

Vermont Investors Forum helps companies grow.

Published: Sunday, August 28, 2005

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When Carolyn Cooke and Poppy Gall attended the Vermont Investors Forum, they wanted to raise at least \$200,000 for their women's outdoor clothing company.

Isis, the company, was just 3 months old and neither woman had experience raising money from outside investors. The year was 1998. Dot-coms were the investment du jour. Aside from some of the fabrics they planned to use, there wasn't much that was high-tech in Cooke and Gall's business plan.

Presenting their vision to a room full of investors, most of them men, they wondered if anyone would be interested. Someone was -- a 5-foot-tall woman fresh from a frustrating shopping trip to a local outdoor sporting goods store where she couldn't find a jacket that fit. Betsy Walkerman "got it. "

Walkerman was among the "angel" investors who emerged at the forum and within six weeks she became the company's chief financial officer. The investors forum proved to be a vital tool for young Isis.

"It was great at the initial early stages to have that kind of support and guidance for the business," Cooke said.
Looking for angels

Seven years later, Isis is averaging sales growth of 60 percent a year, employs 12 and does about \$5 million in sales. The Vermont Investors Forum is also going strong, giving businesses a chance to tell their stories and persuade investors to take the plunge.

From its launch in 1993 through 2004, approximately 32 companies received about \$19 million in financing through the forum, said Cairn Cross, a Middlebury venture capitalist who co-chairs the event.

Venture capital is money usually invested in small, young companies with growth promise. Investors typically take an active role in the companies they invest in and get equity in the company.

In 2002 an estimated \$12.2 million in venture capital flowed to companies in the state, according to a survey conducted by FreshTracks Capital in Middlebury where Cross is managing director. That's a tiny fraction of the \$2.8 billion in venture capital invested in New England in 2002, according to the MoneyTree Survey compiled as a collaboration among PricewaterhouseCoopers, Thomson Venture Economics and the National Venture Capital Association.

While Vermont barely registers on the venture capital radar, the state's opportunities tend to be quirky and unique. Cross recalled a presenter who was looking to produce a handlebar-like device to make it easier to steer a snowboard.

Food products, snowboard companies and other outdoor recreation companies are frequently included on the roster of presenters. That's to be expected when many of the bigger companies in the state, such as Green Mountain Coffee Roasters; Ben & Jerry's Homemade Inc.; and Burton Snowboards have employees who start their own businesses or draw people with similar

interests to the state, Cross said.

Companies at the forum are typically looking for "angel" or small venture capital investment, usually in the range of \$100,000 to \$1 million, Cross said. This fall's conference, scheduled for Oct. 28 in Stowe, marks the 13th annual event.

From nine to 12 Vermont companies searching for capital will be selected to showcase their companies before 35 to 55 investors, most from New England.

Invitees are assigned a coach and asked to prepare a 10-minute presentation. A few weeks prior to the forum, companies' presentations are critiqued by their coaches.

Presenting doesn't ensure a company will find investors. Typically about 30 percent get the money they are looking for, a third get some of what they want, and about one third are unsuccessful, Cross said.

Even if companies don't walk away with money, the process provides a primer on how to sharpen a company's vision and message and aim it at investors.

"It provides an opportunity for a fledgling company to get up and tell a compelling story about their technology and business model, an opportunity for some networking and hopefully an opportunity to receive some funding," said Thomas Rainey, president of the Center for Emerging Technologies at the University of Vermont. "The whole process is beneficial."
Getting the word out

Magic Hat Brewing Co. owner Alan Newman recalled the micro beer company was mostly vision and not much beer back in 1994 when he presented at the forum.

"It was smoke and mirrors at that time," Newman said.

The category, microbrewing, was hot, however. At that time, Magic Hat was brewed in Maine on a small scale and Newman wanted to move the company to Burlington to step up production.

Now Magic Hat is one of the leading brewers on the East Coast. Newman couldn't recall how much money he raised at the time, but said the forum provided key contacts.

Making contacts works both ways. Investment companies get the chance to see an array of companies in one place, in one day.

For CEI Ventures Inc. in Portland, Maine, the Vermont forum typically includes the type of socially responsible companies the firm looks to invest in, said Nat Henshaw, president. In five years CEI has invested \$2 million in Vermont companies, including Isis.

Not all companies that attend the forum are early stage.

SB Electronics in Barre was a 57-year-old family electronics manufacturing business with flagging sales and stiff competition from overseas when President Ed Sawyer came to the forum in 2003. The company had to reinvent itself or, like so many other Vermont manufacturers, close down.

The company needed to raise \$400,000 to produce a new technology for use in stun guns.

"This was the first time that we raised capital external of traditional bank lending," Sawyer said.

Despite skepticism about investing in U.S. manufacturing, SB Electronics raised the money.

The forum wasn't the direct source of financing, but some of the investors who did commit were

at the forum and the event served as yet another way to get the word out to key people.

"It's the whole circuit that people raising money go through. If you take any one of the pieces out you don't know that it won't work," Sawyer said.

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