

Despite Slowdown, UNH Prof Says Angels Still Investing

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DURHAM, N.H. -- There's no doubt that funding sources for entrepreneurial investment are down by about 10 to 15 percent this year from last, says Jeffrey Sohl, director of the University of New Hampshire's Center for Venture Research. But not all the angels -- wealthy investors who help to finance business start-ups -- have flown away, and capital is still available if one knows where to look, he says.

He estimates that angels invested \$40 billion over the 12 months just ended. While this represents some restructuring in the angel market, there does not appear to be the sharp decline in funding seen in other sources of private equity, he adds. Locally, New Hampshire appears to be in reasonably good shape, with private equity investments holding steady. In addition, the state has a diverse base of industry with which to attract private equity investments, Sohl notes.

In such an economy, a down-to-earth approach and some networking are two tickets which will allow entrepreneurial access to angels willing to stake the \$100,000 to \$2.5 million usually invested, adds Sohl, who is also the William Rosenberg professor of decision science at UNH's Whittemore School of Business and Economics. The practical approach means recognizing that investors will only look seriously at companies with strong management experience, high growth potential, and a solid knowledge of their customer base. They must offer real products -- rather than just ideas -- as well, with potential sales in the \$100 million range.

In many ways, the current market reflects a healthy trend -- the opportunists are gone and the investors remaining "will not be taking flights of fancy," Sohl comments.

Valuations are also at a more reasonable level. Companies that have the basics in place can feel confident in looking for venture capital. A Massachusetts-based angel group, "CommonAngels," has 90 members who are still actively evaluating new ventures, for example. Last year, they cut nearly a dozen deals and invested \$10 million overall. To see a sampling of the many matching networks around the country, see the UNH Center's Website: www.unh.edu/cvr.

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