at the SBA's Internet site, http://www.sba.gov, or by calling (800)8-ASKSBA. A small business owner can call this number to locate the closest SBA District Office, through which the 7(a) Guaranteed Loan Program, the 504 Certified Development Program and the SBIC programs are administered.
- Other SEC resources may be obtained at the SEC's Internet site, http://www.sec.gov.

Chapter 4: Recycling Investment Forums

Recycling investment forums are events designed to bring recycling entrepreneurs together with investors, financiers and economic development officials for their mutual benefit. The design can be similar to those of the conventional investment forums or meetings documented in Chapter 5. Recycling investment forums, however, are unique in their focus on recycling-related companies—ventures that collect, process, remanufacture, reuse or compost recovered materials.

As of mid-1996, two such forums had been conducted. The Southeastern Recycling Investment Forum was organized by the South Carolina Recycling Market Development Advisory Council, within the state's Department of Commerce, and KirkWorks and primarily sponsored by U.S. EPA Region IV.[21] The forum was held on November 15 and 16, 1995, in Charleston, SC, immediately prior to Dare to Deal, an annual venture capital conference. (See Figure 4-1 below.) The Northeast Recycling Investment Forum was held in Boston on May 6 and 7, 1996, organized by the Northeast Recycling Council (NERC) and primarily sponsored by the EPA New England regional office.[22] Co-organizers included the Environmental Business Association of New York State, KirkWorks and the Technology Capital Network at MIT. Future recycling investment forums are being planned for the Northeast in the spring of 1997, the Southeast in February 1997 and the Midwest in early 1998. (See Chapter 5 for contact information.)

[21] Additional sponsors for the Southeastern Recycling Investment Forum included the American Plastics Council, the Environmental Capital Network and the National Recycling Coalition.

[22] Additional sponsors for the Northeast Recycling Investment Forum included the American Plastics Council, the Steel Recycling Institute, Boxborough, MA, Waste Age's *Recycling Times*, Price Waterhouse LLP, the Rhode Island Solid Waste Management Corporation and the New York State Office of Recycling Market Development.

This chapter provides suggestions on designing and implementing recycling investment forums. It is based in part on organizing experience from the two forums noted above. The chapter also includes sections from the *Recycling Venture Forum Study* published in June of 1995 and conducted by KirkWorks. The Study was sponsored by the Recycling Advisory Council of the National Recycling Coalition, the Northeast Recycling Council, EPA New England and the New York State Office of Recycling Market Development.

Background

Just as with most small and start-up businesses, recycling entrepreneurs are discovering that the market for private equity investment or nontraditional debt is inefficient. Although there are many individual investors, investment firms, finance companies, intermediaries or other capital sources that are interested in financing strong recycling ventures, reaching these investors is a costly and difficult proposition. Similarly, investors are looking for efficient ways to find new investment opportunities and accurate information on companies, so as to reduce their marketing and due diligence costs.

Recycling investment forums promise to help make this financial market for growing recycling businesses more efficient. Financiers are familiar with forums and fairs as a means of learning about a range of selected companies in a particular region. Numerous recycling enterprises are in the market for new financing, ranging from a hundred thousand to a few million dollars. Often these companies already are generating sales but have not yet achieved the history of profitability or track record necessary for bank financing. They may also be seeking equity capital for aggressive expansion. Forums can facilitate capital access for recycling companies by bringing them together with an audience of targeted investors potentially interested in the size, stage and nature

Figure 4-1
South Carolina Department of Commerce
Press Release—Excerpts
November 16, 1995

Charleston, SC—More than 100 entrepreneurs, investors, economic development officials and other interested parties participated in the Southeastern Recycling Investment Forum *in downtown Charleston on November 15 and 16, 1995. Nine entrepreneurial recycling companies presented their business plans to forum attendees and another three ventures provided displays. Investment perspectives on the recycling industry were provided by representatives of Edison Venture Fund and Self-Help Ventures Fund. Wellman, Inc. was highlighted as a plastics recycling business success story with major operations in the Southeast. The forum provided opportunities for recycling entrepreneurs to meet investors and economic development officials who could assist the ventures with their financing and business development needs.* ***Forum evaluations completed by attendees indicated that 78% found the forum "very valuable" to them****, 17% found it "somewhat valuable" and only 5% found it "not at all valuable."*

The presenting companies, which were selected from a larger pool of applying businesses to be featured at the forum, were as follows: ***Consource Plastic Recycling****, Tampa, FL;* ***Metretec****, Pensacola, FL;* ***Environmental Processing Systems****, Great Neck, NY;* ***Recycling Environmental Specialists****, Hollywood, FL;.* ***Holston Companies****, Chattanooga, TN;* ***Waste Reduction Products Corporation****, Research Triangle Park, NC;* ***Filter Recall****, Sanford, FL;* ***GreenCycle of Georgia****, Atlanta, GA; and* ***Waste Tire Management****, Lawrenceville, GA. Three additional companies provided displays: Blackbird Rubber, Lebanon, IN; Fisher Recycling, Charleston, SC; and Rutech, Sewickley, PA.*

of the investments that the enterprises are offering.

The Potential Benefits of Recycling Investment Forums

Recycling investment forums offer a range of potential benefits for the recycling and financial industries by helping to:

1) Heighten the interest in recycling firms among investors and financial institutions.
2) Educate investors on the variety of recycling investment opportunities, and distinguish these opportunities from solid waste, environmental and other types of ventures.
3) Educate recycling entrepreneurs and officials about the priorities of investors.
4) Highlight barriers to recycling business expansion that public and private policy or procedural changes could remedy.
5) Assist participating recycling firms in raising capital for business growth and expansion.

Recruiting Presenting Businesses

Most of the investment forums and meetings described in Chapter 5 are focused in a geographic or metropolitan region but are open to entrepreneurial ventures from any type of industry. By focusing on only recycling companies, recycling investment forums significantly narrow the field of potential business participants. For this reason, the recycling investment forums that have been conducted to date have been for regions comprising up to ten states instead of for a single state or metropolitan area. By broadening the geographic range for the company presenter applicant pool, forum organizers can help to ensure that enough good quality companies can be selected to be of interest to attending investors and economic developers. In addition to expanding the geographic range, forums could be organized for a broader set of industries including recycling companies, such as the manufacturing or environmental industries. Again, this would provide a larger population of firms from which the strongest companies seeking new capital could be chosen.

Recycling investment forums should recruit the strongest recycling companies with unmet capital demands in their geographic service area. In particular, those states with active loan or grant programs should have a good sense of the growing and reputable recycling firms within their borders that are ready for an infusion of private capital. Promotional forum brochures and presenting company applications can be disseminated through a range of networks, including:

- State and regional recycling market development officials.
- State and local economic development agencies.
- National, regional and state trade associations for recycling companies and related materials industries.
- Investor participants, sponsors and networks.
- Business newspapers and publications in the targeted region.
- Accounting and law firms that serve entrepreneurial companies.
- Entrepreneurial, investor and business associations.

In addition to mailings to these businesses and associations, direct phone contact should be made with the chief executive officers of those companies identified as "hot prospects" by forum organizers. Start-up companies in formation may not be on existing mailing lists but may offer exciting emerging investment opportunities. Some enterprises may need to be encouraged to apply if they are already actively raising capital. The forum should be marketed as one component of a company's capital-raising strategy, helping to facilitate face-to-face meetings with financiers and providing contacts for future financing rounds.

From the experience of the first two recycling investment forums, it appears that the company application rate is higher if application forms are distributed along with forum brochures, rather than asking that companies specifically request an application form. By receiving the application form, an entrepreneur can immediately see the level of detail required of the business and ascertain whether the forum may be an appropriate activity for the firm.

The recruitment process for businesses and investors, especially for a new event, will inevitably be an iterative process. That is, businesses will be attracted by the investors that may be present and vice versa. As business presenters are identified, some anonymous descriptions of these businesses and their capital demands may be helpful to attract new investor attendees interested in these business profiles. Similarly, businesses will be encouraged to participate if they know that the event will be attended by the types of financiers appropriate to their capital needs.

Selecting "Presenting" and "Displaying" Businesses

If businesses are allowed ten to fifteen minutes each to present and four hours of business presentations are scheduled for a one day recycling venture forum, up to sixteen businesses can be selected. The first Southeastern forum had nine business presentations while the Northeast event had twelve. Increasing the number of presentations beyond this range could result in less attention paid to each presentation by the audience.

Aggressive recruitment and a rigorous selection process are necessary to ensure that the best quality recycling ventures are presented at the forum. As noted in the excerpts from the NERC brochure in Figure 4-2, some of the initial screening criteria for applicants can include:

1. Do the company's activities qualify as "recycling" as defined by the host organization?
2. Is the company located in or committed to opening a facility in the targeted geographic area for the forum?
3. Is the enterprise seeking new outside capital for start up or expansion of operations?

Figure 4-2
Northeast Recycling Investment Forum
Northeast Recycling Council
Business Recruitment Brochure—Excerpts
January 1996

ABOUT THE FORUM...

Securing adequate capital can be difficult for both new and expanding recycling businesses. These difficulties are compounded by the financial community's unfamiliarity with the recycling industry's evolving markets and technologies.

The goal of the Northeast Recycling Investment Forum is to assist recycling businesses in obtaining equity capital. The Forum is a one-day event where recycling enterprises formally present their business plans to an audience of prospective investors.

Recycling businesses are invited to apply for participation in the Forum. The most qualified applicants will be selected to present at the Forum by a committee of financial professionals. Their decisions will be based on the business' completed application forms and business plans.

WHAT ARE THE BENEFITS TO PARTICIPATING BUSINESSES?

- *Exposure to a diverse investor audience including: individual "angel" investors, venture capital firms, corporations, investment partnerships, government finance agencies and other financiers.*
- *Business plan consultation and presentation skills training from Price Waterhouse's Environmental Services and Technologies Groups.*
- *Enhanced understanding of how to identify, approach and market to investors.*
- *Positive media attention for your company.*

WHO SHOULD APPLY?

Start-up and expanding recycling businesses seeking equity capital should apply to participate in the Forum. To be eligible to participate, businesses should be able to answer "YES" to the following questions:

- *Does your company operate or plan to operate a facility in the Northeast?*
- *Is the primary purpose of your business to collect or process recycled materials, and/or manufacture or sell products incorporating recycling materials?*
- *Does your company seek equity investments between $100,000 and $5,000,000, and do you offer potentially strong investment returns?*
- *Does your company offer unique products or services with documented market opportunities and competitive advantages?*
- *Does your company have strong, proven management or a plan for completing the management team?*
- *Does your company have a complete business plan?*

4. Has the company fully completed the application and attached a comprehensive business plan or summary?

The business presenter application form can be provided on paper or on computer disk for the company to return to the forum organizer with a completed business plan. The sections of the application for the Southeastern forum included questions regarding:

- Company and Management Information
- Historical and Projected Financial and Employment Information
- Company Products and Services
- Professional Advisors

Assuming the applicants meet these initial criteria, applications and business plans must be reviewed to select the companies most likely to be attractive to investor attendees. Some existing forums have developed formalized selection criteria. For example, the criteria and evaluation weights by which submissions are judged for the Utah Venture Capital Conference include:

♦ Market and Marketing Strategy	35%
♦ Management	25%
♦ Products and Services	15%
♦ Company History and Status	15%
♦ Financial Summary	10%

The selection committee should be composed of individuals representative of the target audience, so that the companies selected will likely be of interest to attendees. Candidates would include representatives of individual investor networks, investment partnerships, governmental finance agencies, banks and other financiers who regularly review business plans. Committee members must agree to recuse themselves from recommendations in which they have a potential financial interest and to keep information about company applicants confidential.

If the goal of the forum is to be successful in fostering access to capital for the broad recycling industry, then the potential for investment success should be the primary selection standard. Public policy goals, such as the need for increased recovery of certain difficult-to-recycle materials, should take a back seat in the selection process.

In addition to selecting "presenting" companies, the selection committee may also decide to identify other companies not ready for center stage at the forum but with promising investment potential. These "displaying" companies could be allowed one page descriptions in the conference booklet (see below) or table top displays at the forum event. Allowing displaying as well as presenting companies to attend provides financiers with a wider portfolio of ventures to review, including more early stage and small deals. However, it is important to give the presenting companies the greatest focus and access to investors.

Several important business characteristics to look for in company applications were suggested by the investor interviews conducted as a part of the *Recycling Venture Forum Study*, as presented in the "What Investors Look for in Companies" list included as Figure 2-4 in Chapter 2, p. 12.

Polishing Company Presentations

Once presenting firms have been selected, forum organizers need to work with the presenters to ensure the quality of their presentations. Organizers should convene a training meeting to preview company presentations and make suggestions prior to the forum.

This preparation, though demanding of company management's time, provides excellent training for other presentations to investors, bankers, and potential business partners. Presentations should cover some key areas such as:

- Business Description
- Market Opportunity and Strategy
- Management Team
- New Capital Needed

- Intended Use of Funds
- Current and Projected Company Sales and Profitability

The first Northeast Recycling Investment Forum organizers conducted a special presentation training session for all company presenters three weeks prior to the forum. The training session was organized by NERC and the Environmental Business Association of New York State and hosted by Price Waterhouse in Boston. The session began with a review of key business presentation skills. Then, each company made a trial business plan presentation. Following their presentations, they were critiqued by an investor network representative, an accountant, an investment banker and other company participants. Feedback covered a range of areas including:

- Time length of presentation
- Contact and engagement with the audience
- Content of the presentation—suggested additions and deletions
- Improvements to the audiovisual presentation

Each of the companies also received a videotape of its presentation and critique session.

By the time of the Northeast forum, companies had significantly improved their presentations as a result of the training session. Indeed, several of the entrepreneurs remarked that even if they did not find an investment match at the event, the training session alone made their participation in the forum worthwhile.

Both the forum presentations and the executive summaries of business plans in the forum booklet will make important first impressions on the audience. Forum organizers and presentation committee members should review company materials for concerns such as the following:

- Is the presentation overly focused on a technology that will bore or confuse investors?
- Is the verbal and audiovisual presentation concise, legible and professionally prepared?
- Are the essential investor questions regarding company history, management, markets, financial projections and capital needs answered?
- Is the founder the best person to make the presentation? Should another management member assist or conduct the presentation?

Recruiting Investor Attendees

One measure of the success of a recycling investment forum is the number and types of registrants. Two categories of investor invitees are recommended. The *first priority invitees* are those whose investment interests seem to most closely match the capital demands of recycling companies. The *second priority invitees* may be more appropriate for later stage financing or are already easily accessible to the business through local contacts.

First Priority Invitee Categories

- Community Development Financial Institutions
- Corporate Joint Venture or Acquisition Managers
- Early Stage Venture Capital Funds
- Economic and Recycling Market Development Agencies
- Individual Investor Networks or Intermediaries
- Individual Investors
- Investment Banking Service Firms
- Investment Partnerships

Second Priority Invitee Categories

- Commercial Banks
- Equipment Finance Funds
- Later Stage Venture Capital Funds
- Recycling and Environmental Agencies

- SBA, EDA, HUD, and FHA Lenders or Officials
- State and Local Financing Program Officials

Contacts at targeted financial institutions can be obtained through finance trade associations, existing venture forum lists, investment networks and direct referrals.

Attracting strong attendance from targeted financial institutions and investors is a challenge. For a new recycling investment forum, it is important to establish credibility with investors through the name recognition of hosting and sponsoring organizations, professionally printed materials and referral from other peers in the field. Media coverage of the upcoming forum in recycling, finance and business periodicals can also help to establish credibility. Recognized keynote speakers who can address financier interests, perhaps in regard to recycling and environmental industry trends, could also be important. Finally, recruitment of top-notch presenting businesses will help establish the forum as the "place to be" to see the best recycling investment opportunities in the region.

Recruitment efforts for the two recycling investment forums conducted as of the date of this publication included:

- Compilation of investor and financier databases from multiple sources
- Mailing of a "Save the Date" card three or more months before the forum
- Mailing of a registration brochure two months prior to the forum
- Joint mailing and publicity with companion events
- Joint mailing and distribution of the forum flyer through existing venture networks and clubs
- Direct telephone contact to a "hot list" of potential investor attendees
- Fax of selected company descriptions and forum information sent to a subset of the database two weeks prior to the forum
- Media coverage sought and advertising purchased in publications read by the target audience

The experience of the first two recycling investment forums indicates that attracting sufficient investor attendance is the greatest challenge in conducting a successful forum. The Southeast and Northeast forums attracted 100 and 150 attendees, respectively. These attendee totals were approximately evenly divided among three categories:

- "Presenting" and "displaying" company officials
- Investors and financial institution representatives
- Recycling, governmental and economic development officials and service providers

In each of these first two recycling investment forums, investor attendance was lower than hoped for by forum organizers, but sufficient for many fruitful contacts to be made by entrepreneurs that may result in new investments. In evaluations of the forums, company officials also mentioned the benefit of the contacts they made with state recycling and economic development officials and the other participating companies.

However, as new forums are organized, particularly in regions of the country with a lower concentration of active investors in entrepreneurial companies, special attention should be paid to the target audience. If strong attendance by investors is not anticipated, the event can be more designed to highlight its entrepreneurial training and economic development educational features. With such a design and understanding by all parties, a forum can be successful even if no new investments are a direct result of the event.

Forum Agenda and Logistics

The venture forums and fairs and meetings listed in Chapter 5 vary in length from a half-day to two days. Typically, those events with nearby attendees have shorter schedules while the multi-state regional forums may run longer, including receptions and dinners. A recycling investment forum could be scheduled as a one- or two-day event, perhaps beginning with an evening registration, reception and open display area, followed by a full day of business presentations, meetings and the keynote speaker, as shown in Figure 4-3.

Figure 4-3
Sample Recycling Investment Forum Agenda

DAY ONE	
5-7 PM	*Arrivals, Registration*
6-9 PM	*Reception with Company Displays*
DAY TWO	
9 AM	*Welcome, Sponsor Recognition, Business Presenter Introductions*
9:30 AM -12:30 PM	*Recycling Venture Presentations (12 @ 15 min. each)*
12:30 -1:30 PM	*Lunch, Keynote Speaker*
1:30-4 PM	*Ongoing Reception and Displays*

Attendance may be enhanced if the recycling investment forum is conducted in conjunction with another event that investors may be interested in attending. For example, the first Southeastern Recycling Investment Forum was scheduled immediately preceding the annual Dare to Deal venture capital conference in Charleston. Few investors ended up attending both events, since the programs and presenting companies were quite different. However, the joint publicity and mailings helped lend credibility to the first recycling investment event for the region.

The Northeast Recycling Investment Forum was held in conjunction with the New England Environmental Expo. Forum attendees received free passes to visit the expo's trade show with its hundreds of environmental and recycling companies displaying.

The space for the forum should allow for a large enough meeting room or auditorium for company presentations to the entire audience. A display area, with refreshments, should allow for attendees to examine company products and information at their leisure. This reception area should be near but not in the same room as the presentation area, to allow company representatives and attendees to talk informally at times while other presentations are being made.

Forum Registration and Attendance

Venture forums and fairs charge between $50 and $500 per registrant, depending on the length of the event and the venue. The first Southeastern Forum charged attendees $125 while the first Northeastern Forum charged $250. The registration fee should help defray costs and communicate the value of the event, yet not be prohibitively expensive for interested parties.

Presenting businesses could be charged an application fee to help cover the costs of reviewing the application and business plan and to help screen for serious ventures. This initial fee can be deducted from the registration fee if the company is selected to present or display.

The primary attendees at the recycling forum should be presenting company representatives and interested investors, financing sources and economic developers. Inevitably, other parties will be interested in attending, including finance intermediaries, lawyers, accountants, other businesses and recycling officials. Most venture fairs do not restrict admittance. Some use color-

coded name tags or ribbons and conference materials to help identify presenting companies, sponsors, and investors. Seeking to exclude interested observers could engender ill will and may also reduce positive networking opportunities for businesses and investors. An open door policy would also help the recycling forums to move toward sustainability based on registration fees and sponsorships. However, certain securities law precautions should be taken regarding attendees, as noted below.

A conference booklet should be printed for the forum and given to attendees at registration. The booklet could include recognition of forum organizers and sponsors. Summaries of any keynote talks could also be included. Short business plan executive summaries for each presenting company in a standard format should make up the bulk of the booklet. A schedule for presentations should be included so that investors can easily follow the presentations and have further details at hand. Short descriptions of the displaying companies present at the forum could also be included. Finally, general business or investment analysis reports regarding the recycling industry can be included. Consistent with securities laws, after the forum the booklet may also be made available to financiers who could not attend the event, to widen the potential financing impact of the forum.

Forum Sponsorships

Forum sponsors can help fund the event and make it sustainable on an annual basis. Well-known sponsors can also provide credibility for a first-time venture forum. In addition to recognition in the forum booklet, printed materials and at the event, sponsors at certain donation levels can be provided with limited complimentary registrations to the forum. Sponsorship levels at existing forums and fairs range from a few hundred dollars for smaller events to $10,000 or more. Potential recycling investment forum sponsors would include:

- Accounting firms
- Economic development agencies
- Federal agencies
- Financial institutions and banks
- Foundations
- Insurance companies
- Law firms
- Nonprofit recycling organizations and associations
- Recycling and commodity trade associations
- Recycling corporations
- Recycling market development agencies
- Recycling trade publications
- Utilities

Sample Recycling Investment Forum Budget

A sample forum budget is in Figure 4-4. The budget assumes that the forum host has access to significant volunteer assistance through the recycling and financial industries. Volunteers could assist with company and investor recruitment, business selection and presentation training. A start-up grant is assumed for the first year of a forum. Registration and sponsorship revenues could cover an increasing share of costs in future years, if the forum is conducted annually.

The budget shown in Figure 4-4 is only an estimate. Costs will vary based on the location for the event, its duration, staffing and contract costs. If forum organizers and sponsors are able to supply significant in-kind expertise and resources, costs can be reduced. If a forum is the first event of its kind for a region or a hosting organization, expenses will likely be higher.

Legal Precautions

Federal and state securities laws and regulations place restrictions on individuals or organizations offering company securities for sale. A securities lawyer should be consulted to provide guidelines for the organization of any recycling investment forum or event so as to ensure that the event is conducted in compliance with all applicable federal and state laws. (See Chapter 3 for some of the restrictions placed on company's or their agents regarding contact with investors,

Figure 4-4 *Sample Recycling Investment Forum Budget*		
Budget:		***Assumptions:***
Registration Fees	*16,500*	*16 presenting or displaying businesses with two attendees per company* *100 investor and other attendees at $125/person*
Presenter Application Fees	*1,000*	*40 company applicants (not selected) @ $25*
Sponsorships	*5,000*	*5 sponsors at $1,000*
In-Kind Support	*10,000*	*Forum organizer and partner in-kind services*
Start-Up Grant	*37,500*	*Start-up grant*
Total Revenue	***$ 70,000***	
Printing	*7,500*	*Forum brochures and booklets*
Postage/ Travel/ Communications	*5,500*	*Mailings, calls, faxes, speaker travel*
Reception/ Lunch/ Facilities	*13,000*	*Evening reception, lunch, conference space*
Securities Attorney	*5,000*	*Legal opinion on forum organizing guidelines*
Presentation Training	*5,000*	*Travel and training expenses*
Staff, Office and Contract Costs	*34,000*	*Forum coordination, business recruitment and selection, investor recruitment, presentation training*
Total Expenses	***$ 70,000***	

depending upon the legal structure of the equity investment they are seeking.) *The information provided in this publication is not meant to take the place of appropriate legal and accounting advice for either forum organizers or participating companies or investors.*

Several existing venture forums and fairs were surveyed for the *Recycling Venture Forum Study.* Organizers of those events that were marketed toward professional venture capital investors had fewer concerns about securities laws because they expected a level of sophistication from their accredited investors. Most had their own or a sponsor's attorney familiar with securities law review their event plans and suggest safe operating guidelines. Those forums that involved individual investors took even greater precautions to assure compliance with securities laws and regulations.

The Northeast Recycling Council received *pro bono* advice from a law firm specializing in securities law for the Northeast forum. The firm recommended that NERC include the statement shown in Figure 4-5 in its forum booklet and included a similar statement in the registration brochure. *Figure 4-5 is not meant to take the place of appropriate legal and accounting advice for either forum organizers or participating companies or investors.*

Forum Evaluation

Recycling investment forums can be evaluated based on the direct and indirect benefits they may offer to participants and the recycling and

investment industries. *Direct benefits* result from the forums if new investments are made in presenting and displaying companies as a result of the forum. Organizers should make sure that companies agree on the application form to disclose to the host organization their financing results for one year after the event. With these disclosures, the direct financing benefits of the forum can be evaluated.

Indirect benefits of the forums could occur if financiers become more active in financing recycling firms, in general. Business applicants could also benefit if through the application, presentation training and forum process they develop a greater sense of investor priorities and how their company can best access new capital. Finally, all attendees and the general public, via press coverage and publications, can achieve a greater understanding of the opportunities in financing innovative recycling businesses.

These direct and indirect benefits can be measured through written surveys of forum participants immediately at the end of the event and telephone surveys of business presenters and forum attendees six months to a year after the forum.

Limitations of Recycling Investment Forums

Recycling-specific investment forums are only one of many strategies for fostering capital formation and entrepreneurial development in the recycling industry. Forums as described in this chapter are most appropriate when conducted for a relatively large area with significant numbers of active recycling companies and interested equity investors. Prospective forum organizers should team up with firms or organizations with experience working with private investors, such as some of those listed in Chapter 5.

The start-up costs of organizing a new forum for an organization that has not conducted such an event are significant. Significant work must go into ensuring compliance with state and federal securities laws, as well as into ensuring strong recycling company and investor participation. Recycling market development officials should also focus on "mainstreaming" recycling companies by connecting them with capital sources, investment networks and events as summarized in Chapters 3 and 5.

Finally, for the recycling entrepreneur, participating in a recycling investment forum is only one component of a capital-raising strategy. Developing a complete business plan, assembling a management team and business advisors, and beginning to build a viable company are all essential. The opportunity to present at a recycling investment forum provides the entrepreneur with one way to contact a new circle of potential equity investors efficiently.

Conclusion

Venture forums and meetings are effective means of fostering investments in new and expanding companies. If designed properly, recycling investment forums promise to be an excellent vehicle for financing well managed recycling companies. The forums also can educate the investment and economic development communities about trends, challenges and opportunities in the growing recycling industry.

Figure 4-5
Northeast Recycling Investment Forum
Northeast Recycling Council
Forum Booklet—Excerpt
May 7, 1996

DISCLAIMER

1. The Northeast Recycling Investment Forum is an opportunity for recycling businesses searching for financing to present their business plans to an audience of investors. The Northeast Recycling Council, its consultants and sponsors for the Forum, herein referred to as NERC, as the coordinators of this event, are not functioning as securities broker/dealer or investment advisers, and are not registered as such with the Securities & Exchange Commission.

2. THE COMPANY PROFILES IN THIS FORUM BOOKLET WERE PROVIDED BY THE PARTICIPATING FORUM BUSINESSES. NERC ACCEPTS NO RESPONSIBILITY FOR AND HAS NOT CONFIRMED THE ACCURACY OR DETERMINED THE LEGAL ADEQUACY OF ANY DISCLOSURES OR OTHER STATEMENTS (INCLUDING THE COMPANY PROFILES), WHICH MAY BE MADE, EITHER ORALLY OR IN WRITING, BY ENTREPRENEURS OR INVESTORS PARTICIPATING IN THE FORUM.

3. NERC has not examined and does not endorse or recommend any security which may be offered for sale by entrepreneurs at the Investment Forum. NERC makes no assurances to companies or investors regarding financing or other outcomes of the Forum. Both entrepreneur and investor participants agree to assume full responsibility for their representations and actions in conjunction with the Forum.

4. All investors are encouraged to seek legal and other professional counsel prior to making investments in the participating businesses at the Northeast Recycling Investment Forum.

The information provided in Figure 4-5 is not meant to take the place of appropriate legal and accounting advice for either forum organizers or participating companies or investors.

Chapter 5: Investment Forum, Meeting, Network and Association Directory

New strategies have been developed in the last several years to bring entrepreneurial companies together with prospective investors and others who can assist in business growth. The events and organizations listed in the directory in this chapter can help to foster access to capital for new and expanding recycling ventures in a variety of ways. The directory entries can be categorized as either investment forums, investment meetings and investment networks, or associations, as defined below:

Investment Forums

Investment forums tend to be annual events in which 10 to 40 businesses selected from a larger pool of applicants make presentations for a group of attending investors and service providers. Networking opportunities are often arranged for presenting entrepreneurs and investors in these one- to three-day events. Special keynote talks of particular interest to private equity investors are also often featured. The annual forums typically select for high growth companies that may have appeal to professional venture capital, corporate or private individual investors. They generally serve an entire state or a multi-state region. Of the 104 directory entries, the 23 events best meeting this description, in the geographic order in which the are listed in the directory, include:

Figure 5-1: Investment Forums

	Event	City	Page
1)	Northeast Recycling Investment Forum	Brattleboro, VT	44
2)	New Jersey Venture Fair	Princeton, NJ	45
3)	The Upstate NY & Canada Inv. Conference	Rochester, NY	46
4)	Mid-Atlantic Venture Fair	Timonium, MD	49
5)	Pittsburgh Growth Capital Conference	Pittsburgh, PA	50
6)	Central Florida Venture Capital Conference	Orlando, FL	51
7)	Florida Venture Forum	Coral Gables, FL	51
8)	NC Venture Conference	RTP, NC	53
9)	Dare to Deal—Southeast Capital Connection	Charleston, SC	53
10)	Southeast Recycling Investment Forum	Columbia, SC	54
11)	Great Midwest Venture Capital Conference	Indianapolis, IN	55
12)	Michigan Growth Capital Symposium	Ann Arbor, MI	57
13)	Innovest	Cleveland, OH	58
14)	Wisconsin Venture Fair	Madison, WI	59
15)	Oklahoma Investment Forum	Tulsa, OK	60
16)	Southwest Venture Forum	Dallas, TX	62
17)	Texas Venture Capital Conference	Austin, TX	62
18)	Midwest Recycling Investment Forum	Lincoln, NE	64
19)	Venture Capital in the Rockies	Denver, CO	65
20)	Utah Venture Capital Conference	Salt Lake City, UT	65
21)	Arizona Venture Capital Conference	Phoenix, AZ	66
22)	Bay Area Venture Forum	San Francisco, CA	66
23)	Los Angeles Technology Venture Forum	Los Angeles, CA	67

Investment/Entrepreneurial Meetings

Investment and entrepreneurial meetings tend to be more frequent monthly or quarterly breakfast or lunch meetings of investors and others interested in new ventures with a single topic or speaker. Often the speakers address investment opportunities in a particular industry sector and may themselves be entrepreneurs. Several such meetings have very short (one to five minute) prepared presentations from selected entrepreneurial ventures. The investment meetings tend to serve smaller in-state regions and involve fewer venture capitalists and more individual investors than the venture forums. Presenting companies are usually local enterprises seeking capital and other resources for business start-up and growth. Some of the organizations provide services either solely to entrepreneurs or solely to investors. See the directory descriptions for details on each group's mission, services and programs. Of the 104 directory entries, the 65 organizations that conduct investment or entrepreneurial meetings, sorted in the geographic order in which they appear in the directory, are as follows:

Figure 5-2: Investment/Entrepreneurial Meetings

	Organization	*City*	*Page*
1)	Connecticut Venture Group	Fayetteville, CT	43
2)	MIT Enterprise Forum of Connecticut, Inc	Hartford, CT	43
3)	MIT Enterprise Forum of Cambridge	Cambridge, MA	43
4)	MIT Enterprise Forums	Cambridge, MA	43
5)	Vermont Venture Network	Burlington, VT	44
6)	New Jersey Entrepreneurial Network	Princeton, NJ	45
7)	Venture Assoc. of New Jersey	Morristown, NJ	45
8)	Long Island Venture Group	Brookville, NY	46
9)	MIT Enterprise Forum of New York City	New York, NY	46
10)	New York Venture Capital Forum	New York, NY	46
11)	New York Venture Group	New York, NY	47
12)	Western New York Venture Association	Amherst, NY	47
13)	Delaware Entrepreneurs' Forum	Wilmington, DE	48
14)	Baltimore Washington Venture Group	College Park, MD	48
15)	Delaware Valley Venture Group	Philadelphia, PA	49
16)	MIT Enterprise Forum of Pittsburgh	Trafford, PA	49
17)	Pennsylvania Innovation Network	Malvern, PA	49
18)	Pennsylvania Private Investors Group (PPIG)	Wayne, PA	50
19)	Venture Investment Forum of Central PA	Camp Hill, PA	50
20)	MIT Enterprise Forum of Wash.-Baltimore	Arlington, VA	50
21)	Richmond Venture Capital Club	Midlothian, VA	50
22)	First Coast Venture Capital Group	Jacksonville, FL	51
23)	The Founders Forum	Melbourne, FL	51
24)	Gainesville Area Innovation Network, Inc.	Gainesville, FL	52
25)	Tampa Bay Venture Forum	Tampa, FL	52
26)	Atlanta Venture Forum	Atlanta, GA	52
27)	The Venture Club of Louisville	Louisville, KY	53
28)	MIT Enterprise Forum of Chicago	Chicago, IL	55
29)	Venture Club of Indiana	Indianapolis, IN	56

Figure 5-2: Investment/Entrepreneurial Meetings (cont.)

Oganization	City	Page
30) Capital Enterprise Forum	Lansing, MI	56
31) Michiana Investment Network	South Bend, IN	57
32) Mid-Michigan Venture Capital Forum	Bay City, MI	57
33) New Enterprise Forum	Ann Arbor, MI	57
34) The Southeastern Michigan Venture Group	Detroit, MI	58
35) Traverse Bay Enterprise Forum	Traverse City, MI	58
36) West Michigan Business/Finance Forum	Grand Rapids, MI	58
37) The Collaborative	Minneapolis, MN	58
38) Greater Cincinnati Venture Association	Cincinnati, OH	59
39) Miami Valley Venture Association	Dayton, OH	59
40) Wisconsin Venture Network	Milwaukee, WI	59
41) The Venture Network	New Orleans, LA	60
42) Entrepreneurs of Tulsa	Tulsa, OK	60
43) Oklahoma Venture Forum	Oklahoma City, OK	60
44) Central Texas Venture Capital Group	Waco, TX	61
45) Dallas Venture Capital Forum	Dallas, TX	61
46) Houston Venture Capital Association	Houston, TX	61
47) MIT Enterprise Forum of Dallas-Fort Worth	Dallas, TX	62
48) MIT Enterprise Forum of Texas	Houston, TX	62
49) Venture Network of Iowa	Des Moines, IA	63
50) Missouri Innovation Center	Columbia, MO	63
51) Missouri Venture Forum	St. Louis, MO	63
52) The Rockies Venture Club	Denver, CO	65
53) Enterprise Network	Phoenix, AZ	66
54) California Capital Access Forum	Santa Monica, CA	66
55) Cal Tech/MIT Enterprise Forum	Pasadena, CA	67
56) Central Coast MIT Enterprise Forum	Agoura Hills, CA	67
57) Los Angeles Venture Association	Santa Monica, CA	67
58) MIT Enterprise Forum of San Diego	San Diego, CA	68
59) MIT Enterprise Forum of the Bay Area	Santa Clara, CA	68
60) Orange Coast Venture Group	Laguna Hills, CA	68
61) San Diego Venture Group	San Diego, CA	69
62) Hawaii Venture Capital Association	Kailua, HI	69
63) Oregon Enterprise Forum	Portland, OR	70
64) MIT Enterprise Forum of the Northwest	Seattle, WA	70
65) Northwest Venture Group	Seattle, WA	70

Investment Networks

Investment networks are services that match investors' interests with companies seeking additional capital. The matchmaking process usually has four steps:

1) Companies submit executive business summaries, financial projections and an entrepreneur's profile application. Investors submit an investment preference profile. Both

investors and companies typically pay a fee to be listed on the network.

2) The data are entered into a computer database, interest matches are made, and investors are sent the summaries of those companies that meet their requirements. At this stage, the names of investors and companies are confidential.
3) The investor reviews the summaries and contacts the network if it is interested in meeting an entrepreneur. The network then provides both parties with information on how to contact one another.
4) Once introductions have been made, investment negotiations can occur directly between the two parties.

A few of the networks, such as the Western Investment Network and the Environmental Capital Network, provide all business profiles to all network investors, instead of conducting the matchmaking service described above. Most of the networks are statewide or regional. The Technology Capital Network at MIT, the Seed Capital Network, the Investors' Circle, the Environmental Capital Network and the Capital Network are national in scope. The 16 investment networks identified for the directory, in the geographic order in which they are listed, are as follows:

Figure 5-3: Investment Networks

Network	*City*	*Page*
1) Technology Capital Network at MIT	Cambridge, MA	44
2) Mid-Atlantic Investment Network	College Park, MD	48
3) Kentucky Investment Capital Network	Frankfort, KY	52
4) North Carolina Investor Network	Raleigh, NC	53
5) Private Investor Network	Aiken, SC	54
6) Seed Capital Network	Knoxville, TN	54
7) Investors' Circle	West Chicago, IL	55
8) Private Investors Network	Bloomington, IN	56
9) Environmental Capital Network	Ann Arbor, MI	56
10) The Capital Network	Austin, TX	61
11) Capital Resource Network	Kansas City, MO	63
12) Montana Private Capital Network	Poulson, MT	65
13) Pacific Venture Capital Network	Irvine, CA	68
14) Silicon Valley Capital Network	Sunnyvale, CA	69
15) Alaska InvestNet	Juneau, AK	70
16) Western Investment Network	Seattle, WA	71

National Finance and Business Development Organizations and Federal Finance Programs

At the end of the directory, a listing of national financial and entrepreneurial associations is provided. These associations can provide member directories and guides to accessing financial or business development resources. A list of contacts for federal financing programs is also provided.

Value to Recycling Businesses

Recycling, reuse and composting entrepreneurs and the economic developers that serve them can benefit from participating in the organizations listed in this directory. A recycling venture seeking capital may want to present its business through one of the forums, meetings or networks. Even if not selected to present, involvement in these organizations will help to connect

entrepreneurs and economic developers with investors and resources that can benefit the recycling industry. Some groups, such as the MIT Enterprise Forums, provide entrepreneurs help in refining their business plans and presentations.

> *"Networks, however, will not solve all problems... They have no role in quality control, nor in pricing, structuring or monitoring any deal, all of which are significant factors determining the ultimate success or failure of an enterprise.*
>
> *Despite these limitations, networks such as VCN (Venture Capital Network, Inc. now Technology Capital Network, Inc.) have a potentially important role in increasing market efficiency, and thus in reducing the equity financing gap. They provide a confidential means of drawing from a wider geographical area to bring entrepreneurs and investors together, and of offering investors a reasonable flow of investment opportunities. Further, they provide the means to expand the informal venture capital market by lowering barriers to the entry into the market of potential new individual investors."*[23]
>
> John Freear, Jeffrey E. Sohl and William E. Wetzel, "The Private Investor Market for Venture Capital"

However, not all of these events or organizations will be useful to all recycling entrepreneurs in their region. Some of the forums, for example, are focused exclusively on high growth and high technology companies attractive to venture capital firms. As such, they have rarely, if ever, featured recycling companies. Nevertheless, participation in innovative entrepreneurial and investment events can help recycling business owners and managers learn how they need to strengthen their companies to achieve success and attract capital.

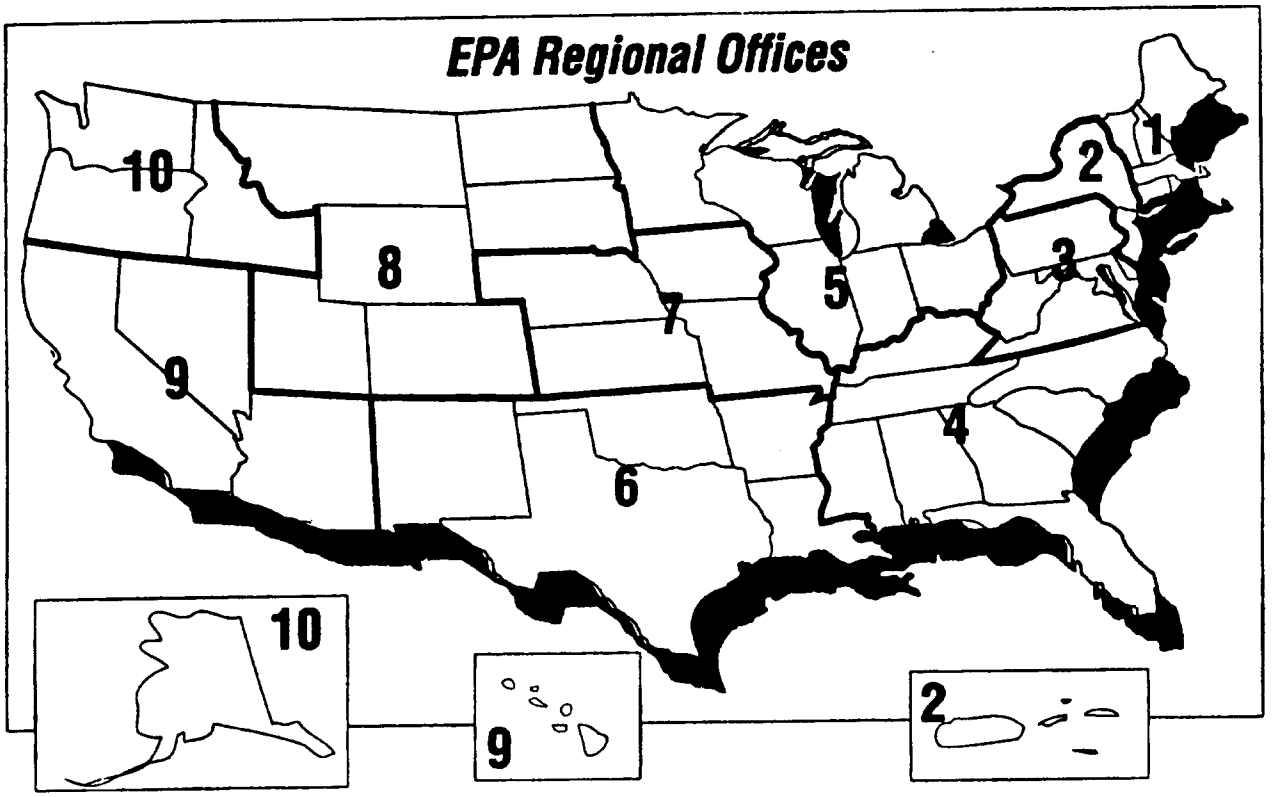
[23] Freear, John, Jeffrey E. Sohl and William E. Wetzel, Jr., "The Private Investor Market for Venture Capital," *The Financier: ACMT*, Vol. 1, No. 2, May 1994, pp. 13-14.

Using the Directory

Note that the names of the events or organizations do not necessarily correspond to this publication's characterization of their activities. For example, some "venture forums" and "networks" conduct investment meetings as defined above. Many of the organizations listed conduct a range of activities designed to foster entrepreneurial development and private equity investing. The directory descriptions listed below focus primarily on the business finance-related programs. However, it is important to note that participating entrepreneurs, in addition to seeking to identify potential investors, often also benefit by finding service providers or new management members, receiving business and marketing plan feedback, and learning about economic development or governmental programs.

The directory lists organizations and events together geographically since several serve adjacent multi-state areas. *The directory sections are sorted by the ten EPA-defined regions for the United States. Within each region, entries are sorted alphabetically by state, and then alphabetically by name of organization or event.* The map preceding the directory entries will assist the user in locating areas of interest.

An address and phone number are provided for all entries with a short description. Fax number, email address and internet URL for WWW home page or reference are provided where available. This directory is not exhaustive and lists only those organizations or events for which information was obtained for this publication. New organizations or entrepreneurial services in each region can be identified by contacting the active regional groups listed in the directory. Descriptions in quotes have been excerpted directly from organization brochures or materials.



GEOGRAPHIC REGIONS USED IN THIS DIRECTORY

(Use this map to locate your area of interest):

Region 1: New England
Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont

Region 2: New York and New Jersey
New Jersey, New York, Puerto Rico

Region 3: Mid-Atlantic
Delaware, Maryland, Pennsylvania, Virginia, West Virginia, District of Columbia

Region 4: Southeast
Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee

Region 5: Great Lakes
Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin

Region 6: Southwest
Arkansas, Louisiana, New Mexico, Oklahoma, Texas

Region 7: Midwest
Iowa, Kansas, Missouri, Nebraska

Region 8: The Plains
Montana, North Dakota, South Dakota, Wyoming, Utah, Colorado

Region 9: California, Nevada, Arizona, & Hawaii
Arizona, California, Hawaii, Nevada

Region 10: Northwest
Alaska, Idaho, Oregon, Washington

REGION 1: NEW ENGLAND

CONNECTICUT VENTURE GROUP

Mr. Mike Roer
425 Catona Drive
Fayetteville, CT 06430
Tel (203)333-3284
Fax (203)676-0405

The Connecticut Venture Group "is a voluntary professional organization dedicated to the support of the venture investment process by providing a network and forum for those directly involved in creating new, high growth enterprises."

Hosts monthly and bimonthly meetings in Bridgeport, Hartford, New Haven, and Stamford. Investors, entrepreneurs, service professional and governmental officials participate. Investment speakers and short business presentations are featured at meetings.

MIT ENTERPRISE FORUM OF CONNECTICUT

Mr. Frank Marco
151 New Park Avenue
Hartford, CT 06106
Tel (860)251-5939
Fax (203)251-5900
Email: conforum@mit.edu

The **MIT Enterprise Forum of Connecticut** "is a non-profit educational organization designed to service and support the entrepreneurial community by assisting companies in key phases of development, growth and change." See MIT Enterprise Forum, Cambridge, MA for further information.

MIT ENTERPRISE FORUM OF CAMBRIDGE

Mr. Jack Derby
201 Vassar Street
Building W59-219
Cambridge, MA 02139
Tel (617)253-8240
Fax (617)258-7264
Email: mitefcmb@mit.edu

"**The MIT Enterprise Forum of Cambridge** hosts two monthly sessions or 'case presentations' that address the separate needs of 'start-ups' and more established companies. In both meetings, the company's CEO presents a twenty-minute summary of his/her company's current business operations, objectives, and issues." Presenters receive feedback from a panel of experts and have exposure to entrepreneurs, managers, technologists, investors, service providers, and students. The Forum also organizes workshops and seminars useful to entrepreneurs.

MIT ENTERPRISE FORUM

Ms. Kathleen Hagan
201 Vasser Street
Cambridge, MA 02139-4310
Tel (617)253-0015
Fax (617)258-0064
Email: bolton@mit.edu
Internet URL:
http://web.mit.edu/entforum/www/

"**The MIT Enterprise Forum** promotes the formation and growth of innovative and technologically-oriented companies through a series of specialized executive education programs. Founded in 1978, the MIT Enterprise Forum operates through an enterprise network of 18 chapters based in the U.S. (also listed in this directory) and overseas."

"The typical chapter offers advice, support and educational services for local area emerging technology-based companies....Among the most valuable uses of the many Forum activities is as a networking tool. Forum members have the opportunity to meet with a broad spectrum of the local business community, including venture capitalists, private investors, industry experts and other successful entrepreneurs."

TECHNOLOGY CAPITAL NETWORK AT MIT

Ms. Betty Kadis
290 Main Street-Building E-39
Cambridge, MA 02142
Tel (617)253-7163
Fax (617)258-9375

"**Technology Capital Network at MIT** (TCN) provides entrepreneurs with cost-effective services for finding sources of seed and start-up capital, and in turn, provides investors with convenient, confidential methods for uncovering early stage or high growth companies as potential investments." Investor members are provided with profiles of ventures that match their interests. At the investor's request, TCN introduces them to participating entrepreneurs.

TCN was founded in 1984 and is one of the oldest investment networks. Today it has over 90 angel investors and 170 entrepreneurs in its network. There are no geographic restrictions on either entrepreneurs or investors. Capital seeking companies which work with TCN typically come from the computer, high technology, biotechnology, pharmaceutical and health/medical fields. Companies most likely to benefit from TCN will be seeking between $50K and $1 million in equity financing. In 1994, TCN helped 22 early stage companies obtain $6.67 million in capital.

There is a $300 registration fee for entrepreneurs for one year. Individual investors pay a $300 fee for one year and receive a maximum of 100 leads. Venture capital funds, corporate investors, and institutional must pay a $600 membership fee per year (unlimited leads). TCN also organizes Venture Capital Forums for the Massachusetts Office of Business Development and is a co-organizer of the Northeast Recycling Investment Forum. *q.v.*

THE NORTHEAST RECYCLING INVESTMENT FORUM

The Northeast Recycling Council
Ms. Mary Ann Remolador
139 Main Street, Suite 401
Brattleboro, VT 05301
Tel (802)254-3636
Fax (802)254-5870
Email: NERC@sover.net

The Northeast Recycling Investment Forum is organized by the Northeast Recycling Council (NERC) with assistance from the Environmental Business Association of New York, TCN at MIT, and KirkWorks. The Forum features presentations by selected recycling companies from NERC's ten member states in the Northeast, along with keynote speakers on investment opportunities in the recycling industry. The May 1996 Forum was held in Boston and sponsored by EPA New England, New York State Office of Recycling Market Development and other parties. The next Forum is being planned for spring of 1997. NERC offers several other programs and services to foster recycling market development.

VERMONT VENTURE NETWORK

c/o Merritt & Merritt
Mr. H. Kenneth Merritt
P.O. Box 5839
Burlington, VT 05402
Tel (802)658-7830
Fax (802)658-0978

"**The Vermont Venture Network** is a not-for-profit organization which holds a monthly forum created to stimulate interaction among entrepreneurs, venture investors and managers seeking roles with new companies and professionals whose services are available to venturers. During (monthly) breakfast(s), attendees can introduce themselves and their businesses to the group."

REGION 2: NEW JERSEY AND NEW YORK

NEW JERSEY ENTREPRENEURIAL NETWORK

Mr. Robert D. Frawley
600 College Road East
Suite 4200
Princeton, NJ 08540
Tel (609)279-0010
Fax (609)987-6651

"**The New Jersey Entrepreneurial Network** is a non-profit organization providing educational and informational services to entrepreneurs, investors, persons in related fields and the public in general...A recent survey indicated that of the companies which attended (NJEN) meetings for the purpose of securing outside investment, 11% found an investor through NJEN."

NEW JERSEY VENTURE FAIR

New Jersey Technology Council
Ms. Maxine Ballen
500 College Road East, Suite 201
Princeton, NJ 08540
Tel (609)452-1010
Fax (609)452-1007

"The ... **Annual (New Jersey) Venture Fair** is an exposition designed to bring emerging businesses together with investors and entrepreneurial supporters. Selected exhibitors display their products, are judged by a distinguished panel, and gain valuable exposure. Venture capitalists and other financing professionals receive an opportunity to evaluate new products and personally meet entrepreneurs. Many past entrepreneurs have used the Venture Fair as a stepping stone to increase growth and new sources of financing." In addition to sponsoring the Venture Fair in the spring, the New Jersey Technology Council helps organize the North Jersey Venture Fair in the fall, the New Jersey Capital Conference, and offer a range of services and programs for entrepreneurs.

VENTURE ASSOCIATION OF NEW JERSEY

c/o Trien, Rosenberg, Felix
Ms. Clara Stricchiola
P.O. Box 1982
Morristown, NJ 07962-1982
Tel (201)267-4200
Fax (201)984-9634
Internet URL:
http://www.thevine.com/

"**The Venture Association of New Jersey** is a monthly forum created to stimulate interaction among business founders and managers, equity investors and leaders, executives seeking new positions, professionals whose services are helpful to company managers and founders, and representatives of major corporations. During lunch, attendees mingle, exchange information, and introduce themselves and their businesses to the group."

THE UPSTATE NEW YORK & CANADA INVESTMENT AND PARTNERING CONFERENCE

High Technology of Rochester
Ms. Cindy Garry
5 United Way
Rochester, NY 14604
Tel (716)327-7920
Fax (716)327-7931
Email: HTRgary@aol.com

The Upstate New York & Canada Investment And Partnering Conference is held every other year to bring western New York business ventures together with potential investors. Typically, 30-40 venture capitalists and investors attend the Fair and 30-40 entrepreneurs present their business plans. The Fair promotes growth in Western New York State. The next Fair will be held in 1997.

LONG ISLAND VENTURE GROUP

C.W. Post Campus/Long Island University
Mr. Jeffrey Bass
Roth Hall, Room 309
Northern Blvd.
Brookville, NY 11548
Tel (516)299-3004

"**The Long Island Venture Group** (LIVG) provides a single forum for all those involved in entrepreneurial pursuits to communicate, to strategize, and to act on business opportunities and offerings....LIVG activities center around monthly breakfast meetings structured to encourage effective networking and dealmaking. In addition to a full breakfast, each meeting features a guest speaker on a topic of importance to entrepreneurs and the One Minute Forum, during which attendees introduce their business or service to the group." LIVG promotes business growth on Long Island.

MIT ENTERPRISE FORUM OF NEW YORK CITY

Mr. David Godfrey
c/o MIT Alumni/ae Center of New York
505 Fifth Avenue, Suite 2500
New York, NY 10110
Tel (212)354-1122
Fax (212)354-3688
Email: nycforum@mit.edu

The MIT Enterprise Forum of New York fosters the entrepreneurial process by offering business plan presentations, symposia, programs and workshops. For further information see MIT Enterprise Forums, Cambridge, MA 02139 listing.

NEW YORK VENTURE CAPITAL FORUM

c/o Warburg, Pincus
Ms. Linda Bernstein
466 Lexington Avenue
New York, NY 10017
Tel (212)878-0618
Fax (212)878-9361

The New York Venture Capital Forum provides educational and networking opportunities for venture capitalists in the New York metropolitan area.

REGION 2: NEW JERSEY AND NEW YORK

NEW YORK VENTURE GROUP

Ms. Arlene West
605 Madison Ave., Suite 300
New York City, NY 10022-1901
Tel (212)832-7365
Fax (212)832-7338
Email: info-nyvg@virtual-ny.com
Internet URL: http://www.virtual-ny.com/nyvg/

"**The New York Venture Group** presents a monthly breakfast forum for financiers and businesspeople whose common interest is middle-market and emerging companies." Meetings feature prominent investors or successful entrepreneurs and announcements from attendees. Monthly attendance averages 250-400 people with meeting announcements and entrepreneurial information circulated to 22,000 contacts.

WESTERN NEW YORK VENTURE ASSOCIATION

Western NY Technology
Development Center
Mr. John A. McGowan
Baird Research Park
1576 Sweet Home Dr.
Amherst, NY 14228
Tel (716)636-3626
Fax (716)636-3630

"**The Western New York Venture Association** (WNYVA) is a non-profit organization dedicated to providing a business opportunity and investment forum to Western New York. ... WNYVA meetings provide entrepreneurs an opportunity to present their business plans to interested investors." Five to six meetings are held per year.

DELAWARE ENTREPRENEURS' FORUM

Mr. Richard P. Eckman
1201 Market Street, Suite 1401
Wilmington, DE 19801
Tel (302)652-4241

The Delaware Entrepreneurs' Forum conducts monthly educational meetings and the annual fair which "features a select group of area companies involved in new technologies, products or services. The companies make formal presentations to the audience and there are exhibitions and demonstrations."

BALTIMORE WASHINGTON VENTURE GROUP

Dingman Center for
Entrepreneurship
Ms. Sandra Nola
The Maryland Business School
The University of Maryland
College Park, MD 20742-1815
Tel (301)405-2144
Fax (301)314-9152

The Baltimore Washington Venture Group is a membership organization that hosts breakfast meetings six times per year. Investment presentations are featured, along with opportunities for investors, entrepreneurs, and service providers to introduce themselves and their active projects. A quarterly newsletter is published. The Group is coordinated by the staff of the Dingman Center for Entrepreneurship which also hosts the Mid-Atlantic Investment Network *q.v.*

MID-ATLANTIC INVESTMENT NETWORK

Dingman Center for
Entrepreneurship
Ms. Sandra Nola
The Maryland Business School
The University of Maryland
College Park, MD 20742-1815
Tel (301)405-2144
Fax (301)314-9152
Email:dingman@bmgtmail.umd.edu
InternetURL:http://www.inform.umd
.edu:8080/EdRes/Colleges/BMGT/
.WWW/Dingman/MAIN/MAIN.html

The Mid-Atlantic Investment Network's (MAIN) purpose "is to facilitate the introduction of companies seeking funding with individual, corporate, and venture capital investors interested primarily in early-stage financing." The network currently has 54 active investors and 103 entrepreneurs. The annual membership fee for investors is $300. Company membership is $150 for the first year and $75 for the second year. Although there are no geographic restrictions, most applicants come from the Mid-Atlantic region, with a majority in the Washington-Baltimore region. MAIN has assisted companies from a diverse selection of industries including biotechnology, computer-related, industrial and consumer products, communications, and environmental services.

Member investors receive profiles of all companies listed with MAIN and are introduced to those companies in which they express an interest. The Dingman Center for Entrepreneurship operates MAIN and also offers other programs to foster new enterprise growth in the Mid-Atlantic region, including the Baltimore Washington Venture Group *q.v.*, mentoring programs, seminars, and business plan reviews.

REGION 3: MID-ATLANTIC

MID-ATLANTIC VENTURE FAIR

Mid-Atlantic Venture Association
Ms. Mary Ann Gray
9690 Deereco Road, Suite 800
Timonium, MD 21093
Tel (410)560-5855
Fax (410)560-1910

The Mid-Atlantic Venture Fair is an annual fall event in which more than 50 emerging growth companies from the mid-atlantic region make business and product plan presentations. Early, expansion and later-stage companies from the Mid-Atlantic region are featured. Keynote speakers address entrepreneurial and technological trends. The fair is organized by the Mid-Atlantic Venture Association (MAVA), an organization of venture capital firms in Maryland, Pennsylvania, Washington, D.C. and Northern Virginia. MAVA also hosts frequent educational and networking meetings for investors and service providers. The Delaware Valley Venture Group *q.v.* works with MAVA in organizing the annual venture fair.

DELAWARE VALLEY VENTURE GROUP

Greater Philadelphia Chamber of Commerce
Ms. Carolyn Keim
1234 Market Street, Suite 1800
Philadelphia, PA 19107-3718
Tel (215)972-3960
Fax (215)972-3900

"**The Delaware Valley Venture Group** is the umbrella organization for Greater Philadelphia's venture capital firms. Its primary goal is to foster the growth of entrepreneurial companies through education and networking events that help entrepreneurs obtain venture capital funding and related professional services. The DVVG, whose members have $2.7 billion under management, serves Eastern PA, Southern NJ and Delaware and is a council of the Greater Philadelphia Chamber of Commerce." The DVVG is a partner in organizing the annual Mid-Atlantic Venture Fair *q.v.*

MIT ENTERPRISE FORUM OF PITTSBURGH, INC.

Mr. David Castaldo
R.J. Lee Investments Ltd.
515 Pleasant Valley Road
Trafford, PA 15085
Tel (412)744-0104
Fax (412)744-0506
Email: pitforum@mit.edu

See **MIT Enterprise Forum**, Cambridge, MA entry.

PENNSYLVANIA INNOVATION NETWORK

Ms. Helen Petruska
The Farmhouse
12 Great Valley Parkway
Malvern, PA 19355
Tel (610)647-6633
Internet URL:
http://www.libertynet.org/~pin/

The Pennsylvania Innovation Network's mission is to "provide information, resources, services, and networking opportunities to assist individuals and emerging companies address the challenges they encounter in our competitive global economy." PIN co-sponsors venture fairs and offers a range of other entrepreneurial development programs and services. Program topics include technology transfer, SBIR research funding, venture capital and marketing. PIN has published the *Greater Philadelphia Financing Manual.* PIN currently has 130 members concentrated in Chester and Montgomery counties. Membership is $85 for individuals and $300 for companies.

PENN. PRIVATE INVESTORS GROUP

Technology Council of Greater Philadelphia
435 Devon Park Drive, Suite 803
Wayne, PA 19087-1945
Tel (215)975-9430
Fax (215)975-9432

The Pennsylvannia Private Investors Group (PPIG) provides a forum for entrepreneurs to present their business plans to sophisticated individual investors interested in investing in small, privately held companies. One or two entrepreneurs present their business plans at breakfast meetings held on the first Tuesday of every month. Business plans are reviewed prior to the meeting and only select companies are allowed to present to the full membership.

PITTSBURGH GROWTH CAPITAL CONFERENCE

The Enterprise Corp. of Pittsburgh
Ms. Dori Ortman
4516 Henry Street
Pittsburgh, PA 15213
Tel (415)578-3481

The Pittsburgh Growth Capital Conference is held every two years to feature approximately 30 entrepreneurial ventures. Companies are selected based on the following criteria: "sales potential of at least $10 million in the next five years, a strong innovative product or service versus the competion's, an outstanding managment team, located in the tri-state area (PA, OH, WV), and limited prior exposure to the investment community." Venture capitalists, other financiers, entrepreneurs and service providers participate.

VENTURE INVESTMENT FORUM OF CENTRAL PA

Mr. John Lori
c/o CREDC
214 Senate Ave., Suite 605
Camp Hill, PA 17011
Tel (717)730-9818

"The Venture Investment Forum of Central PA consists of a group of investors, entrepreneurs and business leaders who meet every other month in a breakfast meeting format to hear and consider investment opportunities by aspiring or established entrepreneurs."

MIT ENTERPRISE FORUM OF WASHINGTON-BALTIMORE

Ms. Beth Duston
P.O. Box 26203
Arlington, VA 22215
Tel (703)741-3509
Fax (703)521-2955
Email: dcbforum@mit.edu

See MIT Enterprise Forum, Cambridge, MA entry.

RICHMOND VENTURE CAPITAL CLUB

Mr. John Clark
1407 Huguenot Road
Midlothian, VA 23113
Tel (804)379-1770

The Richmond Venture Capital Club conducts meetings every two months to foster the interaction between entrepreneurs and investors.

REGION 4: SOUTHEAST

CENTRAL FLORIDA VENTURE CAPITAL CONFERENCE

The Central Florida Innovation Corporation
Mr. Ted Fluchradt
12424 Research Parkway, Suite 350
Orlando, FL 32826
Tel (407)277-0544
Fax (407)277-2182

The Central Florida Venture Capital Conference and Exposition is an annual event co-hosted for the Central Florida Innovation Corporation(CFIC) and the Small Business Development Center of Central Florida. "The Conference ... provide(s) both sides of the equity financing equation with a forum in which to come together, present ideas, and investigate opportunities for funding/investments."

CFIC is an Innovation Partnership with Enterprise Florida and offers a range of other services to entrepreneurs in central Florida.

FIRST COAST VENTURE CAPITAL GROUP

Mr. Paul C. Porter
2532 Park Street
Jacksonville, FL 32204
Tel (904)389-7798
Fax (904)389-9480

"**First Coast Venture Capital Group** is a not-for-profit volunteer organization whose purpose is to bring together and stimulate interaction between those interested in the venture process. ... The common interest (of members) is to promote a high level of 'networking' that supports entrepreneurial ventures with qualified funding sources and professional service providers." The group holds monthly meetings featuring investment and entrepreneurial presentations and also sponsors the First Coast Venture Capital Forum, "an all-day event highlighting entrepreneurs, individual investors and venture capital firms."

FLORIDA VENTURE FORUM

Ms. Jeanne Becker
2600 Douglas Road, Suite 311
Coral Gables, FL 33134
Tel (305)446-5060
Fax (305)443-4607

"**The Florida Venture Forum** holds at least nine presentations a year attended by investors, bankers, accountants, lawyers and entrepreneurs. The presentations showcase a young company which has been selected by the Executive Committee after reviewing the company business plan."

"In addition to the monthly presentations, since 1992, the Florida Venture Forum has hosted the annual Ernst & Young LLP Florida Venture Capital Conference. The purpose of the conference, held every year in January/February, is to showcase high growth companies looking for equity financing before a nationwide audience of venture capitalists and investment bankers."

THE FOUNDERS FORUM

The Innovation Center of Brevard
Mr. Harry Brandon
1900 S. Harbor City Blvd.
Melbourne, FL 32901
Tel (407)984-1900
Fax (407)951-4227

The Founders Forum's mission is "to provide introductions and needed contacts to educate entrepreneurs and provide information and guidance." Approximately six dinner meetings are held each year at which entrepreneurs are given three minutes to present their business plans. These meetings are attended by 75-100 investors, service providers, and entrepreneurs. One meeting per year is devoted to a detailed critique of one business plan by bankers, executives, and other professionals. The Founder's Forum serves the Central East Coast region of Florida.

GAINESVILLE AREA INNOVATION NETWORK, INC.

Ms. Carol Ann Dykes
P. O. Box 13442
Gainesville, FL 32604
Tel (904)455-4387

"**The Gainesville Area Innovation Network** is a network of inventors, entrepreneurs, business people, professionals, investors, professors and service providers who share ideas, energy and talents. GAIN was formed in 1985 to 'provide networking and educational opportunities to assist and encourage the entrepreneurial interests of its members.' " The network hosts monthly meetings and other activities to foster entrepreneurial efforts. The GAIN Venture Network "seeks to match viable investment opportunities with interested investors."

TAMPA BAY VENTURE FORUM

The Enterprise Corp. of Tampa Bay
Mr. Mike J. Landis
1111 N. Westshore Blvd., Suite 200-B
Tampa, FL 33607
Tel (813)288-0445

"**The Tampa Bay Venture Forum** is a private not-for-profit organization that brings together investors with selected investment opportunities. The Forum holds six annual dinner meetings where selected entrepreneurs present their business concepts to Forum members. ...Forum members prefer deal sizes between $350,000 and $2.5 million." The Forum is an affiliate organization of The Enterprise Corporation of Tampa Bay, which offers a range of other services for entrepreneurs

ATLANTA VENTURE FORUM

Vista Resources, Inc.
Mr. John J. Huntz, Jr.
1201 West Peachtree St., N.W.
Suite #5000
Atlanta, GA 30309
Tel (404)815-2000
Fax (404)815-4529

The Atlanta Venture Forum provides programs for investors geared toward issues specific to investing but does not address specific investments or companies.

KENTUCKY INVESTMENT CAPITAL NETWORK

Mr. Norris Christian
Capitol Plaza Tower, 23rd Floor
Frankfort, KY 40601
Tel (800)626-2930
Tel (502)564-7140

The Kentucky Investment Capital Network's purpose "is to introduce entrepreneurs to individual investors and to investment capital firms interested in start-up and early-stage financing. ICN maintains a confidential database on investment opportunity profiles submitted by entrepreneurs and investment interest profiles submitted by investors." Through blind matching services, entrepreneurs are introduced to investors who are interested in their ventures.

The network seeks a diverse group of companies in the manufacturing, service, medical/health, communications, publishing, and computer software sectors. Environmental services companies are also accepted, but not classified separately. ICN serves Kentucky businesses but includes investors from other regions as well. Entrepreneurs most likely to benefit from this network will be seeking between $50K and $750K of equity financing. The network includes some investors willing to invest up to $1 million and venture capital firms willing to invest more than $1 million. There is no charge for ICN's services.

REGION 4: SOUTHEAST

THE VENTURE CLUB OF LOUISVILLE

Mr. Bob Ogden
Suite 301, 304 W. Liberty Street
Louisville, KY 40202
Tel (502)583-1260
Fax (502)893-2077

The Venture Club of Louisville conducts regular meetings with speakers, presentations, and networking opportunities. Special events to assist in entrepreneurial education are conducted.

NORTH CAROLINA INVESTMENT NETWORK

P.O. Box 20161
Raleigh, NC 27619-0161
Tel (919)981-4310 (entrepreneurs)
Tel (919)755-5202 (investors)
http://ncin.i40.com.ncin

The North Carolina Investment Network utilizes the internet, CD-ROM and VHS videotape to bring together entrepreneurs and investors in an efficient and cost effective manner. It is sponsored by the Council for Entrepreneurial Development, based in the Research Triangle Park, N.C. NCIN investors must be interested in start up and expanding, growth oriented companies and be willing to invest $25,000 or more in high risk ventures.

Entrepreneurs must first complete an "NCIN Entrepreneur Kit" which explains NCIN's requirements, selection criteria and fees. If selected, the entrepreneur will receive "The NCIN Cookbook" which walks the entrepreneur through all the steps necessary to present the business plan in a multi-media format. The investor receives the "NCIN Investor Kit" which includes a VHS tape with ten business plans, a CD-ROM with ten business plans and multi-media sound and video clips, and a World Wide Web password.

VENTURE CONFERENCE

Council for Entrepreneurial Development
Ms. Monica Doss
P. O. Box 13353
RTP, NC 27709-3553
Tel (919)544-4642
Fax (919)544-2341

The annual spring **Venture Conference** is an opportunity for up to 15 selected high growth North Carolina businesses to make featured presentations to an audience of venture capitalists, financiers, and service providers. The conference is organized by the Council for Entrepreneurial Development (CED) and co-sponsored by the North Carolina Venture Capital Association. The CED offers a range of other entrepreneurial development programs for the Research Triangle region and works with entrepreneurial council across North Carolina. The CED is also collaborating on the development of a new investment network for NC (see North Carolina Investment Network above).

DARE TO DEAL - SOUTHEAST CAPITAL CONNECTION

College of Charleston
Dr. Perry Woodside
Center for Entrepreneurship
310 Meeting Street
Charleston, SC 29424-0001
Tel (803)723-7450
Fax (803)577-3480

The Dare to Deal - Annual Southeast Capital Connection is held each fall in Charleston, SC. Investment speakers and company presentations are featured, along with a company expo. Entrepreneurial companies from SC and the Southeast submit business plans which are screened to select presenters. The first annual Southeastern Recycling Investment Forum *q.v.* was held immediately preceding and in conjunction with the Dare to Deal conference in November of 1995.

PRIVATE INVESTOR NETWORK

Economic Enterprise Institute
Ms. Judy Clements
University of South Carolina - Aiken
171 University Parkway
Aiken, SC 29801
Tel (803)648-6851

The Private Investor Network (PIN) is a nonprofit matching service linking South Carolina companies with private investors. Companies range from those seeking start up funds to established companies seeking growth capital. To join PIN, entrepreneurs are required to submit a 2-4 page summary of their business plan with a one page pro-forma financial statement. Investors also complete an application indicating their interests and investment goals. PIN provides monthly and bi-monthly reports to the entrepreneur on the status of his/her application. Subscription fees are $100 for entrepreneurs and $200 for investors, entitling them to 12 months and 36 months of service, respectively.

SOUTHEAST RECYCLING INVESTMENT FORUM

South Carolina Department of Commerce
Mr. Ted Campbell
P. O. Box 927
Columbia, SC 29202
Tel (803)737-0477
Fax (803)737-0418

The Southeast Recycling Investment Forum features entrepreneurial recycling companies selected from the southeast region. Keynote speakers address investment and business trends and opportunities in the recycling field. Financiers, economic developers and service providers attend the event to learn about new and expanding ventures in a variety of industry sectors. The November 1995 Southeastern Forum, held in Charleston, SC, included presentations by nine recycling ventures and displays by three additional companies. More than 100 investors, entrepreneurs and other attendees participated. A second forum for southeastern recycling companies is planned for February of 1997.

SEED CAPITAL NETWORK

Dr. Robert Gaston
8905 Kingston Pike, Suite 12
Knoxville, TN 37923
Tel (423)573-4655
Fax (423)577-9989

"**Seed Capital Network** is a seven year old company that introduces entrepreneurs to wealthy, private individuals who belong to the Network's client-investor pool. Seed Capital Network provides a computer based screening service that makes fast, confidential link-ups between entrepreneurs and interested investors." The average investment made is $600K in loan/loan guarantees, and $400K in cash equity. SEED investors are looking to invest between $5,000 and $1.5 million in companies with growth potential. Entrepreneurs can send in their finance proposal and find out how many potential matches there are at no charge. If the entrepreneur decides to proceed, a one time $260 fee is charged. There is no charge to the investor for using this service.

REGION 5: GREAT LAKES

INVESTORS' CIRCLE

Ms. Susan Davis
31W007 North Avenue, Suite 101
West Chicago, IL 60185
Tel (708)876-1101
Fax (708)876-0187

The Investors' Circle's mission "is to build an increasingly active and committed network of investors who invest based on a personal set of values in order to achieve a globally accountable and sustainable economy." The Investors' Circle operates a network through which executive summaries on socially responsible ventures are circulated to its membership. There is a $300 fee to companies for this service. Profiled ventures are typically from across the U. S. and sometimes other countries.

The Investors' Circle also hosts a semi-annual Social Venture Fair at which about a dozen companies selected from the network listings make featured presentations. Presenting companies are charged $900 for participation in the fair. The Fairs also offer educational programs for members on value-based private equity investing. Members include venture capitalists and fund managers who pay annual dues of $1,500 and qualified private investors who pay $1,000 annual dues. More than 150 investors are members of Investors' Circle. Investment interest areas include community development, health, international development, women and minority-led business, consumer products, education, energy, environment and recycling.

MIT ENTERPRISE FORUM OF CHICAGO

Mr. Jerry R. Mitchell
8 South Michigan Ave.
Suite #1000
Chicago, IL 60603
Tel (312)782-4951
Email: Chiform@mit.edu

The MIT Enterprise Forum of Chicago seeks to "promote and strengthen the process of starting and growing companies which have a strong technology orientation by providing services with educate and inform entrepreneurs." Monthly meetings are held at which "we normally use a case presentation/panel discussion approach to focus on a single company in a critical stage of development." Entrepreneurs are given professional feedback in the improvement of their business plans and presentations.

GREAT MIDWEST VENTURE CAPITAL CONFERENCE

Indiana Small Bus. Dev. Corp.
Mr. John Ridder
One North Capitol Avenue
Suite 1275
Indianapolis, IN 46204
Fax (317)264-2806
Tel (317)264-2820

The Great Midwest Venture Capital Conference is a two-day fall event presented by the Indiana Small Business Development Corporation, Ernst & Young, and other sponsors, including venture groups in the midwest. The conference features a keynote investment speaker and business presentations and displays of selected entrepreneurial companies.

The conference brochure states that "more than 25 presenting companies are the highest caliber candidates for venture investments in the Midwest. These companies have well-defined market niches, experienced management teams, potentially high returns on investment, and offer both early and later stage deals. Venture capitalists and private investors from across the United States will again be in attendance."

PRIVATE INVESTORS NETWORK

Indiana Small Bus. Dev. Center
Seema Pawar
216 W. Allen Street
Bloomington, IN 47403
Tel (812)339-8937
Fax (812)335-7352

The Private Investors' Network includes about 25 investors, most of whom are located in Bloomington, Indiana. The network has reviewed approximately 10 business plans in the last year from entrepreneurs in Indiana. There are no fees for participation in this network, but entrepreneurs must cover the costs of copying and mailing their business plans to potential investors.

VENTURE CLUB OF INDIANA, INC.

Ms. Margo Jaqua
P. O. Box 40872
Indianapolis, IN 46240-0872
Tel (317)253-1244

"**The Venture Club of Indiana** creates a unique environment in which business investors and entrepreneurs can make valuable contacts, exchange information and create mutual business opportunities." Monthly luncheon meetings are held which include five-minute business presentations and guest venture investment or entrepreneurial speakers.

CAPITAL ENTERPRISE FORUM

Ms. Patricia Cook
P. O. Box 14030
Lansing, MI 48901
Tel (517)487-6340
Fax (517)484-6910

The Capital Enterprise Forum meets in the evenings on the third Monday of February, March, April, May, September, October, and November to encourage entrepreneurship and capital formation.

ENVIRONMENTAL CAPITAL NETWORK

Center for Environmental Policy, Economics, and Science
Mr. Loch McCabe
416 Longshore Dr.
Ann Arbor, MI 48105
Tel (313)996-8387
Fax (313)996-8732
Email: ecn@bizserve.com
URL: http://bizserve.com/ecn/

The Environmental Capital Network's mission is to "foster economic wealth and planetary health through facilitating the finance, development and commercialization of tomorrow's environmental and green technologies, products and services. The Environmental Capital Network (ECN) provides company profiles of recycling and other environmental firms to investors nationwide, many of whom are particularly interested in and knowledgeable about environmental industries. Company Profiles are sent twice per month to more than 80 individual, professional and corporate investors. Company registration fees are $350 per year. Each company may revise their Company Profile two times per year at no additional charge. Investor fees are $250-350 per year."

"ECN also provides a specialized Business Plan Review service for environmental companies raising capital. ECN research shows that investors strongly consider a firm's business plan, but that the business plans of many environmental firms do not get a very positive response. The Business Plan Review service provides firms with detailed feedback and suggestions about their business plan from actual investors in their industry. This service can be particularly valuable for firms who want to enhance their investor response. ECN was a co-sponsor of the Southeast and Northeast Recycling Investment Forums and is researching the venture capital market for the pollution prevention industry."

REGION 5: GREAT LAKES

MICHIANA INVESTMENT NETWORK

Small Business Development Center
Ms. Carolyn Anderson
300 N. Michigan
South Bend, IN 46601
Tel (219)282-4350
Fax (219)236-1056

"**The Michiana Investment Network** helps match entrepreneurs with investors in the Michiana business community." The network hosts quarterly luncheon meetings featuring short presentations from entrepreneurs as well as investment speakers.

MICHIGAN GROWTH CAPITAL SYMPOSIUM

The University of Michigan
Dr. David J. Brophy
3241 Business Administration Bldg.
Ann Arbor, MI 48109-1234
Tel (800)964-9714
Fax (313)763-5688
Internet URL: http://www.umich.edu/~ospef/gcs.html/

"The annual **Michigan Growth Capital Symposium** provides investors and companies which seek growth capital investments, strategic alliances and joint ventures access to sources of such transactions. The symposium has proven itself to be effective in bringing growing companies with investors. In its 15-year history, the Symposium has helped over 350 growing companies raise nearly $200 million in growth capital."

MID-MICHIGAN VENTURE CAPITAL FORUM

Mr. Clifford Van Dyke
P. O. Box 369
Bay City, MI 48707-0369
Tel (517)893-5596

The Mid-Michigan Venture Capital Forum hosts monthly meetings including featured company presentations, keynote speakers, and three-minute business introductions. The Forum's purpose is "putting people who need money and business advice together with people who have money and business expertise."

NEW ENTERPRISE FORUM

Mr. Thomas S. Porter
912 N. Main Street
Ann Arbor, MI 48104
Tel (313)662-0580

The New Enterprise Forum hosts monthly meetings to link entrepreneurs, potential managers, joint venture partners, service providers, and capital providers.

THE SOUTHEASTERN MICHIGAN VENTURE GROUP

Greater Detroit Chamber of Commerce
Mr. Carl Meyering
600 West Lafayette Blvd.
Detroit, MI 48226
Tel (313)596-0402

The Southeastern Michigan Venture Group meets monthly to provide networking opportunities for private and public investors, service providers and entrepreneurs and educational programs. The Group is a program of the Greater Detroit Chamber of Commerce.

TRAVERSE BAY ENTERPRISE FORUM

c/o NW Michigan Council of Gov'ts
Mr. Richard Beldin
P. O. Box 506
Traverse City, MI 49685-0506
Tel (616)929-5017

"**The Traverse Bay Enterprise Forum** exists to bring together entrepreneurs and investors in the northwest lower Michigan area. The organization's goal is the creation of new businesses through innovative networking of area resources and expertise." Quarterly meetings are held at which several companies present venture opportunities.

WEST MICHIGAN BUSINESS/FINANCE FORUM

Mr. Raymond De Winkle
17 Fountain Street, NW
Grand Rapids, MI 49500
Tel (616)771-0328

The West Michigan Business/Finance Forum conducts semi-annual meetings to present featured businesses.

THE COLLABORATIVE

Mr. Daniel Carr
10 South 5th Street, Suite 415
Minneapolis, MN 55402-1004
Tel (612)338-3828
Fax (612)338-1876

"**The Collaborative** is a member organization of entrepreneurs, managers, investors, and professionals involved in developing new and emerging companies." The organization provides publications, workshops and monthly meetings to help build Minnesota companies.

INNOVEST

Mr. Charles Burkett
Enterprise Development Inc.
11000 Cedar Ave.
Cleveland, OH 44106
Tel (216)229-9445
Fax (216)229-3236

Innovest is an annual conference which brings together high technology growth ventures with investors and business development actors.

REGION 5: GREAT LAKES

GREATER CINCINNATI VENTURE ASSOCIATION

Greater Cincinnati Chamber of Commerce
Ms. Rachel Ganim
300 Carew Tower, 441 Vine Street
Cincinnati, OH 45202-2812
Tel (513)579-3128
Fax (513)579-3101
Email:rganim@gccc.com

The Greater Cincinnati Venture Association is a not-for-profit corporation whose "purpose is to provide a link for entrepreneurs seeking business assistance with sources of capital/business expertise." The GCVA hosts monthly luncheon meetings which include 10 minute presentations by entrepreneurs seeking equity capital or management support, keynote speakers, and networking opportunities.

MIAMI VALLEY VENTURE ASSOCIATION

Ms. Karrie Stock
137 North Main Street, Suite 702
Dayton, OH 45402-1729
Tel (513)228-1141

"**The Miami Valley Venture Association** provides a support mechanism for entrepreneurs, raises the awareness of the region's venture capital and promotes the interaction between emerging businesses and financial resources." Bi-monthly meetings are conducted and business plan review services are provided.

WISCONSIN VENTURE FAIR

Wisconsin Innovation Network
Mr. Ken Syke
P.O. Box 71
Madison, WI 53701-0071
Tel (608)256-8348
Fax (608)256-0333

"The annual **Wisconsin Venture Fair** showcases Wisconsin's most promising emerging growth companies to an audience of out-of-state and in-state venture capitalists and other investors." The Fair is organized by the "the Wisconsin Innovation Network (WIN) Foundation (which) supports and encourages high-tech entrepreneurs throughout the State of Wisconsin by linking them with the management, technical and financial assistance needed to start and successfully operate a new enterprise."

WISCONSIN VENTURE NETWORK

Mr. Paul Sweeney
P.O. Box 92093
Milwaukee, WI 53202-0093
Tel (414)224-7070
Fax (414)271-4016

The Wisconsin Venture Network "actively supports both new and established businesses by providing a means for investors, entrepreneurs, and business advisors to make mutually beneficial contacts and to promote and contribute to the formation and growth of specific enterprises." Monthly luncheons with business presentations, educational programs, and newsletters are offered.

THE VENTURE NETWORK

The New Orleans/ New River Region Chamber of Commerce
601 Poydras Street
New Orleans, LA 70130
Tel (504)527-6935
Fax (504)527-6950
Email: chamber@gnofn.org
Internet URL:
http://www.gnofn.org/chamber/venture.html

The Venture Network, a program of the New Orleans Chamber, provides a forum for entrepreneurs, as well as established companies, to present investors with the investment needs of their business. Approximately eight breakfast meetings are held per year at which 12-15 entrepreneurs give one minute summaries of their business plans. There is no prescreening of business plans; entrepreneurs are selected on a first-come, first-served basis.

ENTREPRENEURS OF TULSA

Ms. Margot Arnold
18th Floor, Mid Continent Tower
401 South Boston, Suite 1810
Tulsa, OK 74103-4018
Tel (918)582-6131
Fax (918)584-4213

"The mission of **Entrepreneurs of Tulsa** is to foster the successful creation and growth of new and young businesses in Northeastern Oklahoma." Monthly meetings providing networking opportunities and entrepreneurial educational programs.

OKLAHOMA INVESTMENT FORUM

Tulsa Chamber of Commerce
Ms. Sue Bennett
616 South Boston, Suite 100
Tulsa, OK 74119
Tel (918)585-1201
Fax: (918)585-8386

The Oklahoma Investment Forum is an annual event at which selected high growth companies from the state make featured presentations to a national audience of venture capitalists. In the last three years, forum organizers estimate that entrepreneurs have obtained $150 million as a result of the Forum.

OKLAHOMA VENTURE FORUM

Mr. Jim Ratchford
P.O. Box 2176
Oklahoma City, OK 73101-2176
Tel (405)636-9736
Fax (405)842-0795

"**The Oklahoma Venture Forum** provides a forum for the exchange of information and ideas between entrepreneurs, private and professional investors and other professionals providing services to individuals and organizations in Oklahoma." Monthly meetings and a newsletter on financing and fostering new ventures are offered.

REGION 6: SOUTHWEST

THE CAPITAL NETWORK

Mr. David Gerhardt
3925 West Braker Lane, Suite 406
Austin, TX 78759-5321
Tel (512)305-0826
Fax (512)305-0836
Email: mail@icc.utexas.edu
Internet URL: http://www.utexas.edu:80/depts/ic2/c2e/tcn.html

The Capital Network (TCN) is a non-profit economic development organization which operates a nationwide venture capital network. The TCN program is "designed to introduce investors to entrepreneurs based on their mutual business interests...TCN's computerized networking service matches investors and entrepreneurs based on six criteria: industry, size of venture, age of venture, amount of funding, location of venture and type of investment." TCN has facilitated investments ranging from $10,000 to $4 million, with the typical investment falling in the $100K to $1 million range. In total, TCN has helped arrange nearly $30 million in investments. The six month membership fee for entrepreneurs is $450. Individual investor membership is $450 for one year. Institutional investors pay a $950 membership fee.

TCN also coordinates the Texas Venture Capital Conference, *q.v.*, and co-sponsors seminars in topics such as business planning and deal structuring. TCN coordinates the "Know-How Network," a network of experienced business service providers who can assist the new venture often at a reduced rate.

CENTRAL TEXAS VENTURE CAPITAL GROUP

c/o Waco Chamber of Commerce
Mr. Curtis Cleveland
P.O. Box 1220
Waco, TX 76703
Tel (817)752-6551

The Central Texas Venture Capital Group meets every three months to foster entrepreneurship in the region.

DALLAS VENTURE CAPITAL ASSOCIATION

Ms. Traci Levin
2121 San Jacinto, Suite 500
Dallas, TX 75201
Tel (214)969-8641

The Dallas Venture Capital Association is an organization for venture capital investors in the Dallas region and offers information programs for their membership. The DVCA provides "a forum for sharing ideas, providing updates and fostering cooperation." The Association meets six times per year.

HOUSTON VENTURE CAPITAL ASSOCIATION

c/o Ernst & Young Entrep. Services
Ms. Lynn Gentry
1221 McKinney, Suite 2400
Houston, TX 77010
Tel (713)750-8451
Fax (713)750-8613

The Houston Venture Capital Association "is an organization for venture capital investors in the Houston region and offers information programs for their membership." The Association meets five or six times per year. Referrals and communication requests can be directed to: Sally I. Evans, (713)660-7990.

MIT ENTERPRISE FORUM OF DALLAS-FORT WORTH

Rauscher Pierce Refsnes, Inc.
Mr. Joseph R. Mannes
Plaza of the America
700 North Pearl St.
Dallas, TX 75201-2859
Tel (214)978-5437
Fax (214)978-5293
Email: dalforum@mit.edu

See **MIT Enterprise Forum**, Cambridge MA entry.

MIT ENTERPRISE FORUM OF TEXAS

Smith International, Inc.
Mr. Michael C. Steen
16740 Hardy Street
Houston, TX 77205
Tel (713)233-5234
Fax (713)233-5998
Email: houforum@mit.edu

See **MIT Enterprise Forum**, Cambridge MA entry.

SOUTHWEST VENTURE FORUM

Edwin L. Cox School of Bus., SMU
Ms. Lois Adams
P.O. Box 750333
Dallas, TX 75275-0333
Tel (214)768-3689
Fax (214)768-3604
Email: ladams@mail.cox.smu.edu

"**The Southwest Venture Forum** is a non-profit forum where entrepreneurs seeking to start or build a business can meet with sources of capital and professional services to facilitate the acquisition of financing and to obtain advice and information. Breakfast meetings are held every two months including short presentations from competitively selected entrepreneurs."

TEXAS VENTURE CAPITAL CONFERENCE

The Capital Network
Mr. David Gerhardt
3925 West Braker Lane, Suite 406
Austin, TX 78759-5321
Tel (512)305-0826
Fax (512)305-0836

The Texas Venture Capital Conference presents selected venture investment opportunities in the state. The conference "provides each presenting company a team of professionals to assist them in developing, improving and honing their presentations and business plans."

REGION 7: MIDWEST

VENTURE NETWORK OF IOWA

Iowa Department of Economic Development
200 E. Grand Ave.
Des Moines, IA 50309
Tel (515)242-4700

"Every other month, **Venture Network of Iowa (VNI)** meetings are held to bring together entrepreneurs and investors. The gatherings afford individual entrepreneurs a 'Two-Minute Forum' in which they can introduce themselves and their companies to the investors and business leaders who make up the VNI membership."

CAPITAL RESOURCE NETWORK

The Center for Business Innovation
Ms. Hazel Mauro
4747 Troost Avenue
Kansas City, MO 64110
Tel (816)931-6688
Fax (816)756-1530

The Capital Resource Network's mission is "to provide entrepreneurs seeking capital from 'angel' investors with a means to present their business ventures to potential investors. Accordingly, the Network serves investors by providing information on opportunities for investment, acquisition or joint ventures." CRN uses a blind matching system in which investors can request introductions to entrepreneurs after screening executive summaries.

CRN serves companies in Kansas and Missouri. There are approximately 100 investors in this network and more than 140 entrepreneurs. In 1995 participating companies received $330,000 in known investment. CRN expects to facilitate over $1 million in investment in 1996. Although there are no restrictions on industry type, CRN has noted that most of the companies which have sought its assistance are in the manufacturing, biotechnology, and computer technology sectors. There is a $250 one year membership fee for investors and entrepreneurs.

MISSOURI INNOVATION CENTER

Mr. Chip Cooper
5650 South Sinclair Road
Columbia, MO 65203-8611
Tel (573)446-3100
Fax (573)443-3748
Email:CCooper285@aol.com

The Missouri Innovation Center (MIC) is a not-for-profit corporation that supports entrepreneurs in the mid-Missouri region. MIC has developed the Missouri SCOR Market Maker program to help educate entrepreneurs and investors in cost-effective means of financing small, growing companies. The Market Maker publication is distributed quarterly, listing SCOR company stocks. (See Chapter 3 for information on SCOR offerings.)

MISSOURI VENTURE FORUM

Mr. James Weber
222 S. Meramec, Suite #303
St. Louis, MO 63105
Tel (314)432-7440
Fax (314)863-6457

The Missouri Venture Forum's mission is "to facilitate entrepreneurial activity and access to capital through networking, education and information exchange." Monthly meetings include featured speakers and two-minute forums in which business venture ideas are presented to the membership.

MIDWEST RECYCLING INVESTMENT FORUM

Ms. Kimberly Newell
Nebraska Dept. of Econ. Dev.
P.O. Box 94666
Lincoln, NE 68509-4666
Business (402)471-3766
Fax (402)471-3788
Email: kimberly@ded1.ded.state.ne.us

The Midwest Recycling Investment Forum is being organized by the Nebraska Department of Economic Development in partnership with the Mid-Continent Recycling Association, nine Region 7 states and two Canadian provinces. The forum, planned for early 1998, will feature entrepreneurial recycling companies from the Midwest region. The event is intended to foster capital formation and entrepreneurial development for the recycling industry in the region.

REGION 8: THE GREAT PLAINS

THE ROCKIES VENTURE CLUB

Ms. Maita Lester
1900 East 9th Avenue, Suite 320
Denver, CO 80203
Tel (303)831-4174

The Rockies Venture Club is a volunteer, non-profit organization that "provides a unique open forum where emerging businesses can network with qualified funding sources and professional service providers, and where potential investors can learn of growing businesses through RVC's presentation series and monthly forums."

VENTURE CAPITAL IN THE ROCKIES

c/p KPMG Peat Marwick LLP
Mr. Gary Powell
707 Seventeenth Street, Suite 2300
Denver, CO 80202
Tel (303)296-2323

Venture Capital in the Rockies features presentations by emerging growth companies from the Rocky Mountain region at an annual conference in February. Start-up, early stage, and expanding companies are selected to present to the audience of investors. The conference is co-sponsored by the Venture Capital Association of Colorado and KPMG Peat Marwick LLP.

MONTANA PRIVATE CAPITAL NETWORK

Mr. Jon Marchi
P.O. Box 437
Poulson, MT 59860
Tel/Fax (406)883-5470
Tel/Fax (406)883-3051

"**The Montana Private Capital Network** is a nonprofit organization sponsored by both public sector and private sector donors. Managed by a state Board of Directors, the MPCN's primary purpose is to introduce entrepreneurs to individual investors interested in financing early stage and existing Montana businesses."

MPCN utilizes a computerized database to match investors with entrepreneurs. MPCN serves a variety of businesses including agriculture, timber, tourism, medical/health care, high technology manufacturing, and services. MPCN has 47 active investors, including 13 venture capitalists. 26 of these investors have indicated that they were interested in environmental services/waste management companies. MPCN is targeted at start up and growth Montana companies with investment needs of between $100K and $1M. Entrepreneurs can enroll in the database for six months for $50. Investors pay a $100 membership fee good for two years.

UTAH VENTURE CAPITAL CONFERENCE

Wayne Brown Institute
Mr. Brad Burtash
P.O. Box 2135
Salt Lake City, UT 84110-2135
Tel (801)595-1141
Fax (801)595-1181

The Utah Venture Capital Conference is an annual event at which high growth companies present their business plans to venture capital investors. The Conference recruits applicants which are start-up or early-stage companies with less than $20 million a year in sales, which are ready to expand with a strong management team and which have expectations of achieving at least $50 million in sales per year after 5 to 7 years. The Conference is organized by the Wayne Brown Institute, a non-profit educational organization.

ARIZONA VENTURE CAPITAL CONFERENCE

Phoenix Chamber of Commerce
Ms. Patti Thomas
201 N. Central Ave., 27th Floor
Phoenix, AZ 85073
Tel (602)495-6461
Fax (602)495-8913

"**The Arizona Venture Capital Conference** is held annually in mid-December in Phoenix. The conference includes 10-12 company presentations, investment speakers, and educational sessions for the venture capital industry. Companies are screened by panel of investment professionals and provided assistance in improving business plans and presentations."

ENTERPRISE NETWORK

Ms. Jackie Bowers
P.O. Box 15210
Phoenix, AZ 85060-5210
Tel (602)912-5381
Fax (602)957-4828
Internet URL: http://www.en.org/

"**The Enterprise Network** is a non-profit corporation established to help promote and support entrepreneurship in Arizona. ... Business Strategy Forums are presented on the third Thursday of the month and provide contacts, ideas, education and information to help entrepreneurs grow and prosper." Other educational programs and services are provided to foster entrepreneurship.

BAY AREA VENTURE FORUM

Mr. Gerald A. Benjamin
International Capital Resources
388 Market Street, Suite 500
San Francisco, CA 94111
Tel (415)296-2519
Fax (415)296-2529

The Bay Area Venture Forum "produces seminars to educate entrepreneurs to the capitalization process with presentations by private investors, and nationally recognized experts in securities law, business planning, financial forecasting, valuation, due diligence, deal structuring, public relations and alternate financing." Monthly meetings are held with featured business presentations. International Capital Resources also hosts a Private Investor Network and publishes the *California Investment Review.*

CALIFORNIA CAPITAL ACCESS FORUM, INC.

Mr. Clay H. Womack
350 25th Street
Santa Monica, CA 90402
Tel (310)395-1949
Fax (310)395-0458
Email: ccafi@scor-net.com
Internet URL: http://www.scor-net.com/ccafi

"**California Capital Access Forum**, Inc., is a tax-exempt, non-profit, public benefit corporation that promotes public policy changes to remove obstacles facing entrepreneurs in their quest for equity and long term debt capital. The Forum seeks to create new and efficient capital markets for emerging ventures. It is a unique organization that addresses the systemic problems impeding access to growth and expansion capital, a major issue with highest priority for small business legislative and policy agendas."

CAL TECH/MIT ENTERPRISE FORUM

Mr. Gaylord E. Nichols, Jr.
Industrial Relations Center 1-90
Pasadena, CA 91125
Tel (818)395-4049
Fax (818)795-7174
Email: calforum@mit.edu
Internet URL: http://www.scor-net.com/

"The mission of the **Caltech/MIT Enterprise Forum** is to encourage the growth and success of technology-based entrepreneurial ventures in Southern California. The Forum offers CEO's of emerging technology-based companies the opportunity to present their business plans to a panel of experts selected by the Forum's Executive Committee. The Forum also offers programs which focus on specific topics of critical interest to technology entrepreneurs. Topical sessions have included overviews of financing alternatives, sessions on making the transition from corporate employee to entrepreneur, and sessions on using the Internet in all aspects of business. Meetings are held on the 3rd Tuesday of the month from 5:30 until 9:00 p.m."

CENTRAL COAST MIT ENTERPRISE FORUM, INC.

Mr. Donald J. King
The Marden Group, Inc.
30423 Canwood St., No. 215
Agoura Hills, CA 91301
Tel (818)879-2577
Fax (818)879-1015

See **MIT Enterprise Forum**, Cambridge MA entry.

LOS ANGELES TECHNOLOGY VENTURE FORUM

Economic Development Corporation
Ms. Judith Share Lapin
515 S. Flower Street, 32nd Floor
Los Angeles, CA 90071
Tel (213)622-4300
Fax (213)622-7100

The Los Angeles Technology Venture Forum "is designed to assist technology-based companies in emerging industries secure venture capital and alternative forums of finance. Participation in the Forum is based upon a competitive selection process made by the Forum Venture Capital Panel and will result in formal presentation by early to mid-stage companies." The forum is an annual spring event featuring about twelve companies and is organized by the Economic Development Corporation of Los Angeles County.

LOS ANGELES VENTURE ASSOCIATION

Ms. Christyne Buteyn
626 Santa Monica Blvd., Suite 129
Santa Monica, CA 90401
Tel (310)450-9544
Fax (310)395-0657
Email: Cbuteyn@aol.com
Internet URL: http://www.scor-net.com/

The Los Angeles Venture Association supports "emerging growth companies by providing access to financial, professional and educational resources." The Association organizes the Investment Capital Conference - Sources of Capital for Emerging Growth Companies.

MIT ENTERPRISE FORUM OF THE BAY AREA

Mr. Christopher Lynch
c/o BATS, Inc.
2650 San Tomas Expressway
Santa Clara, CA 95051
Tel (408)653-0201
Fax (408)654-9663
Email: bayforum@mit.edu

See **MIT Enterprise Forum**, Cambridge MA entry.

MIT ENTERPRISE FORUM OF SAN DIEGO, INC.

Mr. Kenneth P. King
Signal Consulting
12780 High Bluff Drive, Suite 250
San Diego, CA 92130
Tel (619)793-2123
Fax (619)793-2122
Email: sndforum@mit.edu

See **MIT Enterprise Forum**, Cambridge MA entry.

ORANGE COAST VENTURE GROUP

Ms. Renee Wagner
23011 Moulton Parkway, F2
Laguna Hills, CA 92653
Tel (714)859-3646
Fax (714)859-1707

The Orange Coast Venture Group sponsors luncheon meetings featuring speakers relevant to the entrepreneurial process. The Group serves entrepreneurs, capital providers and advisors with educational and networking opportunities.

PACIFIC VENTURE CAPITAL NETWORK

University of California, Irvine
ACCELERATE Technology SBDC
P.O. Box 4949
Irvine, CA 92716
Tel (714)509-2990

The Pacific Venture Capital Network (PACNET) provides a computerized matchmaking service between entrepreneurs and investors. PACNET is open to investors and entrepreneurs from any part of the U.S. Currently, 30 investors and 150 entrepreneurs belong to the network. Ventures most likely to benefit would require between $50,000 and $1 million in equity financing for early stage opportunities with the potential for generating substantial capital gains. Entrepreneurs pay a $250 fee for six months of membership. Investors pay $200 for a one year of membership.

PACNET is conducted under the auspices of the ACCELERATE Technology Small Business Development Center. ACCELERATE also provides business counseling (business planning, strategic planning, accounting, etc.), technical assistance, and financial counseling.

REGION 9: CALIFORNIA, NEVADA, ARIZONA & HAWAII

SAN DIEGO VENTURE GROUP

Ms. Kim Schaeffer
750 B Street, Suite 2400
San Diego, CA 92101
Tel (619)595-0284
Fax (619)231-8055

"The San Diego Venture Group is a non-profit organization designed to bring together the people in San Diego who are interested in new enterprise and the process of creating it." Monthly breakfast meetings feature venture speakers and "one minute forums" for participants to announce their plans and interests.

SILICON VALLEY CAPITAL NETWORK

Mr. Dennis Laudermilch
155A Moffert Park Drive, Ste. 104
Sunnyvale, CA 94089
Tel (408)541-7627

The Silicon Valley Capital Network's (SVCN) is a networking service that matches entrepreneurs with investors. Its mission is to "provide San Francisco Bay area ventures seeking $100,000 to $2 million of capital a concentrated source for potential early stage investors from around the world, and to provide these investors with a concentrated, quality stream of Silicon Valley deal flow..."

SVCN is a new network and has 75 investors and 85 companies participating. Although, technology based companies currently dominate the network, there are no industry restrictions. Entrepreneurs pay $300 for a six month membership. Individual investors and institutional investors pay $300 and $500, respectively, for a one year membership.

HAWAII VENTURE CAPITAL ASSOCIATION

Mr. Joseph Megna
805 Kainui Drive
Kailua, HI 96734
Tel (808)262-7329
Internet URL: http://www.scor-net.com/
Email: venture@htdc.org

"The Hawaii Venture Capital Association's mission is to assist in developing the infrastructure of service providers necessary to support Hawaii's entrepreneurs. HVCA will provide a service that broadens and diversifies Hawaii's economy in recognition of the vulnerability of a state economy dependent on tourism, military, and real estate ventures."

"HVCA's monthly meetings serve three primary functions: education, business plan exposure and networking. A speaker or panel, experienced in business start-ups, financing or venture capital is featured. Past topics have included franchising, intellectual property rights, venture capital formation, and local entrepreneurial success stories. After the formal presentations are completed, members have the opportunity to introduce themselves and develop new contacts."

ALASKA INVESTNET

Juneau Economic Development Council
Mr. Charles M. Northrip
400 Willoughby, Suite 211
Juneau, AK 99801-1724
Tel (907)463-3662
Fax (907)463-3929
Internet URL: http://www.ptialaska.net/~jedc/

"Alaska InvestNet is a service of J.E.D.C. providing potential investors with a convenient, confidential mechanism for examining opportunities to invest in entrepreneurial ventures in Alaska. InvestNet also serves professional venture capital funds and corporate investors. InvestNet provides entrepreneurs and new or growing businesses with a cost-effective process for reaching wealthy individuals and others interested in investing in early-stage or high-growth private companies."

InvestNet currently has 12 investors and 15 entrepreneurs in its network. Businesses seeking between $25 K and $500K in equity will benefit most from participation in this network. Entrepreneurs must submit an executive summary of their business plan and P&L statement, along with a two page application. Entrepreneur's pay a $100 fee for participation for one year. Investors pay a one-time $100 membership fee.

OREGON ENTERPRISE FORUM

Mr. Carl F. Flipper
2611 SW Third Ave. - Suite 200
Portland, OR 97201
Tel (503)222-2270
Fax (503)241-0827
Email: oreforum@mit.edu

See **MIT Enterprise Forum**, Cambridge MA entry.

MIT ENTERPRISE FORUM OF THE NORTHWEST

Ms. Carmen L. Smith
217 Ninth Avenue North
Seattle, WA 98109
Tel (206)623-8632
Fax (206)340-9599
Email: seaforum@mit.edu

"The MIT Enterprise Forum of the Northwest is part of an 18-chapter international network of MIT Forums that promote technology industries in local economies. ... Our primary focus is on helping entrepreneurial businesses develop and refine strategic plans through participation in our monthly Enterprise Forum."

NORTHWEST VENTURE GROUP

Mr. Mike Zahler
P.O. Box 21693
Seattle, WA 98111-3693
Tel (206)746-1973

"The Northwest Venture Group brings together entrepreneurs, investors, and service providers; guides entrepreneurs in how to be profitable; and provides education on how to acquire funding and on the investment process." The group organizes monthly breakfast meetings at which the five-minute forum allows small, growing companies to make presentations. Venture Advisory Panels are also provided to review business plans and strategies and offer recommendations. Finally, the Group also organizes Venture Forums at which selected growing Northwest companies make presentations to private investors. A newsletter covers a range of issues relevant to new and expanding enterprises.

REGION 10: NORTHWEST

WESTERN INVESTMENT NETWORK

Mr. Steven Lloyd
411 University Street
Suite 1200
Seattle, WA 98101
Tel (206)441-3123
Fax (206)463-6386

The Western Investment Network (WIN) provides a means for entrepreneurs to distribute their business plan summaries to a large group of potential investors. WIN does not do any preliminary matching and distributes all summaries to all member investors. WIN collaborates with the University of Washington Business School and the Institute of Applied Environmental Technology.

WIN contains approximately 760 investors and 100 entrepreneurs. The network primarily serves ventures in Oregon, Washington, Idaho and British Columbia seeking one million dollars or less in financing. Entrepreneurs pay $650 for six months of membership. Individual and corporate investors pay $100 and $750 respectively for one year of service.

ASSOCIATION OF VENTURE CLUBS

265 East 100 South, Suite 300
Salt Lake City, UT 84110 -3358
Tel (801)364-1100

The Association of Venture Clubs publishes a national list of venture clubs. This list provided some of the contacts for this publication.

THE COALITION OF COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS

924 Cherry Street, 2nd Floor
Philadelphia, PA 19107-2405
Tel (215)923-5363
Fax (215)923-4764

The CDFI Coalition promotes financial institutions that serve community development needs. Members include the Association for Enterprise Opportunity (415)415-2333 representing microenterprise lenders, the Community Development Venture Capital Alliance (218)722-0861, the National Association of Community Development Loan Funds (215)923-4754, the National Congress for Community Economic Development (202)234-5009, and the National Federation of Community Development Credit Unions (212)809-1850.

COUNCIL OF STATE COMMUNITY DEVELOPMENT AGENCIES

444 North Capital Street NW
Washington, DC
Tel (202)393-6435

The Council of State Community Development Agencies and the National Association of State Development Agencies (202)898-1302 provide contacts for state economic developers.

INTERNATIONAL VENTURE CAPITAL INSTITUTE

Mr. Carroll Greathouse
P.O. Box 1333
Stamford, CT 06904
Tel (203)323-3143

The International Venture Capital Institute offers three publications:
- *The IVCI Directory of Venture Networking Groups (Clubs) and Other Resources* (includes some of the same organizations profiled in this directory, as well as SBA, Economic Development and Small Business Center listings)
- *The IVCI Directory of Business Incubators and University Research and Science Parks*
- *The IVCI Directory of Venture Capital Seed and Early-Stage Funds*

NATIONAL ASSOCIATION OF SMALL BUSINESS INVESTMENT COMPANIES (SBICS)

1199 N. Fairfax Street, Suite 200
Alexandria, VA 22314
Tel (703)683-1601

The National Association of Small Business Investment Companies publishes a national guide to SBICs. SBICs are privately owned investment and venture capital firms that are licensed, regulated, and provided supplementary financing by the U.S. Small Business Administration.

NATIONAL FINANCE AND BUSINESS DEVELOPMENT ORGANIZATIONS

NATIONAL BUSINESS INCUBATION ASSOCIATION

20 East Circle Drive, Suite 190
Athens, Ohio 45701
Tel (614)593-4331

The National Business Incubation Association provides support to business incubator and entrepreneurial groups around the country.

NATIONAL COUNCIL FOR URBAN ECONOMIC DEVELOPMENT

1730 K Street, NW Suite 915
Washington, DC 20006
Tel (202)223-4735

The National Council for Urban Economic Development provides educational programs and publications to foster economic development in U.S. cities.

NATIONAL VENTURE CAPITAL ASSOCIATION

1655 North Fort Myer Drive
Suite 700
Arlington, VA 22209
Tel (703)351-5269
Fax (703)525-8841

The National Venture Capital Association provides conferences and services to venture capital firms.

SOCIAL INVESTMENT FORUM

Ms. Lauren Valenti
P.O. Box 2234
Boston, MA 02107
Tel (617)451-3369
Fax (617)451-3447

"**The Social Investment Forum** is a national membership association dedicated to promoting the concept and practice of socially and environmentally responsible investing. The Forum is a not-for-profit organizations made up of over 1,000 professionals, individuals and institutions seeking ways to use their investment dollars to encourage positive growth and change in society." The Forum publishes an annual guide to its members and hosts regional chapters around the country which conduct conferences and educational programs. Members include brokers, community development banks and loan funds, financial planners, investment managers, money market funds and mutual funds.

FEDERAL GOVERNMENT BUSINESS FINANCING PROGRAMS

U. S. SMALL BUSINESS ADMINISTRATION (SBA)

U.S. SBA, (800)8-ASKSBA (This number can direct callers to their nearest SBA District Office, from which the 504 Loan Program, 7(a) Guaranteed Loan Program and the Small Business Investment Company (SBIC) Program are administered.)

The Small Business Innovative Research (SBIR) Program, Office of Innovation Research and Technology, (202)205-6540. (Research and technology development grants.)

SBA Online, Direct modem connection via (800)697-4636, or internet connection to site http://www.sbaonline.sba.gov. (Full description of SBA programs, SBIR solicitations, regional offices, SBA lenders.)

U.S. FARMERS HOME ADMINISTRATION (FMHA)

Intermediary Relending Program, Community Facilities Program, (202)720-1490.

Business and Industrial Loan Program, B&I Loan Program, (202)690-4100.

General FmHA information, (202)720-4323.

U.S. HOUSING AND URBAN DEVELOPMENT (HUD) FINANCING

Section 108 Loan Guarantees, Community Development Block Grants (CDBG), Economic Development Initiatives

Contact information: HUD Community Planning Division, (202)708-1871, General HUD information line (202)708-1422.

U.S. ECONOMIC DEVELOPMENT ADMINISTRATION (EDA)

Public Works and Development Facilities Program, Title IX Economic Adjustment Program, Additional Assistance Programs, Economic Development Administration (202)482-4067 in DC, Regional Offices: Philadelphia (215)597-4603, Atlanta (404)730-3002, Chicago (312)353-7706, Austin (512)482-5461, Denver (303)844-4714, Seattle (206)220-7660, Oakland (510)637-2988.

U.S. SECURITIES AND EXCHANGE COMMISSION

Main information line, Securities and Exchange Commission, (800)SEC-0330.

Publications Department, (202)942-4040. (Request Small Business financing information.)

Office of Small Business Policy, (202)942-2950.

(Also contact state Secretary of State offices for information on state security regulations and "blue sky" laws.)

Internet site: http://www.sec.gov