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Venture Communities Guidelines



Prepared for

**WORKFORCE INNOVATION IN REGIONAL
ECONOMIC DEVELOPMENT (WIRED)
CALIFORNIA INNOVATION CORRIDOR (CIC)**

Task 1.1 Economic Development Toolkit

Documenting processes, successes, constraints, and obstacles

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Executive Summary

Venture Communities is a program offered by Golden Capital Network (GCN) to help communities identify and assist innovation entrepreneurs. This document provides guidelines for implementing a Venture Communities program and describes lessons learned from three pilot programs and the alternative Venture Island™ format.

The **primary components** of Venture Communities are:

- **Leadership.** A local Steering Committee of private sector stakeholders and investors, as well as typical nonprofit service providers, assists in identifying innovation entrepreneurs within the community, plans events, and conducts follow-up activities.
- **Events.** A primary venture forum event plus a minimum of quarterly follow-up activities are used to attract previously unknown companies and facilitate networking among entrepreneurs, investors, and stakeholders.
- **Venture Communities Online.** A computer portal connecting companies, investors and providers in all the participating regions. It showcases companies and investors, maintaining momentum and supporting networking between events.

Venture Communities is a **hub and spokes network**, with GCN serving as the hub that connects communities and regions (the spokes). There are several advantages over staging such activities without the hub support or spoke contact with other communities:

- **Access to investors.** A key attraction for entrepreneurs' participation is face time with legitimate investors. GCN has a pool of investors that most communities alone would not be able to access.
- **Coaching and mentoring.** GCN provides high-level experts to coach and mentor participating companies. Additional webinar support is planned.
- **Website/Online network.** Venture Communities Online provides visibility to companies and investors throughout the network.
- **Networking.** Connections with peers, potential employees, professional service providers and investors are critical to a company's growth, and this knows no geographic boundaries.

Three **pilot programs** were conducted under the CSA WIRED grant. Kick-off events were held March through June 2008.

- **Central Coast.** A localized program in San Luis Obispo County and Santa Maria.
- **Monterey Bay Area.** A program to assist local entrepreneurs that held an event open to all western U.S. innovators.
- **California New 100.** A cross-regional event showcasing emerging and middle market companies in the 19-county Central Valley.

- In addition, **Venture Island Chico** is described because it offered an alternate multi-session, competition-based format for staging the event.

Among the **lessons learned** in staging the programs:

- **Program Execution**

Implementation of the pilot programs pointed to several factors that support success.

- Finding entrepreneurs: funding is the "cheese in the trap."
- Attracting investors: companies are the "cheese in the trap."
- It's more than an event.
- It is scalable.
- Keep private sector stakeholders in the forefront.
- A hub and spokes system adds value to communities.
- Venture Communities Online requires local promotion.
- One-Year Benchmark is Too Short.

Tracking innovators requires different metrics.

- **Innovation Entrepreneurs**

Innovation entrepreneurs possess characteristics that local leaders should understand.

- Growth companies don't care about geopolitical boundaries.
- Entrepreneurs need a better understanding of risk capital.
- Innovators have different workforce needs.
- Middle market companies are also important.
- Some grant programs may limit assistance to entrepreneurs.

- **Leadership**

There are steps the local leadership can take to support entrepreneurial development.

- Take ownership.
- Engage the private sector.
- Understand the financing food chain.
- Understand the entrepreneur ecosystem.
- Understand liquidity events.
- Understand soft infrastructure.
- Become innovation brokers.
- Build relationships.

- **Community Preparedness**

To fully support innovation entrepreneurs, the following conditions should exist in a community.

- Visibility for innovators.
- Vertical and functional networks.
- Access to all stages of capital.
- Access to talent.
- Access to customers and strategic partners.
- Innovators need anchor companies.

UNDERSTANDING VENTURE COMMUNITIES

Introduction to Venture Communities

Golden Capital Network (GCN) designed the Venture Communities program to help communities and regions foster entrepreneurial development in communities or regions of over 100,000 population. The program was a refinement of previous activities spearheaded by GCN. The program supports locally driven efforts with the addition of coaching, an online network, and national showcasing of companies.

Through CSA WIRED, GCN launched three pilot Venture Communities programs:

- Central Coast Capital Network (San Luis Obispo, Santa Maria)
- Monterey Bay Capital Network (Monterey and San Benito counties)
- New California 100 (a broader focused event to shine a spotlight on Central California companies)

In total, eight Venture Communities programs have been launched as of this writing. This guidebook documents the process for implementing such a program, including lessons learned from the pilot programs and additional Venture Communities programs.

What is an Entrepreneur?

In the broadest interpretation, *entrepreneur* refers to anyone who takes the risk of operating a business; however, Venture Communities focuses on those entrepreneurs who can have the highest impact on a community. Perhaps the easiest way to understand this is to draw a distinction between two types of entrepreneur: *lifestyle* and *high growth*.

Lifestyle Entrepreneur. This is a typical small business: a private company selling products and services to a local and/or regional market and primarily recycling consumer dollars in the local market. A lifestyle company is usually financed by the founder, family, friends and/or debt financing; it is not a likely candidate for angel and venture capital investors. Lifestyle entrepreneurs account for roughly 85 percent of U.S. start-ups, according to the Council on Competitiveness. These companies should be referred for the type of assistance typically offered in most communities, such as small business financing, SCORE counseling, small business development center programs, and workforce programs.

High Growth Entrepreneur. Often referred to as a growth company or innovation entrepreneur, this is a private company selling innovative products and services to a national and/or global market. The company is built for rapid growth and future acquisition or initial public offering (IPO). When we say “entrepreneur” in the context of Venture Communities, we are referring to these high growth companies. While lifestyle companies are well-served by community organizations, growth companies typically are not. That niche is served by Venture Communities.

What Regions Have Growth Companies?

Growth companies can be found in nearly any community of 100,000 or more. The community may not have the concentrations of a Silicon Valley, but innovation has no boundaries—particularly if there is a university nearby, or an industry cluster that spawns creativity.

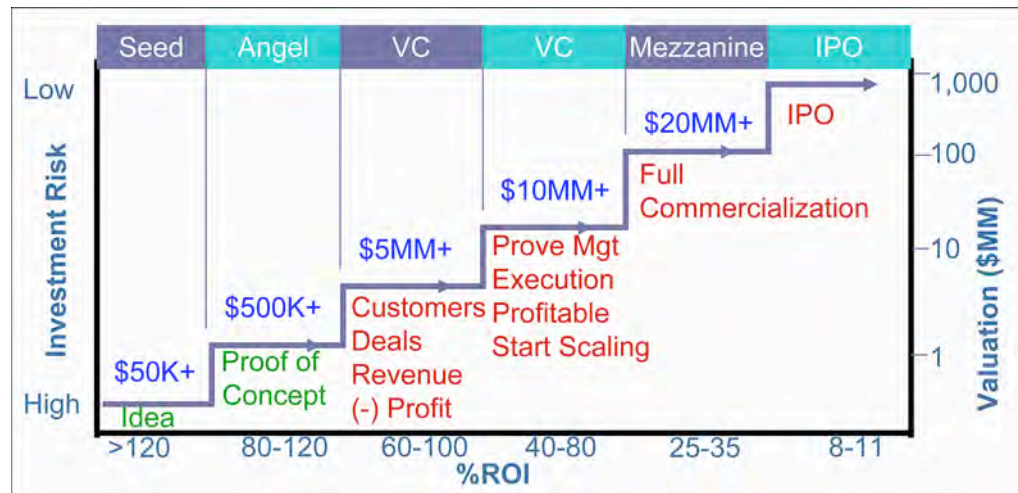
Why are Growth Entrepreneurs Important to the Economy?

Through rapid growth and the infusion of consumer dollars from outside the region, high growth entrepreneurs have a disproportionate impact on the local economy.

Key Growth Venture Metrics

- Growth companies, represent only 5-15% of all U.S. businesses, yet they created two-thirds of all new jobs during the 1990s (NCOE, August 2002).
- Growth companies have created 50% of innovations, 95% of radical, revolutionary innovations.
- Growth companies have created entire new industry sectors, such as biotech, online retail, wireless messaging, and many others.
- Venture-backed growth companies paid \$58.8 billion in federal taxes and \$7.9 billion in state and local taxes (NVCA, March 2004)

What Are Milestones?



Investment stages of a growth company.

There are certain accomplishments in the growth of a company that are critical for the company to achieve market validation. Passage through these milestones signifies maturation and builds the confidence of potential investors. Milestones may be achieved in product development, product release, substantial capitalization, personnel, customer traction, and partnerships.

Examples of ways a company can demonstrate it is sustainable include:

- Securing customers
- Securing key executive team or board members

- Launching a new product or service
- Capital round of funding
- Formalizing a strategic partnership of some kind

What is the Entrepreneurial Ecosystem?

Those entrepreneurs growing a business that is scalable beyond the community require services that operate at a higher plane than regional businesses. This entrepreneurial ecosystem includes professional services, C-level executives, peers, and anchor companies. Examples of these needs include:

- **Attorneys.** Specialized in corporate structure setup, intellectual property, and international law.
- **Internet developers.** Expertise in new media.
- **Risk management.** Specialized insurance providers.
- **Accounting firms.** Familiarity with Sarbanes-Oxley, acquisitions, and mergers.
- **Executive talent.** The first key hires of a growth company are not entry level; they are rounding out the management team. They often come from early retirees or semi-retired executives or people in transition.

Growth companies will have similarly high-level requirements in marketing and communications, business valuation, real estate/architecture (usually just a one-time need), and management consulting.

The Three Needs of Growth Companies

While innovation entrepreneurs are associated with the tech-heavy clusters in Silicon Valley and Northern Carolina’s Research Triangle, they can flourish anywhere, provided their needs are met. Three components are important to the development of growth companies:

1. Local private equity investment capacity
2. Targeted business assistance services
3. Deal flow generation programs and activities

Increasing the availability of capital alone is not sufficient for growth company entrepreneurs to succeed. It is critical to provide sustained business assistance to companies, while also implementing “deal flow” generating programs and activities to identify and cultivate a pipeline of potential investment deals. Venture Communities facilitates these activities.

What is Venture Communities?

GCN designed Venture Communities as a comprehensive, sustainable program for communities and regions to accelerate the development and success of innovation-based growth companies, resulting in job creation and attraction of income from outside the area.

At the heart of GCN's Venture Communities philosophy is the belief that every community or region has entrepreneurs with the potential to become players in the national or global arena. In order to grow, these companies need assistance with matters that historically have not been addressed by community-based organizations; however, there are other local or regional mentors and investors, usually from the private sector, who can often provide much of that support. Economic development, workforce investment, chambers of commerce and other community organizations can play a critical role as catalyzing agents to mobilize these local and regional resources. This is an important role due to the highly competitive and confidential nature of the private sector, which often manifests itself in a fragmented innovation growth venture ecosystem.

Through an annual license fee, Venture Communities serves as a cost-effective “plug-in” solution by providing proprietary training, templates, resources, technology tools and connections that are essential for assisting growth companies. GCN's solution also brings to bear the expertise and resources of GCN's extensive private sector network of angel groups, venture capital funds, executive mentors and national and global professional service provider organizations through its virtual meeting center via WebEx.

Underlying Assumptions and Drivers

- Growth company entrepreneurs are the strongest drivers of wealth creation, job creation, and regional competitiveness.
- Most communities and regions do not effectively serve innovation entrepreneurs.
- Growth company entrepreneurs who are building companies that sell innovative products and services to a national and global market typically have different capital and business services needs than small businesses.
- Generating a critical mass of innovative businesses and their other value-add contributors requires an organized, regional approach.

Cast of Characters

CAST OF CHARACTERS

This is a “cheat sheet” to the many groups referred to in this guide.

Local Leadership. The organizer that orchestrates the local Venture Communities program.

Catalyst Committee. A planning committee with representatives from each of the key groups who will plan the kick-off event and advocate for the program.

Coaching Team. A team of executive mentors trained to advise growth companies about their business model and presentation to investors.

Growth Entrepreneur. There are many shades of “growth company,” but in a nutshell, they are the entrepreneurs within the community who have the potential to grow rapidly, earn substantial revenues, and serve markets beyond the local region. These companies are targeted by the Venture Communities program.

Lifestyle Entrepreneur. Typical small business selling products and services to a local market. These companies are referred for traditional workforce/small business assistance.

Investor. Angel Investor or Venture Capitalist who injects funds in the early rounds of a growth company’s capital financing.

Executive Mentor. Member of Coaching Team; a growth company veteran who has the level of expertise to provide advice to an emerging growth company; the mentor may be an entrepreneur or a service provider with a particular expertise in legal, financial, technical, or marketing issues.

Nonprofit Infrastructure. Workforce, economic development, and small business advocates who typically assist lifestyle entrepreneurs. While these organizations may not be equipped to provide direct assistance to growth entrepreneurs, their participation and advocacy is vital. In some communities, Venture Communities may plug in to these existing services.

Golden Capital Network (GCN). Venture Communities provider. GCN provides initial training and tools to launch the local program. These tools include the Venture Communities website, event templates, webinars, and advisors. For companies that are ready, GCN provides entrée to a network of experts and targeted angel and venture capital investors.

Industry Advisory Board. A group of non-local executive mentors who are available through the GCN network to assist growth companies with a particular area of expertise via virtual meeting.

Assessing People and Infrastructure

At the onset of the Venture Communities program, the local leadership identifies local growth companies and angel and venture capital investors, and assembles a team to assist them. The strongest network participants will be those who have grown a company themselves or have firsthand knowledge about operating a company on a global scale. The community should seek people in the following categories:

- Growth entrepreneurs
- Angel and venture capital investors
- Executive mentors
- Nonprofit infrastructure
- Private corporations

How are these people identified? The core of the process is networking and referrals—talking to people, asking them to talk to people, and publicizing the effort in the media. The community should be building a database as it identifies new individuals.

Growth Entrepreneurs

These are the companies the community will cultivate. The growth companies selected for this program should meet the following criteria:

- Greater than regional/lifestyle business potential
- Product or service with demonstrated statewide, national or international demand
- Ownership/management with the desire to penetrate large markets and grow a large venture
- Companies can be in startup or growth stages, but there should be a business, not just an invention; product should be beyond the paper invention stage.

How to Find Growth Companies

The trick is knowing where to look—especially when it comes to finding emerging companies that may still be at the “working out of the garage” stage. They often fall into one of the following groups:

- **Executives or technologists within national technology firms.** Large firms (think Intel or 3M) are often breeding grounds for entrepreneurial thinkers.
- **Serial entrepreneurs.** An individual who has brought one company public and has potential to do it again.
- **Researchers and faculty.** These people are typically found within research and development units of universities and private research institutions.
- **Students.** Unfettered by the restrictions of “conventional thinking” students in the engineering, computer sciences, and science fields are natural innovators.

The following activities will help the community identify and develop a database of growth companies.

- **Ask known growth companies.** Ask known entrepreneurs for initial data collection and ask for referrals. Also talk to local, established private sector business leaders.
- **Ask existing business groups.** Make presentations about the Venture Communities program to influential organizations in the community. Pay particular attention to private sector groups, such as AEA and trade associations.
- **Hold Venture Communities event.** This event introduces the Venture Communities program to the community and provides a networking venue for growth companies, investors, and service providers to mingle. Most of the key players, including growth companies, should be identified before holding this event, but advertising may reach some who were previously overlooked.

Investors

Capital funding is a key requirement among growth companies. For those who fit the angel/venture mold, the source of that funding evolves with the business, from seed money, through angel funding, to venture capital. One goal of the Venture Communities program is to identify and cultivate the local private investment community. The target is experienced investors capable of making high-risk investments without risking their retirement. Some will have an interest in a specific industry sector, while others are looking for earning potential in any field.

Angel Investors

Angel investors are high net worth individuals who invest in growth companies primarily because of affinity with the company and/or a chance for a high rate of return. Accredited angel investors have a net worth of at least \$1 million and have had an annual income of at least \$200,000 during one of the last two years. Accredited investors are important when the time comes for a private company to sell securities. Angel investor groups meet regularly for social interaction and to view presentations by pre-screened companies seeking capital.

Venture Capitalists

A venture capitalist is a professional investor who manages a fund for limited partners, focusing on high-risk, high-return investments. As with angel investors, some may be focused on a specific industry and others are interested in any worthy opportunity. Are there any local or regional funds in the area?

The targeted investors should meet at least one of the following criteria:

- Venture capital fund
- Accredited investor per SEC compliance rules
- Demonstrated track record of having invested in OR stated interest and ability to invest in local growth companies

- Bank with policy and history of lending to growth companies for start-up or expansion

How to Find Investors

One advantage of the Venture Communities program is that it showcases the community's growth entrepreneurs to GCN's existing network of investors. Through coaching, the program also helps companies put forth a more effective appeal for funding. The community should work to identify local angel/venture investors to supplement the broader network. These investors will benefit from access to a broader pool of early-stage companies to consider, as well as networking opportunities with each other. The following activities can be used to build this list:

- Talk to entrepreneurs
- Talk to business groups about the program
- Ask financial institutions for referrals
- Hold Venture Communities event

Executive Mentors

The community should have a pool of at least 15 to 20 advisors in the local area to mentor growth companies. After receiving training from GCN, this core group will become the Coaching Team to assist companies in preparing their business model. As long as their services are not requested too frequently, these people will donate their time, both to give back to community and because they are looking for their own next opportunity.

Because growth entrepreneurs are poised for activity on a national or global scale, their mentoring needs differ from those of the local small business. Whereas small business mentors are typified by ex-bankers, retired corporate managers or sole proprietors (SCORE is a prime example), growth companies need mentors who have personally experienced milestones such as launching a new product or service, going through a round of capital funding, or formalizing a strategic partnership. In addition to successful entrepreneurs, the community should look for private sector professional service providers with expertise dealing with firms with scalable products or services. For example, the PR firm will have connections to the Wall Street Journal as well as the local daily. The attorney will understand not only local business law and corporate structures but also the intricacies of capitalization tables.

Executive mentors are usually drawn from the following pools:

- **Serial Entrepreneurs.** Serial entrepreneurs have taken companies public or sold at a multiple of investment return. As previously noted, serial entrepreneurs may also have a new growth company of their own, in which case, they are candidates for Venture Communities services in their own right.
- **Founding Executive Teams.** People who served on the founding executive teams of a successful growth company.

- **Service Providers.** People who provide services to emerging growth companies (e.g., law firms specializing in private equity, accounting, marketing/PR; also, angel investors and venture capitalists themselves).
- **Global 2000 Companies.** Executives and business developers within Global 2000 companies who may acquire, purchase from or partner with growth companies.

In addition to expertise in their given field, advisors for growth companies should exhibit these qualities:

- Track record of adding value to growth companies
- Willingness to work with community growth companies on a nominal initial level to establish good will and relationships prior to engaging companies in a service agreement
- Good people skills

How to Find Executive Mentors

As the community conducts its search for entrepreneurs and investors, it will naturally encounter potential executive mentors, as well. These activities will typically help generate a list of mentors:

- Talk to entrepreneurs
- Talk to investors
- Talk to business groups about the program
- Talk to the nonprofit infrastructure that may have contact with some of these individuals
- Hold Venture Communities event

Nonprofit Infrastructure

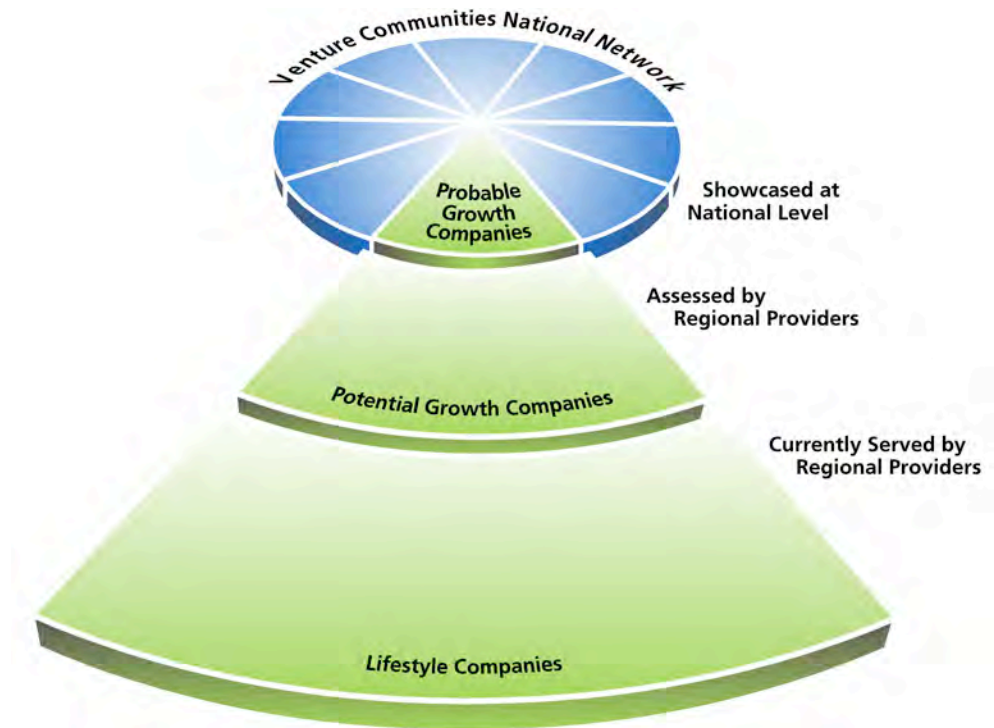
These are the traditional organizations that assist local businesses. Typically, they are not the primary source of referrals for growth companies; however, it is important to keep them in the communication network. First, they may run across growth companies they can refer to Venture Communities. Second, they may be able to assist some growth companies with certain needs such as specialized training for the workforce. Finally, the Venture Communities leadership will come in contact with some companies that do not meet the growth company criteria. These companies can be referred for traditional business assistance. The nonprofit infrastructure may encompass any of the following:

- EDC
- Chamber
- SBDC
- WIB
- Federal labs
- Community college and universities

- Private colleges
- City and county programs

Overview of Venture Communities Activities

THE INNOVATION ECOSYSTEM



Venture Communities is a hub-and-spokes system, linking participating communities' growth entrepreneurs with a larger sphere of like-minded peers, investors, and advisors. With GCN's guidance, the community provides potential growth companies with localized services and expose its probable growth companies to the national network.

The Benefits:

- Networking with other entrepreneurs in the system
- Showcasing growth companies to investors throughout the network
- Mentoring early-stage companies to prepare for funding rounds

Key Components

Venture Communities is driven by two engines: *Events* and *Venture Communities Online*.

Events

The community holds a kick-off event and follow-up events to focus attention on the program, draw out the key players, and create networking opportunities for their entrepreneurs and investors (see Events chapter for more details). The events focus on angel and venture funding, a major draw for innovation entrepreneurs; they are designed to be both entertaining and educational.

Community's Role:

- Identify/contact stakeholders to sit on Catalyst Committee
- Identify/contact growth entrepreneurs to participate in event
- Identify local coaches to be trained by GCN
- Arrange venue and event logistics in cooperation with GCN
- Promote event with support from GCN

Support provided by GCN:

- On-site, in-depth training session with Catalyst Committee
- Templates for organizing local events
- Template PowerPoint presentation for local champion(s) to evangelize their local growth venture story to policymakers, business groups and civic leaders to help mobilize community support
- Regional promotion via Venture Communities Online
- Virtual training of their local Coaching Team
- Virtual mentoring of entrepreneur-presenters in coordination with the local Coaching Team

Venture Communities Online

Through Venture Communities Online, GCN provides communities with a ready-made website to showcase companies, investors, and service providers and promote events. The website is linked to other Venture Communities. The website maintains momentum between events by serving as a communications and networking tool. There is space to highlight companies, investors and advisors, promote and manage events, and broadcast news items. Companies can report on milestones and invite other users to view a detailed profile. Users can search for companies and investors based on various criteria and establish a watch list to track companies and industry news, Venture Communities online is also a cross-regional portal to companies, investors, and events in other communities.

Community's Role:

- Populate site with initial company and service provider listings.
- Update Events section to publicize the community's events
- Remind/motivate companies to update their milestones and post news to the site.

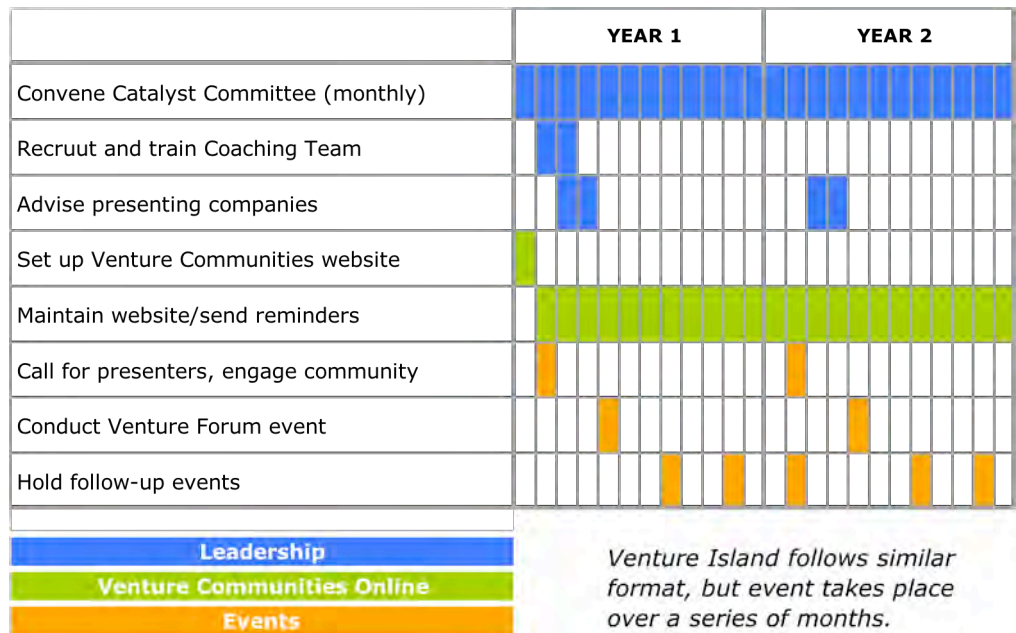
Support provided by GCN:

- Content management system and support
- User's manual
- Support documents and resources for event/presentation management and training
- Optional online event registration through GCN's partnership with Amplifyllc.com
- Over 9,000 news subscribers

Timeline

In the first year of the Venture Communities program, the community will conduct the activities listed below. Scheduling may vary, but this gives a rough picture of how the program proceeds.

SAMPLE VENTURE COMMUNITIES SCHEDULE OF MILESTONE ACTIVITIES



Note: See Checklist in Appendix for full details

Anticipated Local Staffing Needs

The following types of activities will require some level of local administrative support:

- Scheduling committee meetings and advising sessions
- Organizing and coordinating activities for the events
- Administering and updating the Venture Communities website

Expected Outcomes

- The community will know who their growth companies are.

- The community will know who their local angel and venture capitalists are, and they will be able to match them up with appropriate, qualifying projects.
- The community will have an active local private sector network that includes executive mentors, suppliers, potential buyers, and professional service providers.
- The community's growth companies will be better prepared for each milestone, and their odds of obtaining funding at each stage will be improved.
- The community's growth companies will have increased exposure to potential investors and networking opportunities and cross-regional collaboration with other entrepreneurs throughout the Venture Communities network.
- Those companies fitting the angel/venture model will have improved chances of acquiring funding.
- Ultimately, as local growth companies prosper, the community will have a steadier stream of income filtering in and improved employment opportunities for its residents.

Pilot Programs

As part of the WIRED California Innovation Corridor (CIC) initiatives, GCN established three pilot Venture Communities programs. Two followed the steps detailed in this report. The third, New California 100, took a cross-regional approach and targeted middle market entrepreneurs. The programs are compared in detail in the Case Studies chapter.

Central Coast Capital Network

Guided by the Economic Vitality Corp. (EVC), the Central Coast Capital Network Venture Communities program served the coastal region encompassing San Luis Obispo County and the City of Santa Maria, representing a population of approximately 360,000. The "EVC Venture Capital Event," was held March 18, 2008, at the Madonna Inn Expo Center in San Luis Obispo.

Monterey Bay Capital Network

A coalition of communities in the area that encompasses Monterey and San Benito counties, representing a population of roughly 752,800, launched the Monterey Bay Capital Network in 2008 to implement a Venture Communities program. The Association for Monterey Bay Area Governments (AMBAG) was the lead partner. Their first event, the 2008 West Coast Venture Capital Conference, was held March 10-11, 2008, at the Monterey Plaza Hotel and Spa in Monterey.

New California 100

The New California 100 event was held in Davis on June 17, 2008. As described in the Case Studies chapter, this event took a cross-regional approach, shining the spotlight on mid-market companies from the 19-county Central Valley.

GUIDELINES FOR IMPLEMENTATION

Leadership

LEADERSHIP OVERVIEW

Description: The Catalyst Committee is the local entity that oversees the program. It may plug into an existing structure or it may be developed specifically for this program. The Coaching Team screens and mentors growth companies.

Purpose:

- Advocacy within community and alignment with other local organizations
- Connections to innovation entrepreneurs, investors, service providers
- Mentoring growth companies

Roles and Responsibilities:

Community Organizer: Invite participation, coordinate committee meetings.

Catalyst Committee: Serve as umbrella group to guide the program; advocate program to core audience, assist in planning the event, assist in building target list of entrepreneurs and investors; meet monthly (or quarterly, at a bare minimum).

Coaching Team: Screen and mentor presenting companies in partnership with GCN.

Other Subcommittees: If desired, other subcommittees may support activity such as the web portal and media outreach.

GCN: Facilitate preliminary meeting of catalyst committee; train coaching committee; supplement local coaching team with outside experts via web conferencing; facilitate company screening process.

Timing: The Catalyst Committee will provide leadership during formation of the program, leading up to the showcasing event, and implement follow-up activities to sustain momentum after the event.

See task list at the end of this guide.

Who Leads the Venture Communities Program?

Venture Communities activities will fall under the guidance of a local **Catalyst Committee**. The size and shape of this committee will be determined by the community's needs and assets. A committee may already exist that Venture Communities can plug into, or a new committee may be formed. The goal is to leverage existing momentum, not add another layer of bureaucracy.

To achieve buy-in from investors and entrepreneurs, the committee should enlist high impact "business builders." These people—investors, company founders, CEOs, and private sector professionals experienced in serving high growth companies—are

respected peers of the target audience. They have the power to influence and engage the players. Traditional nonprofit and public sector partners play more of a supporting role—they are not the chief actors, but their support and referrals are important.

Various subcommittees may be formed related to the event, publicity, or establishment of the Venture Communities Online web portal, but one required group is a **Coaching Team** (described below) to mentor presenting companies.

The Catalyst Committee

The Catalyst Committee will actively engage in moving the program forward. Another critical function of this committee is alignment with other programs and providers, to avoid in-fighting and turf wars. Depending on each participant's background and expertise, individual members will participate in some or all of the following activities:

- Promote the Venture Communities program
 - Serve as local champions to talk about the program
- Help build the agenda for the event
 - Contact or serve as speakers/panelists
 - Serve as panel moderators
 - Point to local companies to showcase
- Recruit sponsors
- Communications and media relations
 - Assist with newsletter, PR, e-blasts, advertisements
- Advise and mentor through the Coaching Team
 - Screen applicants for the event
 - Coach companies to be showcased at event
- Participate in and promote follow-up activities

This group will be responsible for decision-making, and perhaps some of the legwork, related to the theme, budget, speakers, and logistics of the event. Experience has shown that active participation in an organization produces buy-in, and that is desired from these members: advocacy within the community and devotion of time and resources to the Venture Communities program.

Composition of Catalyst Committee

Typically, the Catalyst Committee will have 7 to 15 members, but that's only a general rule; every region has its own dynamic. The Catalyst Committee should include venture capitalists, angel investors, established CEOs/founders from industry, retired CEOs/executives from industry, start-up and early stage growth entrepreneurs, private sector professional services providers and experienced advisors/mentors. These individuals are described in greater detail in the Introduction.

Looking at it a different way, the committee members will fall into two camps:

1. Local champions who have name brand recognition within entrepreneur, investor, and civic circles, who offer their leadership, credibility and ideas, but are short on time to be involved in details.
2. Foot soldiers in the community who can perform more of the day-to-day legwork.

The chair of this group is very important. It must be someone who has high credibility among the key targets. In the course of planning and staging the event, leaders will naturally emerge who are champions for the program. Hopefully, they come from the private sector and are not typical small business service providers. The co-chair may be the mayor or some other dignitary, but not without equal or greater participation by a private sector person with credentials respected by the local entrepreneurial community; for example, someone who has successfully grown their business. Stakeholder members tend to be really busy people; they may want to offer ideas but not do the “heavy lifting.” The program champion has to be the behind-the-scenes “nudger” to get the things done.

Preliminary Meeting

GCN helps the community organize a half-day preliminary training and facilitation session. There are four goals at the first meeting:

- Present overview, including goals and objectives
- Invite feedback from community stakeholders
- Attain buy-in from community stakeholder
- Achieve access to stakeholder network (their Rolodex of companies, investors, advisors, media, sponsors)

Establishing Goals and Objectives

One of the first tasks of the Catalyst Committee is to confirm the goals and objectives of the program. Goals are broadly stated aspirations, while objectives are measurable means to achieving those goals. Through the accomplishment of those objectives the community can point to success in reaching its goals.

The community’s goals may range from the standard economic development model (new businesses or jobs created) to increasing the community’s cultural support of entrepreneurship. For example, one community used number of media placements as one measure of success. As budgets tighten, funding sources are more apt to demand proof of return on investment; thus some objectives may be ROI-oriented.

At a minimum, these issues should be addressed:

- How many growth companies will we attempt to reach during the year?
- How many individuals should be part of the local value-add support network?
- How much time and energy will be put into events, marketing, and media relations?

- How many high net worth prospective angel investors can be identified during the year, and should a local angel group be organized?

Subsequent Committee Activities

After the preliminary meeting, committee members will focus on setting up the Venture Communities Online web portal and coordinating the first event. One early goal should be populating the web portal with a sufficient number of companies, investors, and advisors to be valuable to the target audience. Planning meetings for the event should probably be biweekly up to the time of the event. The Coaching Team will work directly with local innovation entrepreneurs, as described below. Following the Venture Forum event, the Catalyst Committee should meet monthly, preferably, or quarterly at a bare minimum. The committee will be responsible for maintaining momentum in the community and staging follow-up activities and planning the next year's event.

The Coaching Team

The key attraction of the Venture Communities event is pitching sessions, where innovation entrepreneurs pitch their companies to a panel of investors (see The Event chapter). Most of the pitching companies will actually be running their presentation through a practice round (even if they *think* they're ready to pitch). The Coaching Team, consisting of investors and business founders and executives, screens applicants and mentors the selected companies prior to the pitching session at the event.

Composition of Coaching Team

The coaching team may be composed of a subset of the Catalyst Committee, or it may include independent participants who are interested only in coaching. To establish the peer-to-peer trust required in these interviews, candidates for the Coaching Team should meet the following criteria:

- Business owner or CEO/CFO of growth company or investor
- Variety of industry disciplines represented
- Good people skills—positive attitude, active listener
- Adequate time commitment

Training the Coaching Team

GCN conducts an online training session to teach the coaches the art of coaching and screening.

Coaching Activities

The Coaching Team will engage in the following process:

1. **Notice to companies.** Companies are invited to submit an application to pitch their companies to investors at the upcoming event through press releases, ads,

and direct appeals to known candidates. Applications and instructions for slides and profiles are made available on the community's Venture Communities Online website (see Venture Communities Online chapter).

- 2. Screening meeting.** During screening, which is facilitated by GCN, the applicants are split into three groups: ready, not ready, and not the right type of company (e.g., a lifestyle entrepreneur). Even though the event may be billed as a "Venture Capital Conference," just a few companies in most regions are truly angel/venture fundable. Other promising innovators whose companies that don't fit the venture growth model yet still bring in outside revenue are equally beneficial to the local economy and can also benefit from the networking opportunities and business coaching associated with the event.
- 3. Coaching sessions.** Online coaching sessions of one hour per company are provided to the selected companies to help them fine-tune their pitches. These sessions are conducted by a team of local coaches and GCN coaches. The coaches provide feedback on their presentations, pointing out strengths and weaknesses, and offering in-depth advice on their business model. GCN uses the WebEx platform to conduct these online sessions.
- 4. Optional follow-up.**

Optional follow-up coaching, conducted by local coaches without the participation of GCN, is recommended. In these sessions, companies come in and do their pitch before an audience. In effect, it's a dress rehearsal. Some spokespeople are very effective on paper, or in an informal session with the coaching team, but stage fright or other factors make them ineffective presenters. The Venture Island model (see The Event chapter) requires additional coaching prior to each of the four follow-up events.

The Event

EVENT IN A NUTSHELL

Description: A major networking event for early and late stage entrepreneurs, investors, and service providers, where growth entrepreneurs present their companies to potential investors, and speakers address issues of importance to the entrepreneurial community.

Purpose:

- Publicize program through exciting event.
- Spotlight companies to investors, community, media, and other companies.
- Provide networking opportunities for companies and investors.
- Model good presenting behavior for emerging companies.

Roles and Responsibilities:

Community Organizer: Working with Catalyst Committee, establish theme and budget, pursue sponsors and speakers, coordinate meeting place, market event, conduct follow-up activities. Working with Coaching Team, ensure that presenters are prepared.

Catalyst Team: Oversee budget, provide input on theme, speakers, sponsors, target audience; lend names to publicity materials; serve as ambassadors for the program.

Coaching Team: Mentor entrepreneurs as they hone their presentations.

Entrepreneur Presenters: Provide 10-minute slide presentation, 2-minute elevator speech, and 1 sheet company summary as described in Venture Communities Online Resources. Participate in coaching sessions, refine materials and submit them on time.

GCN: Provide event planning consultation, registration through Venture Communities Online, and introductions to investor panelists that will attract growth companies.

Timing: Initial event is used to kick off the program to the general public; smaller follow-up events should be scheduled. A big event should be held annually.

See task list and sample materials at the end of this guide.

What is the Event?

The event, usually billed as a venture forum, consists of a conference or workshop, ranging from a half day to two days, targeted to growth companies, angel and venture capital investors, stakeholders, and the media. Depending on the format selected, there may be a single annual event, or a kick-off session followed by three or four monthly events. Both formats are described below.

The event is one of the most powerful activities a community or region can initiate to support its growth community. It brings the right people together; it sends the innovation entrepreneurship message; it gets entrepreneurs, investors and private sector leaders out of the woodwork; it establishes a brand and credibility; and it generates momentum and contacts to jump-start the Venture Communities program. Venture Communities provides a structured approach to orchestrate a successful event. The event is held with the following goals in mind:

- Establish brand awareness for the program, build momentum and generate media interest.
- Tangibly illustrate that growth companies exist in the community, highlight the entrepreneurial growth sector, and showcase the community's successful growth companies.
- Draw out entrepreneurs, angel investors, service providers, and executive mentors, and build list of innovation entrepreneur contacts.
- Educate entrepreneurs in the community about what's required to succeed and where to find it.
- Demonstrate the need for a global economic development perspective through anecdotal stories from successful CEOs highlighting the various challenges and opportunities they experienced in starting and growing their businesses.
- Facilitate connections among growth companies, investors, and stakeholders.

Essential Elements

The event may adapt any number of themes, but whatever the focus is on exposing growth companies to investors. The agenda should include the following essential elements, which are addressed in more detail later in this chapter:

- **Pitching Activity.** Companies seeking capital are given the opportunity to make either a 10-minute PowerPoint presentation or brief 2-minute elevator pitch to a panel of investors. (Coaching sessions are scheduled in advance to enhance the quality of presentations; see Leadership chapter.)
- **Entrepreneurs.** Successful entrepreneurs are profiled and speak about the keys to their success.
- **Investors.** Members of the investor panel offer their perspective and critique presentations made by the entrepreneurs.
- **Sponsors.** Sponsoring underwriters usually offer brief remarks, lead a seminar, or moderate a panel (the level of exposure is balanced with the amount of their sponsoring contribution, whether in-kind or cash).
- **Networking.** Adequate networking is MOST IMPORTANT. At least half an hour of the event should be set aside for refreshments and unstructured interaction.

Other optional elements may be added, including a keynote speaker, workshops (e.g., angel investor session or entrepreneur boot camp), an awards ceremony honoring notable entrepreneurs, and lunch or dinner.

Elements to Avoid

There are also some event “don’ts” that can undermine the success of the event:

- Don’t have too much government-speak.
- Don’t overspend on audiovisual effects or food; It doesn’t need to be lavish.
- Don’t provide too much content.
- Don’t skip the networking.
- Don’t send pitchers in unprepared; coach them ahead of time. Poor quality presenters will turn off angel investors or venture capital funds from participating in the future. Coaching is described in the Leadership chapter.
- Don’t alienate influential opinion leaders; partner with the right groups and use the coalition to be active marketers of the event.

Formats

GCN has tested and refined two approaches to the event. They vary in style and format more than substance, and communities can choose the one that best matches the personality and resources of their entrepreneurial community.

- **Innovation and Capital Forum.** A straightforward annual conference featuring a pitching activity, keynote speaker, investor panel, entrepreneur profiles, and networking. A localized custom heading may be used to brand the event. The WIRED pilot communities followed this format, naming their events “EVC Venture Capital Event,” “Monterey Bay Innovation Investment Forum” and the “New California 100.”
- **Competition Format (Venture Island™).** A high-energy competition featuring company pitches, monthly challenges, and elimination rounds. Judges and the audience both vote on the winning companies, with the top winners receiving a monetary award. Because this approach is more theatrical, it has a greater capacity to capture the attention of the media and community. The multi-round format maintains momentum, offers more frequent networking opportunities, and provides a greater opportunity for the presenting companies to refine their business model. Briefly, the events include:
 - **Whole Pina Colada (Kick-off Event).** 2-minute pitches; 16-20 presenters whittled down to 8 contestants.
 - **The Snake Pit.** Focus on value proposition, product differential, target markets.
 - **The Trading Post.** Focus on sales strategy, product pricing, sales forecast, including role playing with an industry expert.
 - **Make or Break Beach.** Focus on how the contestants react to various situations. The eight contestants are whittled down to three finalists.
 - **Kahuna Mountain.** Final pitches. The prizewinner is announced.

None of the WIRED pilot programs adapted the Venture Island format, but Chico, California, tested it during the same period, and results are discussed in the Case Studies section for the purpose of comparison.

EVENT FORMAT COMPARISON	
Innovation and Venture Capital Forum	Competition (Venture Island™)
Straightforward and informative	Flashy, fun and informative
One event	Kick-off session + four events (monthly or bimonthly)
No prize; minimal or no competition	Monetary award (e.g., forgivable loan) for winning company Companies judged by audience and different investor panel each time
One-hour coaching session prior to event	One-hour coaching session prior to each event (coaching avail. to eliminated companies as well as finalists)
Networking opportunities for entrepreneurs and investors	Networking opportunities for entrepreneurs and investors

Activities & Participants

Pitching Activity (Entrepreneurs and Investors)

A principal attraction of the event—for both investors and entrepreneurs—is the pitching activity. In this activity, a few companies (typically four to eight) are given the opportunity to make a pitch for funds before a panel of investors. It is one of the few opportunities for start-ups to showcase their work locally. At this stage, the companies think they're seeking funding, but in many cases it's really a practice round. The pitchers get instant feedback from the panel, which is often a reality check not only for themselves but also for other entrepreneurs in attendance.

The pitchers are emerging companies who should be farther along than the “working out of their garage” stage. They are coached prior to the event (see Leadership chapter). Each company should be prepared with a 10-minute PowerPoint presentation, a 2-minute elevator speech, and up to a 3-page executive summary. Details for the preparation of each of these are posted in the Resources section Venture Communities Online for applicants to download. All cover essentially the same elements:

- Company overview
- Problem addressed/market need
- Product solution/technology
- Market size/addressable segment
- Customers
- Competition/competitive advantage

- Management
- Financial projections
- Execution/implementation plan
- Funding stages and milestones
- Capital required, uses of capital, exit strategy

GCN has found that offering a mix of 2-minute and 10-minute pitches is a good solution, as it enables the community to feature more companies and give the high flyer the level of exposure necessary to warrant their engagement in the event and take the time commitment to prepare.

- **10-minute pitches.** Advanced companies with finely-tuned presentations may be invited to make an 8- to 10-minute PowerPoint presentation.
- **2-minute pitches.** The 2-minute pitch provides an opportunity to present more companies. This format is frequently used to highlight companies that are “not ready for primetime,” i.e., not ready to face investors for real yet.
- **Venture Island Rounds.** In the multi-round Venture Island format, the same group of entrepreneurs will respond to pre-assigned challenges at each event, starting with a 2-minute pitch at the first session.

Depending on the scope of the event, there may be a single pitching activity or a full day of multi-tracked, industry-focused pitching sessions. This determination is made by the Catalyst Committee based on resources available. Examples of both are described in the Case Studies section. Larger events are likelier to attract top-echelon investors, for the simple reason that they can review a greater number of companies in a single day.

Finding Entrepreneur Presenters

An early decision the Catalyst Committee must make is whether or not to restrict pitches to companies located within its own geographic boundaries. Politically, this can be a touchy issue for organizations saddled with promoting the development of their own business community. There may be a fear that “big guns” from other locales will outshine local start-ups. However, a cross-regional approach has greater drawing power—particularly as an attractant for investors. Growth companies themselves care little about geopolitical boundaries and are more interested in investor exposure and networking with other entrepreneurs. By inviting outside companies, a community improves the odds of exposing its own companies to the best investors. This is why Venture Communities Online promotes events throughout the network.

Venture events have typically focused on early stage companies; however, more mature middle market companies also have networking needs, and in some cases they also have an interest in raising capital. The Catalyst Committee may want to consider inviting these companies to participate in some capacity; if not in pitching

sessions then as panelists or by recognizing their contribution. This was the focus of the New California 100 pilot program and is discussed in the Case Studies section.

Members of the Catalyst Committee should have a starting list of companies to suggest. Other sources include banks, universities, small business assistance centers, and workforce agencies. Companies on the preliminary list are invited to apply for one of the select spots in the pitching session. The selling point, and it is a big one, is their exposure to investors. Advance publicity for the event, both online and in the local media, will draw out additional candidates. The Coaching Team, in concert with GCN, selects the presenters from those applicants and coaches them prior to the event (see Leadership chapter).

Finding Investor Panelists

During the pitching session, a panel of investors probes the presenters with the type of questions they would ask if they were considering laying their money on the line for the company. The optimum size of each panel is four to six investors. Some events, such as the Monterey Bay pilot program, will have multiple pitch sessions, requiring a larger pool of investors.

From the perspective of the entrepreneurs attending, there is no such thing as too many investors. Investors are the reason companies come out to the event. For this reason, a larger event has merit, even if it shines the spotlight on companies from outside the region. Investors are more likely to participate if they can screen 30 to 35 companies on one day and meet with other potential co-investors; a trip out of town to see six or eight local companies may not be worth their while. One “best of both worlds” approach at these larger events is to hold one session focused solely on local companies.

The panelists should represent a diverse range of industry sectors and investment stage preferences (i.e., seed, angel, and venture capital). At larger events such as Monterey’s and the New California 100, the panels may have a particular industry focus, such as technology or biotech. In some cases, the panelists may also include successful entrepreneurs from the local business community. This can be very effective depending on the individual; however some executives will need prior coaching as to the appropriate ways to probe the pitching companies.

One purpose of Venture Communities is to access and organize local investing resources; members of the Catalyst Committee should have connections to some local investors who can participate. An advantage of Venture Communities hub and spokes as approach, as opposed to purely local efforts, is that GCN can supplement the local talent by tapping into its network of investors that communities on their own would not have access to. This is particularly true for smaller communities located away from urban centers of wealth.

Speakers Panels

Speakers panels consist of a moderator and three or four speakers who address a topic in turn, followed by a question and answer session with the audience. The most compelling speakers are those who’ve “been there”—business leaders from more

established home-grown companies who can share their experiences. These speakers are not making pitches. They have an interesting story to tell and can become part of the event's promotion. Also of interest are investors panels speaking about what they look for in their industry specialty or at their level of funding.

Once invited and confirmed, the organizers need to maintain contact with the speakers and provide details to help them prepare, such as sample questions they may be asked. Bios and photos for publicity must be acquired.

GCN recommends scheduling a conference call with all speakers and panelists several weeks in advance of the event to briefly review the agenda, event, goals, and to field questions they may have.

Keynote Speaker

The Catalyst Committee will be a rich source of contacts for speakers. In addition, GCN may be able to steer the group toward a non-local keynote speaker if that is part of the game plan. The committee should remember that their goal is to feature speakers who have firsthand knowledge taking a company through the growth stages. This precludes feature roles for local small business service providers and government officials in other than sponsor/partner roles, unless there is clearly a compelling value-add that will resonate with growth businesses and investors. Examples of effective keynote speakers:

- Hugely successful entrepreneur from the community who can talk about a major milestone event such as going public or selling the company.
- Leading national or globally focused venture capitalist providing insight into what is on the horizon in terms of emerging technology sectors.
- Author of a book that has something compelling to say about entrepreneurial issues.

Do not underestimate the importance of this component. High-profile headline or panel speakers, secured early on, will be a substantial catalyst for successful marketing.

Networking (All Participants and Audience)

While the speakers and pitches will attract participants to the event, one of the most important elements of the meeting is the connections that are facilitated during the networking portion of the meeting. These connections include:

- Entrepreneur to entrepreneur
- Entrepreneur to service provider
- Service provider to service provider
- Entrepreneur to angel investor
- Angel investor to angel investor
- Angel investor to venture capitalist
- Executive to entrepreneur

- Entrepreneur to media

Attendees have found not only sources of capital, mentors, but new members of their executive team, and marketing/distribution partnerships. Some examples from the pilot projects are described in the Case Study section.

Master of Ceremonies

The event will need a master of ceremonies who can keep things running on time and set an enthusiastic tone. In many communities, a good MC can make a big difference in terms of media coverage. Often, the MC is a recognizable figure from one of the local news outlets or respected business leader with public speaking skills.

Service Providers

As part of the support network, service providers should be invited to participate in the event, but they are not the major attraction. Appropriate roles for service providers might include sponsoring the event in return for having their logo featured on conference materials or the opportunity to moderate panels or pitching sessions. They might be offered two minutes to talk about their service, but it would not be appropriate to place them among the panelists.

Examples of pitch materials to potential donors and partners are included at the back of this guide.

Sponsors and Exhibitors

Ideally, the community will cover all direct expenses, including staff time, through sponsorships and registration fees. Depending on their pledge level, sponsor benefits might range from merely having their logo appear in the agenda and PowerPoint splash screen to receiving a sponsor profile in the agenda packet or even speaking briefly at the event or receiving space in the exhibit area.

The Catalyst Committee—or at least some members of the committee—will be important allies in approaching sponsors, which are likely to come from the following groups:

- **News/Advertising media** (motivation: philanthropic and promotion; sponsorship is usually in-kind advertising)
- **Graphic designers/printers** (motivation: promote services to growing businesses; sponsorship is usually in-kind creation of ads and packets)
- **Service providers** (motivation: promote services to businesses)
- **Financial institutions** (motivation: promote traditional forms of financing to future clients)
- **Large companies** (motivation: philanthropic; boost local economy; support networking with future business partners)
- **Universities** (motivation: promote public-private partnerships; promote technology transfer)

Once sponsor commitments are obtained, the organizers need to obtain logos, sponsor profiles, and exhibitor sheets to include in the agenda, as well as making designers, the web administrator, and other partners aware of contractual obligations for displaying sponsor information.

Budget

Generally speaking, a single event will have between \$2,500 and \$25,000 in direct expenses. Early in the process, the Catalyst Committee should identify organizations to pursue as financial or in-kind sponsors to underwrite the costs (as described above). Charging an attendance fee is an additional means to defray some event expenses. For localized events a typical attendance price might be \$75 to \$115.

Expenses will probably include:

- Space rental
- Catering
- Graphic design and printing (promotional materials, event handouts)
- Audiovisual rentals
- Advertising (print, broadcast, email)
- Reimbursing travel/lodging expenses of some speakers
- Travel for some speakers (typically not the investor panelists, who benefit from the opportunity to screen numerous companies)
- Incidentals such as badges

In addition to basic event budgeting for the cost of the facility, AV support, publicity, and so on, there may be extra expenses incurred for add-on activities. These can include:

- Hosting a business plan competition with a prize (the Venture Island model)
- Implementing an aggressive paid media and advertising campaign
- Hosting a series of events beyond the main event
- Paying for specialized consulting and advising from mentors

Timing

Experience has shown that a timeframe of roughly 11 a.m. to 7 p.m. is best for the event, though condensed versions of 4 p.m. to 7 p.m. have also proven successful, and longer events work if the material warrants it. There is not enough time to hold the event over a lunch hour or breakfast, and the entrepreneurs would be anxious to get back to their offices during those times. Also, concluding the event in the late afternoon or early evening enables the best possible informal networking opportunities (which are an essential component of success). The event should be scheduled and marketed well in advance so people can make after-hours arrangements for childcare.

The Central Coast pilot event ran 5:30 to 9:30 p.m. Monterey Bay's event, which included many more companies and panels, was held from 9:15 a.m. to 5:00 p.m. New California 100, the third pilot program, ran 7 a.m. to 9 p.m., with a kickoff reception the night before from 4:00 p.m. to 7:00 p.m.

In planning the agenda, it is important to allow adequate time for registration and networking at the beginning and build in some flexibility to adapt when presentations run long (it also helps to have moderators who can keep things moving on schedule).

Logistics

Leading up to the meeting, there are numerous details to coordinate, including ongoing communications with the planning group, speakers, sponsors and the media; publicizing the event; and booking a facility and the necessary equipment. The checklist included at the back of this guide details these activities. Some of the tasks may be delegated to members of the Catalyst Committee, but a central organizer will need to confirm that they are taken care of.

Securing a Venue

The facility selected for the event should meet the following minimum requirements:

- Room to accommodate at least 75 people (or more, depending on the anticipated size of the audience)
- Adequate AV support
- Head table available if there will be panels
- Registration area
- Room for networking (particularly with food or drink)
- Room for exhibitor tables (for presenting companies to demonstrate products or services and for sponsors to provide information)
- Adequate parking

Check the lighting, stages, and podium during the time of day the event will be held to ensure that window glare, noises from activities in other parts of the building, and other unexpected occurrences will not interfere with the presentations.

Audiovisual Requirements

The presenting companies, and perhaps other speakers, will need a laptop/LCD setup to present their PowerPoint slides. This same setup can be used during breaks to run a self-cycling PowerPoint slideshow featuring partner and sponsor logos, and other acknowledgements. All presentations should run through a single computer set-up, rather than allowing presenters to bring in their own laptops. This provides an element of control and forestalls delays caused by compatibility programs. Presentations should be provided in advance.

Determine what the facility can provide and what equipment needs to be brought in on the day of the event. The organizers do not need to blow their budget on an elaborate multimedia system. In most situations, the following will suffice:

- At least two microphones and a sound system
- LCD projector, screen, and laptop with PowerPoint installed
- High-speed Internet access if needed by presenters; confirm compatibility between the laptop and connection.
- Other unique requirements requested by presenters

Handouts

Handouts typically distributed on the day of the event include:

- Agenda
- Bios/profiles of speakers
- Marketing piece about the Venture Communities program (news release or brochure)
- Evaluation Form
- Flyers provided by sponsors

The level of detail and graphic sophistication on the handout materials is driven largely by budget (whether cash or in-kind) allocated to this component. Handout materials can be as elaborate as a detailed binder with tabs and professionally designed cover or as modest as an agenda stapled together with speaker bios. Examples are included at the back of this guide.

Exhibits

An exhibit area for the presenters and sponsors can be set up in an area accessible during registration and breaks. These exhibits are quite popular with participants, as they provide an entrée to discussions. Each exhibitor is typically assigned a 4x6 or 4x8 skirted table for their display. Additional table space is necessary to display agendas, nametags, and other handouts. The organizers need to confirm set-up times with the facility and exhibitors.

Marketing and Registration

Budget and level of in-kind contributions from the local media and sponsors will determine the extent of the campaign to publicize the event. Fortunately, there are some low-cost tactics to supplement media spending.

As described previously, the primary targets are innovation entrepreneurs and investors. Secondary targets are public and private service providers. Additionally, companies and institutions, such as universities, that are breeding grounds for innovation should be contacted. Members of the Catalyst Committee and GCN can help build a preliminary contact list.

The event usually works best if it is open to the public rather than invitation-only, but messaging should make the intended audience clear. Focus on CEOs, executives, and entrepreneurs—not “small business,” which tends to draw out microenterprises, retail establishments, and very small service organizations, which are not the target for this event. Likewise, focus the message on venture capital and angel investors—not “business financing.”

Marketing content should focus not only on the “what” but the “why”— the benefits for each of the audiences:

- **Entrepreneurs.** Exposure to investors, connections with other entrepreneurs; learning how to wow investors.
- **Investors.** First look at emerging companies.
- **General Audience.** Excitement and information (especially if there is a noted speaker).

Marketing materials should list recognizable company names from the Catalyst Committee to demonstrate that the organizers “understand” innovation entrepreneurs; in other words, making it clear that this is not another government program targeted to lifestyle entrepreneurs.

Invitations

If the organizers have an extensive email list, direct invitations may be limited to email blasts; otherwise, a direct mail piece or letter campaign may be required.

Email has the advantage of cost savings and direct response through a link to the registration page. Third-party services such as ConstantContact.com and VerticalResponse.com provide low-cost email services and templates that require little or no programming skills.

To comply with the CAN-SPAM Act of 2003 and avoid fines, an email campaign should follow these guidelines:

- Accurately identify the sender and recipient in the “from” and “to” lines.
- Avoid misleading content in the subject line.
- Include an opt-out option. If the user clicks this link, they are taken to a web page where they can unsubscribe from some or all mailings. Most emailing services provide this option.
- Identify commercial email as an advertisement and include the sender’s postal address.

These methods can improve e-blast open and response rates:

- Avoid sending attachments.
- Use a brief, but informative, subject line.
- Avoid spam-filter red flags in the subject line, such as ALL CAPS, extra punctuation or odd characters, toll-free number, and words and phrases such as *offer, free, for only, double your, instant, friend, opportunity, call now, compare,*

promise you, winner, money, profit, or a dollar amount, which are often interpreted as junk mail by email browsers.

- Use a recognizable sender name.
- Keep the most important information “above the fold” (so it can be read without scrolling, even in the preview pane).
- Use graphics to accessorize, not to convey information; a significant percentage of email is viewed with graphics off, and graphics may not display properly on handheld devices.
- Link to the event page of the website, not the home page; the landing page should match the promise of the link.
- Consider including a “click to call” option for mobile phone viewers.

News Releases

GCN’s experience has shown that entrepreneurs still read newspapers. Getting periodic news releases out to local/regional print and broadcast media is an important part of the promotion, both because it is “free publicity” and because news stories carry greater credibility with audiences than do ads.

The organizers may send out a single release or distribute two or three releases if there is enough newsworthy content. The news release should be distributed to local trade and business organizations as well as the main media outlets. The lead organization should stress to partners/sponsors the importance of their distributing the news release to their own contacts.

Suitable topics include:

- Basic event announcement
- Inviting businesses to pitch their company to investors
- New speakers, presenting companies, sponsor, or keynote speaker
- Final call for attendance
- Post-event news release to build on momentum and point to next steps in program

All news releases should include a boilerplate blurb at the end describing the Venture Communities project and the lead organization. Examples are included at the back of this guide.

The organizers should follow up with business editors to arrange interviews with Catalyst Committee members, speakers, or presenting companies.

Ad Campaign

Communities may be able to obtain free or reduced-cost advertising by inviting the local media to participate as sponsors or partners in the event.

In addition to the mainstream media, the event can be publicized through business and trade organizations and local educational institutions (remember, universities are

often an incubator for entrepreneurial talent). Advertising or including a flyer in organizational newsletters is a relatively inexpensive way to reach the target audience.

In advertising, repetition is the key. When negotiating advertising sponsorship, the organizers should target a minimum of three quarter-page ads, preferably more, in order to generate an appropriate level of community awareness for the event. Examples of ads are included at the back of this guide.

Website Promotion and Registration

A truly unique feature of GCN's Venture Communities program is the online network among all participants. Venture Communities Online (see next chapter), introduced in Spring 2008, provides a ready-made website for the community and is a primary tool for promoting the event and registering participants. It provides instant exposure to the entire Venture Communities network. Websites provide a means of distributing lengthier material (brochure or flyer) without going to the expense of printing it. The community can feature bios of the speakers, profiles of the presenting companies, and links for more information about the program. Event organizers can work with their Catalyst Committee and sponsors to establish links to the Venture Communities site from other local websites, including media and business organizations.

Events Page

When the community posts an event to the Events page, it is also displayed on the larger Venture Communities network. There is often cross-regional interest in attending these events. The events page serves as the community's landing page for promotions (that is, the page that electronic users are directed to, rather than the home page). The page might include:

- Brief agenda
- Brief narrative description of speakers
- Link to register (see below)
- Link for entrepreneurs to submit application materials (see below)
- Sponsor logos, at least for the major sponsors, linked to sponsor websites.
- Links to support files (speaker bios, full agenda) posted in PDF format with files size indicated.

Event Registration

Advance registration is preferred because it gives organizers a preliminary head count for setting up the meeting space. GCN offers online registration through a partnership with Amplifyllc.com, or communities can use another third-party online registration service. A link to the registration service is prominently displayed on the Events page of Venture Communities Online.

In addition to the online registration, the community should make plans for handling last-minute registrations at the door. They will also have to distribute packets and

name badges to preregistered participants. Multiple registration stations should be available to move people through efficiently and start the event on time.

Entrepreneur Submissions

Potential presenters—those growth companies that want to make a pitch to investors—can download the submission guidelines and learn how to submit them through the website.

News

Venture Communities Online includes a news section where event information can be posted, including links to local news stories (or news articles reproduced with permission of the publisher). Like Events, News entered in Venture Communities Online is shared with the entire Venture Communities network and a list of news subscribers, greatly increasing coverage, compared to communities that attempt such an event independently.

Videos

Video content can be posted on the site to appear on both the Events page and the home page of Venture Communities Online. Chico used video extensively to promote its monthly Venture Island events with highlights from previous activities in the ongoing program. Additionally, companies can post videos.

Event Follow-up

With the conclusion of the event, outreach moves to Venture Communities Online, where companies, investors, and providers can network, report on successful milestones, and participate in other regional events. Additionally, there should be a minimum of locally driven quarterly activities that bring out the growth community and sustain momentum (see next two chapters).

But first, there are a few housekeeping tasks to close out the event:

- Send thank you's to all participants to create goodwill for next year's event.
- Update the spreadsheet or database of companies and contacts to include all event registrants.
- Prepare the budget-to-actual financials, to prepare for next year's annual meeting.
- Hold a post-event Catalyst Committee debriefing meeting.
- Prepare and distribute a post-event news release.

Venture Communities Online

VENTURE COMMUNITIES OVERVIEW

Description: The Venture Communities website; a web-based portal connecting companies, investors, advisors, and Venture Communities regions. Features include a searchable database of companies and investors, and a news subscription service.

Purpose:

- Maintain momentum between events.
- Facilitate company-company, company-investor, company-advisor, cross-regional networking.
- Disseminate company and community news and report milestones to broad online audience.
- Publicize, manage events.

Roles and Responsibilities:

Community Organizer: Serve as regional administrator for the site. Initial set-up: 15-25 hours; weekly management: 5 hours.

Catalyst Committee (or subcommittee): Approve custom settings for website; provide preliminary list of companies/investors/advisors to profile on website.

Companies: Post profiles, update milestones, post news releases.

Investors: Approve profile, watch companies of interest.

GCN: Host and maintain web portal; provide preliminary training, technical assistance, and consultation prior to launch; populate Resources section with systemwide support documents; populate preliminary investor profiles; maintain subscriber list for news.

Timeframe: Life of Venture Communities program.

See task list at the end of this guide.

What is Venture Communities Online?

Venture Communities Online, developed by GCN, is the engine that maintains momentum between events and drives connections among all members of the entrepreneurial community. It is the spoke connecting the region to the Venture Communities hub. In addition to serving as the local Venture Communities website, it also portals local companies, investors, events, and news to all other Venture Communities websites.

Key features of Venture Communities Online include:

- Company showcasing, including searchable database
- Cross-regional networking that goes beyond deal flow
- News exposure to a broader online community
- Event promotion and registration



Venture Communities Online offers practical benefits for each of the community's constituencies:

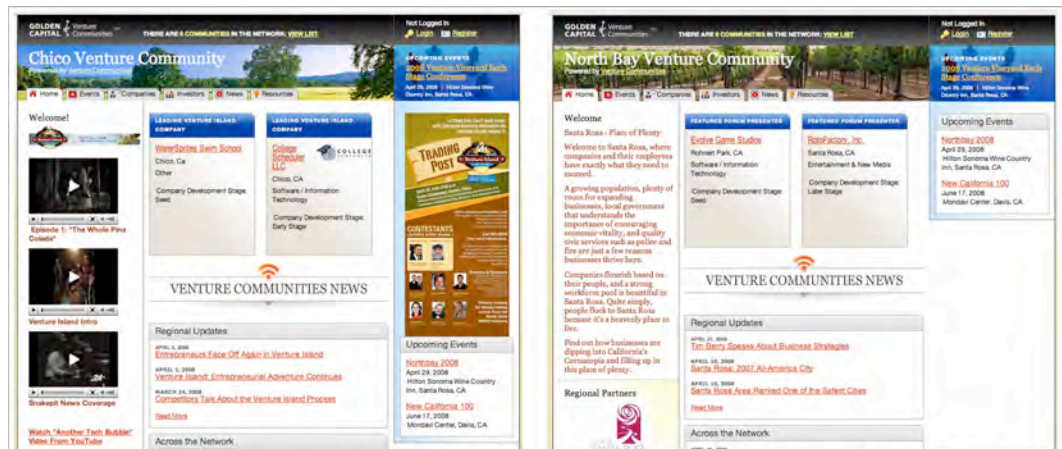
- **For Companies...**
 - Share profile and milestones with potential investors; invite investors to view detailed information (like friends in MySpace).
 - Receive exposure as “featured company” on home page.
 - Distribute press releases to broader audience through newswire.
 - Find/contact similar companies, potential investors, advisors, new talent.
 - Submit materials and application to present at events.

- **For Investors...**
 - Track companies through Watch List.
 - Track industry-sector developments.
 - Find like-minded investors.
- **For Advisors...**
 - Receive exposure to companies.
- **For Sponsors...**
 - Receive exposure to companies and investors.
- **For Local Organizer...**
 - Manage event registration, disseminate information.
 - Maintain consistent and efficient company profiles.
 - Track company milestones.
 - Showcase community and companies to the larger world.

Website Features

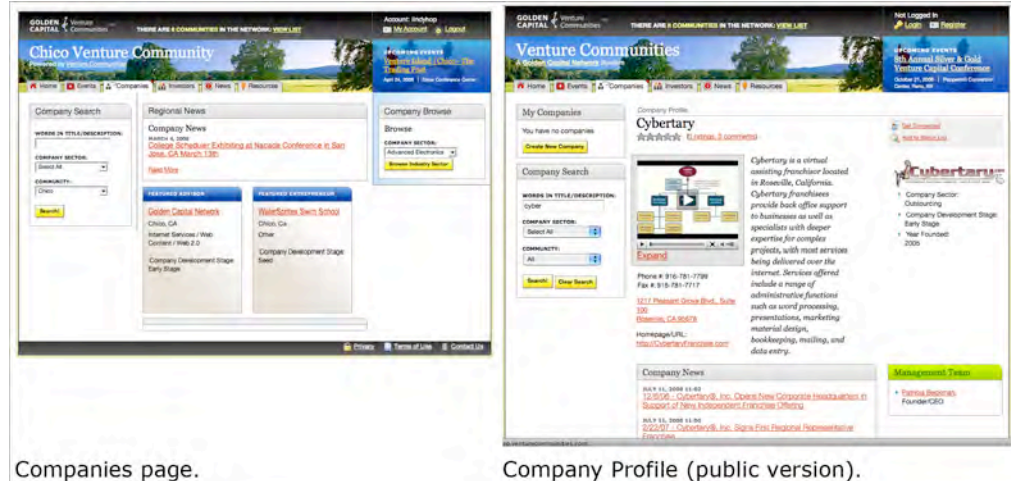
Venture Communities Online displays companies, investors, events, resources, and news information from the local area, and portals the same information to and from other regions in the network. Content blocks in the content management system give communities the freedom to customize areas of each website.

Each community has its own web address and identity, but regional information is accessible from all sites in the network. Why is this important? Because funding sources don't stop at regional boundaries, nor does the marketplace of ideas; from a company perspective, the community adds value to its site by publicizing activities in the larger entrepreneurial sphere. Events in other communities may offer speakers that interest local companies, and some early stage companies will attend these outside events as audience members in order to better prepare their own presentations. Access to the cross-regional network is a value that Venture Communities adds to the program.



Customization options include video and text options, choice of "Featured" blocks, and banner image.

Company Showcasing



A unique feature of Venture Communities Online, in comparison with other social networking sites, is the ability to profile companies as well as individuals. Companies are the heart and soul of the portal. It is designed to showcase their accomplishments and facilitate networking, not only with investors, but also advisors, peers, and potential talent.

Company Profiles. Companies manage their own profiles, although they can be created by the regional administrator. The regional administrator is notified when a company creates a profile. The profile can be screened for inappropriate content, and companies that don't fit the growth company model should be politely screened out. Accessed through the Companies menu, the company profile includes:

Public View:

- **Management information.** Listing of company principals.
- **2-minute video presentation.** (Optional).
- **Company news.** Stories linked from News section (this is where the report successful completion of milestones).
- **Extended questions.** Overview of compelling problem and value proposition.

Private View (accessible to invited users):

- **Milestone projections.** The company lists its projected growth milestones (e.g., "shipping product," "cash flow breakeven," "20 distribution deals reached"). This allows the company to articulate their vision in a consistent manner. Prospective investors may look at milestone dates and track the company's progress.
- **Extended questions.** More sensitive information about the company's business plan and revenue projections.
- **AngelSoft Integration.** A number of angel groups use the AngelSoft application to manage company applications. Venture Communities Online matches its company profile fields to AngelSoft, saving the company the trouble of duplicating profile information when applying for Angel funding.

Venture Communities
A Golden Capital Network System

Home | Events | Companies | Investors | News | Resources | Admin

UPCOMING EVENTS
17th Annual Silver & Gold
Venture Capital Conference
October 21, 2008 | Regatta Convention
Center, Reno, NV

Manage Profile | People | Videos | Documents | News | Milestones | Revenue | Apply

My Companies
Golden Capital Network
Create New Company

Company Search
WORDS IN TITLE/DESCRIPTION:
COMPANY SECTOR: Select All
COMMUNITY: All
SEARCH

Company Profile
Cybertary

Cybertary is a virtual assisting franchisor located in Roseville, California. Cybertary franchisees provide back office support to businesses as well as specialists with deeper expertise for complex projects, with most services being delivered over the internet. Services offered include a range of administrative functions such as word processing, presentations, marketing material design, bookkeeping, mailing, and data entry.

Phone #: 916-791-7799
Fax #: 916-791-7717
1717 Pleasant Grove Blvd., Suite 100
Roseville, CA 95678
Homepage URL: <http://www.cybertaryfranchise.com>

Documents and Files

- Download Cybertary Overview (Description)
- Download Cybertary Executive Summary (Description)
- Download Cybertary One Sheet (Description)
- Download Cybertary Forecast & Marketing Plan (Description)
- Download Cybertary Investor Presentation (Description)
- Download Cybertary Financial Plan (Description)

Company News

- JULY 11, 2008 11:02 12/6/06 - Cybertary®, Inc. Opens New Corporate Headquarters in Support of New Independent Franchise Offering
- JULY 11, 2008 11:00 2/22/07 - Cybertary®, Inc. Signs First Regional Representative Franchise
- JULY 11, 2008 10:41 4/4/07 - Cybertary®, Inc., Virtual Assistant Franchises Available Nationwide for Professionals Seeking Work-Life Balance in a Home-Based Business
- JULY 10, 2008 15:27 12/27/06 - Small Business New Year's Resolutions Find Solution in Cybertary®
- JULY 10, 2008 15:26 12/10/07 - Cybertary®, Inc. Signs First North Carolina Franchise with Former Yahoo! Exec

Management Team

- Patricia Backman, Founder/CEO

Milestones

- Q4 2008 1/17/08 - West Coast Franchise Expo - Los Angeles, CA
- Q1 2009 1/9/09 - Franchise Expo South - Miami, FL
- Q1 2009 Opportunity Expo - Columbus, OH
- Q1 2009

Compelling Problem
All businesses require administrative support, but many can't justify or afford an assistant. Savvy business owners realize that they can save money by using an outsource administrative service. These services could be sold to small businesses. If you are a secondary executive on this business plan as projected and sales multiples are as expected, an investor could expect up to an 8X return in 5 years or annual ROI range between 92% and 177%.

Revenue Projections

Year	Revenue
2006	\$1.4M
2007	\$1.8M
2008	\$2.2M
2009	\$2.6M
2010	\$3.0M
2011	\$3.4M

Full Company Profile (viewed by invitation)

Associations. Like “Friends” in MySpace, visitors to the website can request to be associated with the company. If the company accepts, the associates can see the full profile with more sensitive company information. Additionally, companies can invite investors and others to become associated with their company.

Featured Blocks. There are two “Featured” blocks on the main Companies page. These can be populated with a blurb generated from the company profile.

Companies can also be featured in one or both of the Featured blocks on the home page. The regional administrator decides what companies to rotate through the Featured blocks, and how frequently.

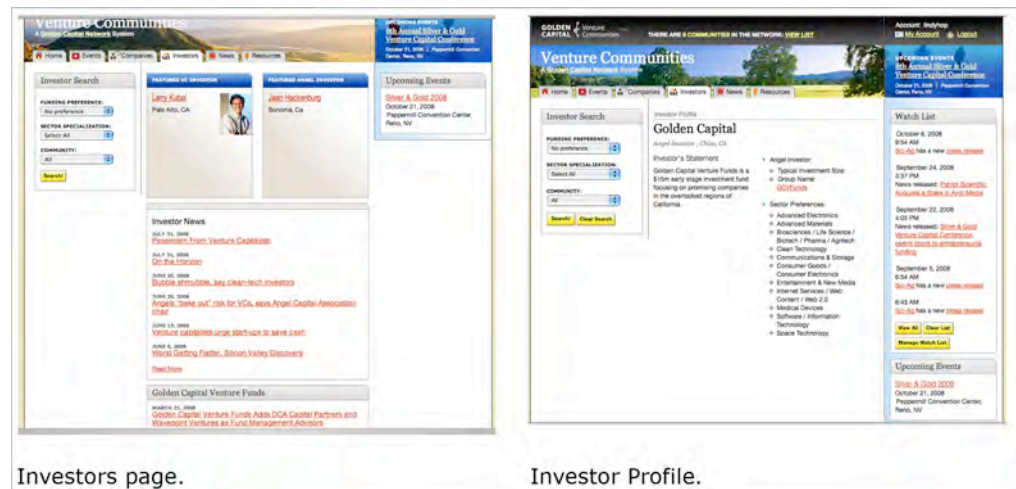
Company Search. The search box in the left panel of the Companies page allows users to search for companies based on *keyword*, *industry sector*, and *community*. This feature pulls in companies from the entire Venture Communities region. Companies can find others with similar needs and investors can search for companies meeting their area of specialization.

Watch List. When users subscribe, they can specify industry interests in the “Manage Watch List” section. If a company’s news falls within the subscriber’s settings, that news will be highlighted in a sidebar on all pages, and if requested, an email notice will go out to the subscriber. In this way, investors can monitor company milestones.

News (Milestones). A key benefit for companies is the news release service, which allows companies to reach a wide subscriber base with information about milestone achievements.

Events. Companies presenting at events can be associated with the Event page.

Investor Showcasing



The inclusion of investor profiles is a major attraction to growth companies. While relationships are typically made in person, the web portal may facilitate introductions between companies and investors, as well as investor-investor relationships. The Investor pages are similar to the Companies pages.

Investor Profiles. Investors have less motivation to build a profile than companies, but the profiles add value to the site, so the community, rather than the investor, may have to create these profiles on behalf of the investor. Investor profiles typically highlight organizations, not individuals. GCN has populated the site with a starting pool of investors, creating greater value for companies using the network. While investors may be affiliated with a particular community, their profiles are displayed

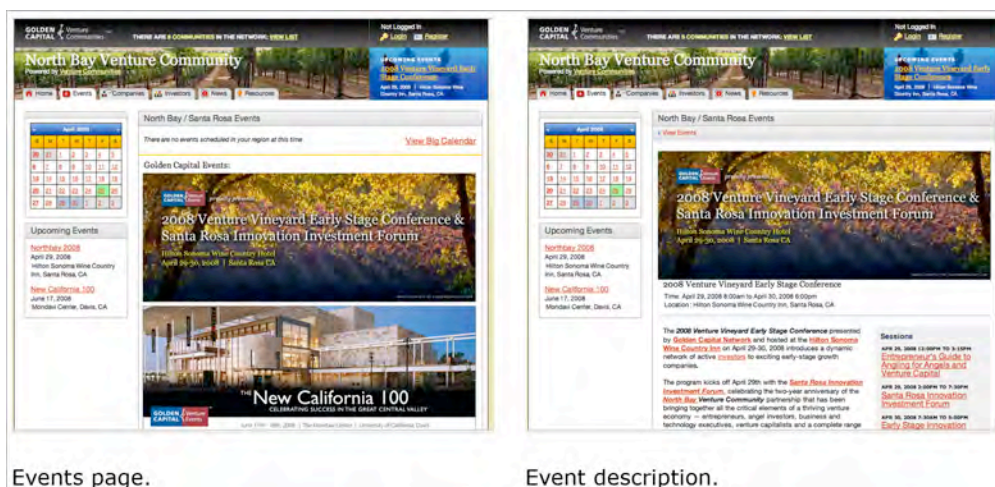
throughout the network. To maintain the integrity of the Venture Communities network, investors are vetted through a Q&A process during registration.

Featured Blocks. There are two “Featured” blocks on the Investors page. These can be populated with a blurb generated from the investor profile. Investors can also be featured in one or both of the Featured blocks on the home page. The regional administrator decides what investors to rotate through the Featured blocks, and how frequently.

Investor Search. The search box in the left panel on Investors page allows users to search for investors based on *funding preference*, *sector specification*, and *community*. This feature pulls in companies from the entire Venture Communities region.

Associations. Investors can request to associate with a company in order to receive access to the company’s full profile. Companies can also invite investors to become associates.

Event Support



The Events page displays information about current local events (see previous chapter), followed by links to events throughout the Venture Communities network.

Publicity. The Events page serves as the primary fulfillment tool when communities publicize their local event. They can post agendas, speaker bios, sponsor credits, video and other background information.

Registration. Event registration is linked from the Events page using a third-party provider (either Amplifyllc.com, through GCN’s affiliation, or a third-party vendor).

Resources. Users can link to supporting pages and documents, such as GCN’s *Guidelines for Executive Summaries, Slides and One-Sheets*, in the Resources area.

Company Associations. Events can be associated with companies.

News Releases

From the public side, the News page includes three blocks of information: “In Your Region,” “Throughout Network,” and “Investor News.” But from a company perspective, the real value of the News feature is behind the scenes. Companies can post news releases about their activities and milestone achievements, and the news is released to GCN's extensive subscriber list.

With over 9000 subscribers, including local and national news media, Venture Communities Online provides a valuable outlet for press releases that stretches well beyond the confines of the website itself. Electronic news is critical to companies seeking exposure beyond their regional boundaries. Print and broadcast journalists often surf the net for story ideas; blogs and other electronic news sources may pick up the story, creating a viral marketing scenario, and as the story spreads, it generates additional links back to the company.

Watch List. Website visitors can view customized news updates in two ways by specifying categories in the Watch List:

1. News headlines matching the user's specifications appear under the “Watch List” heading in the right panel of all pages of the website whenever the user logs in. Additionally, news related to Industry Sector preferences appears in the “My News” section of the News page.
2. News updates can be emailed to the user at specified intervals.

Watch List

Communities:
▶ Chico [Delete]

Industry Sector:
▶ Advanced Electronics [Delete]

News Categories:
▶ COMPANY [Delete]

Add to Watch List:

REGIONS/COMMUNITIES:
Central Coast [v] [Watch Region Activity]

INDUSTRY SECTORS:
Advanced Materials [v] [Watch Industry Sector]

NEWS TYPES:
Community News [v] [Watch News Type]

SEARCH FOR COMPANY:
[] [Lookup Companies]

Settings

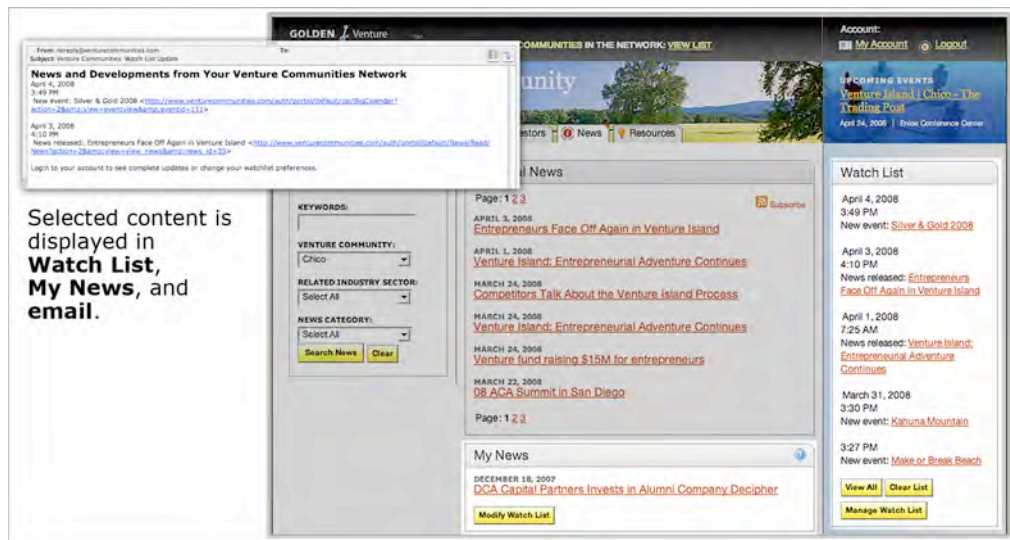
RECEIVE E-MAIL UPDATES: [x]

E-MAIL FREQUENCY:
Weekly [v]


[Update Watch List Settings]

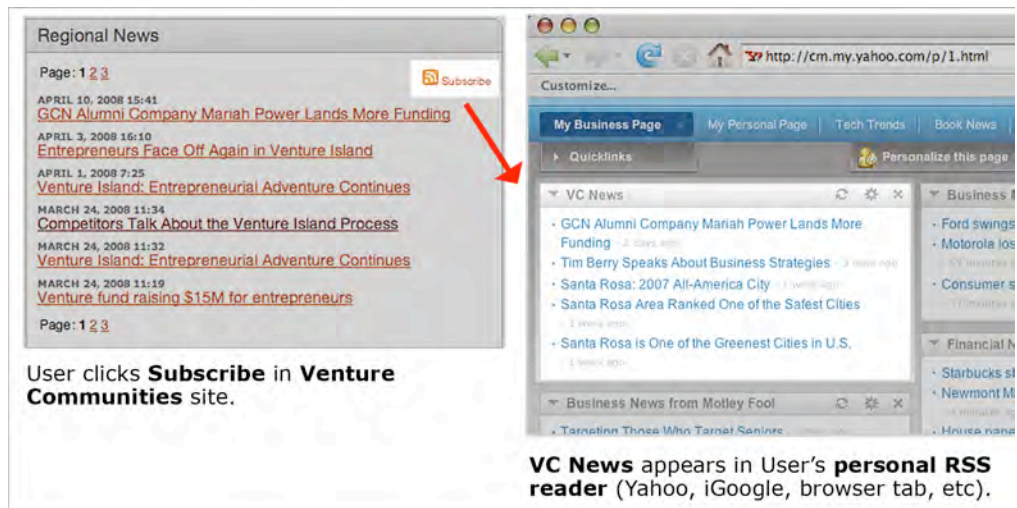
[Close Watch List Management]

Registered user selects Watch List **categories** and **email preferences**.



Selected content is displayed in **Watch List, My News, and email.**

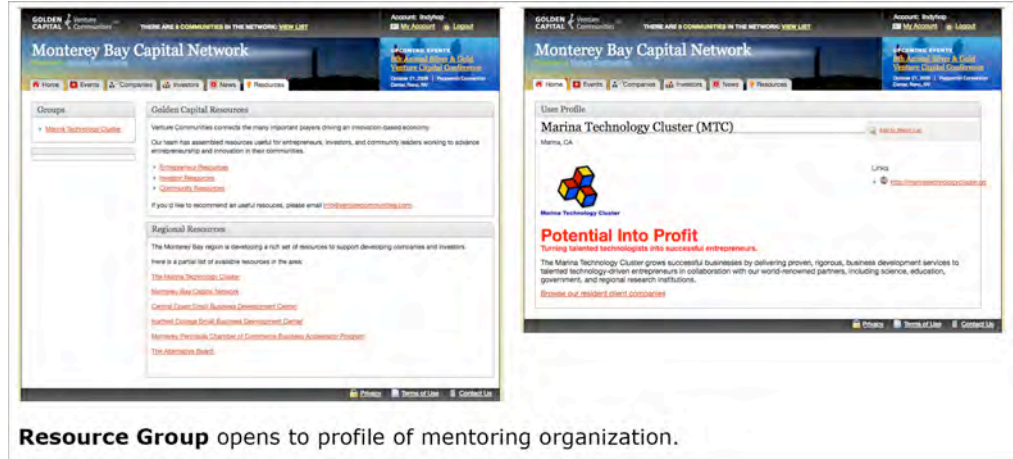
RSS. Venture Communities News is available through RSS. Short for “Rich Site Summary” or “Really Simple Syndication,” RSS is an increasingly popular method for bringing the content of other websites into a single web page or computer desktop. When this symbol  appears on a website, it indicates the content can be portalled into an RSS reader. The user simply clicks on the icon and the content feeds to their designated reader. Each time the Venture Communities website is updated, a new headline appears in the subscriber’s RSS reader. Rather than going out to a website to see if there is new material, the subscriber brings the content from a variety of sources into their own viewer. All major web browsers now support RSS, and services such as iGoogle and Yahoo! allow RSS content to be portalled to the user’s personal page.



User clicks **Subscribe** in **Venture Communities** site.

VC News appears in User’s **personal RSS reader** (Yahoo, iGoogle, browser tab, etc).

Resources and Resource Groups



Resource Group opens to profile of mentoring organization.

The Resources area is split into two sections: Golden Capital Resources (links and downloads provided by GCN) and Regional Resources (controlled by the local community; this is where service providers and other resources are listed. In this latter area, communities can place links to their local service providers.

Website Management

The community designates a regional administrator for the site. Administration is easy, but it does require an ongoing commitment of about five hours per week. Frequent updates contribute to a website's positive search ranking and provide a reason for repeat visits by companies and investors. News and profiles entered by companies should be reviewed for appropriateness to maintain the integrity of the site. The website checklist at the back of these guidelines documents the major steps in setting up and maintaining the website.

Follow-up, Benchmarking and Reporting

VENTURE COMMUNITIES OVERVIEW

Description: Following the event, the local organizers continue to build relationships through the online network and local activities, as well as improving the entrepreneurial environment within their community.

Purpose:

- Facilitate connections among entrepreneurs, investors, and others.
- Mentor and educate entrepreneurs about business models and risk capital requirements.
- Improve the business environment to meet the unique needs of innovation entrepreneurs.
- Channel companies to appropriate assistance.
- Collect data for reporting purposes and to assess the individual and collective needs of entrepreneurs.

Roles and Responsibilities:

Community Organizer: Coordinate meetings and assessment; monitor and report on program; remind companies to update profiles and milestones; invite new companies to participate; facilitate introductions between companies, investors, peers, and others.

Catalyst Committee (or subcommittee): Meet monthly to plan smaller events and share information about companies; promote events and companies to peers; assist in information gathering process.

Companies: Update Venture Communities Online profile and report milestones and other news.

GCN: Maintain Venture Community Online; provide informational webinars for companies and community leadership.

Timeframe: Life of Venture Communities program.

See task list at the end of this guide.

Overview

The process of building a high impact network does not conclude with the kick-off event. The project champion and Catalyst Committee must proactively build upon the initial connections made at the event, and identify others in the community or region who can add value to growth ventures. Before the event is complete, the Catalyst Committee should form a plan for:

- Continuing identification and support of local innovation entrepreneurs
- Community improvements
- Assessing impact and reporting results

Building a High Impact Network

An obvious, yet often ignored, piece of advice for local Venture Communities leaders is this: You can't spend all your time being a collaborator with other providers; you have to spend time with your innovators. The list of event participants and attendees provides an immediate resource for mining additional value-add network participants.

Venture Communities Online

Venture Communities Online is the engine that sustains momentum between events. For those who don't have the money or expertise to pay for in-depth technical advice, the value is in the networking. The expertise available through the Venture Communities Network goes beyond just finding capital. Companies can find others in the same discipline, as well as talent, attorneys, suppliers, cooperative marketing opportunities, and so on. The community leadership needs to proactively build their network and get people to sign on.

- **Encourage company updates.** Contact companies on a quarterly basis and remind them to update their profiles, video clips and milestones. To help them see the value, share examples of "success stories" by other innovators who have made connections by posting milestones on the site. Stakeholder members of the Catalyst Committee can be persuasive advocates for its use.
- **New companies.** Actively recruit additional growth companies to post profiles; through periodic mini-events, the insider knowledge of stakeholders participating in the Catalyst Committee, and the web presence itself, new names should emerge.
- **Build introductions through news stories.** Forward milestones to interest groups. Set up an emailing list segmented by special interests (i.e. level of funding or industry interest) and email relevant news stories.
- **Post local events and training.** Use the Events section to post new activities.
- **Post news.** Post community news that's *relevant* to the innovation entrepreneur audience (e.g., opening an Uptime facility; offering access to a high-level speaker; establishment of a new angel group).

Networkwide Support

Beyond the web portal itself, the Venture Communities network opens doors to a level of expertise not available at the local level. In 2008-2009, GCN is planning to introduce several features to maximize the value of this network.

- **Expert content.** Monthly how-to sessions for innovators, presented by GCN's base of private sector sponsors, CEOs, investors, and senior state officials. This high level senior level expertise would be hard for an SBDC, WIB, or local service organization to provide.

- **Virtual showcasing.** Throughout the year, GCN hopes to provide mini online business showcases with just one panel of companies and investors. Initially, they will all be in same room, but later, they will be able to participate from remote locations.
- **Best practices for Venture Communities leadership.** Local leaders, too, can benefit from shared expertise in the larger network. GCN plans to introduce monthly user conferences where leaders can ask questions and share best practices.

Localized Support

GCN recommends a physical touch point with growth companies at least four times per year. By building a relationship with the companies, the local leadership is better able to earn their trust and respect, as well as a better understanding of their needs. If the community is not following a multi-session competition model (through Venture Island) then it can host something very simple to attract both known and new entrepreneurs.

Examples that have been used by Venture Communities partners:

- **Third Thursday event.** This mixer for innovators can be as simple as beer and pizza at a growth company office. The Yolo Venture Community has been trying this approach.
- **TechNet.** Marina Technology Cluster offers quarterly presentations by entrepreneurs and other experts.
- **Uptime facility.** In Chico, GCN is establishing an “uptime facility,” a workspace for nomadic workers. In exchange for a monthly membership, innovators receive access to office amenities such as technology, a boardroom, and an official mailing address. This is particularly useful to start-ups still in the “garage” stage of development who need a temporary, low-cost physical presence.

Assessment and Referrals

Many early stage innovators have not yet crossed the radar of traditional business assistance points such as SBDCs, WIBs, and economic development organizations. A successful venture event, and subsequent follow-up sessions, will draw them out. For example, a Venture Communities event held in Redding, California, in fall 2008 attracted 38 companies, and nearly all of them were unknown to the organizers prior to the event. This illustrates that there is always innovation taking place in communities if they know where to look.

As new companies emerge, the organizers should screen, refer, and monitor their progress based on what growth stage the company has achieved. The Growth Company Screening and Referral Task List Matrix in the back of this guide provides a roadmap for which type of follow-up to provide.

Once growth companies have been identified and screened, a business retention-expansion (BRE) model can be adapted to monitor their progress and channel assistance where appropriate. Typically, a BRE program starts with a

survey/interview of companies. If the local leadership has started building a relationship with the companies through events, and if the Catalyst Committee features a healthy mix of entrepreneurs, the companies will be more open to cooperating with an interviewer. Unfortunately, most innovators are of the mentality that government doesn't bring value to their business, and the organizers need to demonstrate that they do.

A survey of five to 10 relatively basic questions should set a baseline for tracking progress. While the BRE model is used, many of the questions will be unique to this audience. Typical questions might include:

- How many employees do you have now and how many are projected?
- Who are your service providers?
- How have you been funded to date?
- Are you seeking sources of private equity bank or financing?
- What is your target market?
- Who are the major prospective customers?
- Do you need talent in the form of board members, executives, technical management, or entry level people?
- What are the biggest impediments to growing in this community?

It is up to the community to determine the best method of managing this information, depending on their technological know-how and budgets. A spreadsheet or contact management software may be adequate. If more control over reporting options and data manipulation is desired, database programs such as FileMaker or Microsoft Access are moderately easy to use. Another resource is Executive Pulse (www.executivepulse.com), a web-based business retention application that has entrepreneurial elements and can be customized to the community's needs.

Educating Businesses

For capturing the attention of growing businesses, funding is the “cheese in the trap.” The opportunity to engage with investors at the venture forum brings them out into the open. But many entrepreneur start-ups don't understand what it takes to qualify for angel or venture capital. Some have a business model that will never qualify them for risk capital. Clearly there's a knowledge gap among businesses about where to go and what is most appropriate for them.

One of the best ways to educate companies is through the pitch process at the event, and the coaching received beforehand. But as a complement to that, local organizations, such as SBDCs, can provide companies with a reality check—making it clear that only those companies meeting certain criteria are going to qualify for funding, and that the type of funding changes through the growth stages. The distribution of a simple chart showing the growth stages, as included in the Introduction to this guide, is a good start. SBDCs might also consider distributing books such as *The Art of the Start* by Guy Kawasaki or other books recommended by the Angel Capital Association. Finally, as mentioned above, GCN will be launching a

series of webinars for Venture Communities companies to benefit from higher level outside expertise.

Acknowledging Middle Market Companies

While the primary focus of Venture Communities has been on emerging companies, communities should not lose site of their middle market entrepreneurs. These companies, too, often have unique needs for funding or talent, when compared with the typical lifestyle entrepreneur. Moreover, their revenue and employment levels are likely to have a more immediate impact on the economy. Communities can acknowledge their contribution by honoring them with an award or asking them to share their expertise. These more established companies may also gain from new business relationships with emerging companies whose products or services support their own efforts. And, in some cases, they have new products to pitch to investors.

Building an Innovation-Friendly Region

Certain factors are required for innovation entrepreneurs to achieve success. Venture Communities improves their access to most of them through the event and web portal, but the community at large can take additional measures to ensure these needs are met.

- **Visibility.** On the path to market leadership, growth companies are in a constant race to demonstrate validation in the market. Big companies are hesitant to invest because they wonder if the product will be around in six months or a year. Venture Communities Online provides an important means to visibility by reporting milestones. The community can help companies generate additional visibility by broadcasting these milestones through local media channels, social networking, and email campaigns.
- **Vertical and functional networks.** Functionally, certain activities and services cross industry sectors—e.g., accounting, certain types of law, and marketing. The community can support these horizontal networks through such activities as marketing officer groups, CEO roundtables, CEO bag lunches, and establishing a young professionals group. Other needs are specialized within the industry. To the extent that the community can identify these vertical networks (e.g., clean industry or medical instruments), it improves the company's ability to find those who can add the greatest value to their organization.
- **Access to all stages of capital.** On the broadest level, community leaders need to understand that almost all investors have industry sector or growth stage preferences. This is important because they risk alienating investors if they send the wrong companies their way. For example, if a county wants more deals done for startups, it should not turn to DFG Frontier, whose niche is \$200,000 to \$750,000 IT companies. Startups don't match the investor's profile. Secondly, the community should do an assessment of locally based angel investors and VCs, identifying their preferred stages and sectors. Finally, they should familiarize themselves with regional and larger national firms, identifying their sweet spots so they will know where to direct companies.

- **Access to talent.** The first needs of early stage entrepreneurs are not entry level workers but a management team and experienced workers. For example, the first hire by Patholase, a firm based in Chico, California, was a COO who had run large companies. Another company, Travidia, found a strong management team but had difficulty finding experienced employees with two to five years of advanced programming skills. These are not the type of employment issues that workforce agencies typically address. The community should explore how to meet the need for experienced talent.
- **Access to customers and strategic partners.** The lifeblood of any growth company isn't funding, it's the customers who buy their products or services. Helping those companies get introductions to prospective customers is an excellent role for communities to play.

As a further gauge of the community's "entrepreneur friendliness," the organizers may wish to review the innovation metrics put forth in the Council on Competitiveness Report, *Measuring Regional Innovation*.

Defining and Measuring Success

At the beginning of the Venture Communities program, the Catalyst Committee should have defined a set of goals for their program. These goals will largely define what should be measured to determine the program's success.

Success should be defined by more than the number of funded companies. In reality, perhaps 10% will get angel or venture funding, and another 10% will go on to be successful without such funding. As explained throughout this guide, Venture Communities uses funding to attract participation, but it also provides mentoring and networking, which are equally important to the emerging business.

It is also unrealistic to expect that most companies will achieve milestones in the first year. It may take longer for the results of a connection made through Venture Communities to come to fruition, and for companies to mature to the point that they qualify for angel or venture capital.

The most effective means to collect this data is through a modified business retention-expansion program, as discussed under "Assessment and Referrals." Typical success indicators include:

1. The quality and comprehensiveness of the "high impact" network:
 - Numbers and locations growth companies identified
 - Industries and markets represented
 - Sizes of the ventures: revenue, head count, square footage
 - Average wage and compensation of those companies
2. The level of value-add activities undertaken by licensees:
 - Capital raised
 - New customers acquired

- New C-level and rank and file employees hired
- Patents filed

ANALYSIS OF PILOT PROGRAMS

Case Studies

Under the WIRED grant, GCN conducted three pilot programs:

- Central Coast Capital Network
- Monterey Bay Capital Network
- New California 100

The outcome of each program is described here, along with the Chico Venture Island program. Although Chico wasn't a pilot program, it exemplifies the multi-session, competitive model (Venture Island), an alternative approach to the Venture Forum format implemented in the pilot communities. Following a capsule look at each community, various aspects of Venture Communities are highlighted and compared.

Central Coast Capital Network

Guided by the Economic Vitality Corp. (EVC), the Central Coast Capital Network Venture Communities program served the coastal region encompassing San Luis Obispo County and the City of Santa Maria, representing a population of approximately 360,000.

EVC had already developed an entrepreneur program prior to participating in Venture Communities. In March 2007, they held a "Venture Capital and Angel Investor SLO Fast Pitch" event.

Their Venture Communities program kicked off March 18, 2008, with the "EVC Venture Capital Event," held at the Madonna Inn Expo Center in San Luis Obispo. Attended by about 150 people, the event featured roughly 24 local companies and 17 investors from across the state. The event was held in the evening, from 5:30 to 9:30 p.m. In addition to a keynote address by Bill Reichert of Garage Technologies Ventures, and the usual networking breaks, there were two fast-pitch sessions featuring four companies each. Winners were announced at the end of the evening; the winners were honored for their performance but they received no prize or compensation. The cost to attend was \$55 or \$75 at the door.

Mike Manchak, president and CEO, EVC, said the program went well, logistically, although he would have it end earlier than 9:30. He said the local media—newspapers, radio, and TV station—were very receptive with in-kind donations. The nonprofit service provider sector did not play a role in the event although they were invited to attend.

Manchak credited the participation of GCN through Venture Communities with quadrupling the size of the event from the previous year. Also, he said GCN helped a lot with the coaching and filtering process prior to the event.

EVC's goals were to get companies funded and support networking for angels and venture capitalists. EVC is currently trying to form an angel group in the county. Manchak said they discovered some new companies through advertising the

program. He said they have seen a significant growth of the program and number of people interested, both as attendees and presenters.

Since the Venture Communities event, EVC has conducted a follow-up survey to follow the companies' progress, and they have continued to make introductions. They have also funneled some companies to other forms of assistance, such as business loan program. Manchak said two companies got funded as a result of the program and some may be funded in the future. EVC was holding a smaller "Tech VC Roundup" event at the end of October 2008, not associated with Venture Communities. He said they are trying to create different kinds of events and opportunities, and this event wasn't intended to be the same as the Venture Communities event.

The participating companies came from every sector and virtually every cycle of business. "It was pretty amazing," said Manchak. "There was everything from aerospace to tech to software to hardware."

Participation in the event was limited to local companies only, although the reach was extended to the City of Santa Maria, just south of the county line. The city participated as a sponsor. "I think it's important to reach out and make partners," said Manchak. "It's about raising the tide for everyone. Companies don't care much about county borders and neither should we."

An interesting perspective on this comes from Bob Ehlers of San Luis Obispo based HauteSpot Networks. He presented at both the San Luis Obispo and Monterey Bay events. His observation was that San Luis Obispo could offer fewer investors. "Monterey can attract more VC's from Silicon Valley than SLO—it's too far to go to an SLO event." This illustrates a point made by Jon Gregory of GCN—that in order to attract the level of investors desired by a company such as HauteSpot, a smaller region must open their event up to a larger pool of presenters from both inside and outside the area, as Monterey Bay did. The more companies participating, the more investor interest. As a popular tourist destination with a significant university presence, San Luis Obispo could potentially stage a larger event if it chose to do so.

Monterey Bay Capital Network

A coalition of communities in the area that encompasses Monterey and San Benito counties launched the Monterey Bay Capital Network in 2008 to implement a Venture Communities program. The area's population is roughly 752,800, spread out among a number of discontinuous cities. The Association for Monterey Bay Area Governments (AMBAG) was the lead partner, with participation by Marina Technology Cluster, City of Seaside, City of Santa Cruz, City of Salinas, City of Watsonville, Sand City, Soledad, County of Monterey, and the Fort Ord Reuse Authority.

Their first event, the 2008 West Coast Venture Capital Conference, was held March 10-11, 2008, at the Monterey Plaza Hotel and Spa in Monterey. The two-day event featured 42 early stage companies from throughout the Western U.S., including 12 from the Monterey Bay region.

Day one featured a keynote address by Larry Kubal of Labrador Ventures and a half-day “Entrepreneur Bootcamp” covering all facets of early-stage capitalization.

Day two offered concurrent panel discussions throughout the day, organized by industry type (Internet Services, Seed Stage, Life Sciences I-Therapeutics, Life Sciences II Diagnostics, Communications, Clean Technology, New Media/Web 2.0, and Disruptive Technology). Each session had a separate sponsor, a moderator, and panels of three to seven investors and presenting companies. At the end of the day, the top presenting companies from each session made two-minute pitches to a slate of four top tier investors.

During the day, GCN ran a video station where the presenters were encouraged to tape their 2-minute pitch. These videos could then be posted on the companies’ Venture Communities Online profiles.

The event was well-received by both the local leadership and the businesses that attended. Several participants mentioned that Monterey is an attractive location for this type of event; people want to go there, and it’s close to the Bay Area for attracting investors.

As fiduciaries for the project, GCN coordinated most of the event; the local leadership provided staff members to help with registration, facilitated a panel discussion, and attempted to identify local companies. Nick Papadakis of AMBAG said, “We couldn’t have done it without GCN. They brought the organizers, the angels, and the input. We provided input on businesses and local entrepreneurs.” As described below, under “Leadership,” this may have been both a blessing and a curse. The region lacked the organizational structure to drive coordinated activities after the event, and a lack of private sector representation resulted in a low turnout of local companies. However, several follow-up activities have taken place within individual locales:

- A new investor group is forming in the area.
- Nick Papadakis of AMBAG said, as a result of the event, he has added two sections to the annual Tri-County Economic Conference: 1) where they are with creation of the angel fund, and 2) a panel of entrepreneurs and a panel of angels.
- Marina Technology Cluster holds quarterly TechNet meetings with guest speakers of interest to the entrepreneur community.
- An uptime facility is being considered in Santa Cruz.

One issue faced by Marina Technology Cluster, that may occur in other communities as well, is that the incubator’s CDBG funding limits it to assisting low-income businesses. Typically, these companies are more likely to be candidates for microloans than venture funding, although they are beginning to shift focus.

Overall, the partners were enthusiastic about hosting another event, and perhaps that would provide the impetus to revisit the leadership structure and recruit the participation of more private sector stakeholders.

New California 100

The New California 100 event was held in Davis on June 17, 2008, running from 7 a.m. to 9:00 p.m. The event touted “100 Companies, 100 C-Level Executives, 100 Entrepreneurs and Investors.” The event was promoted on Venture Communities Online, and the companies were encouraged to build their online profiles. However, in contrast to the other pilot programs, there was no single “Community” added to the site because the event was cross regional. Representatives from all 19 counties participated in the stakeholder committee. Most either represented the private sector or were economic development innovation brokers. This event was unique from the other two pilot programs in at least two respects:

1. It took a cross-regional approach, representing California’s 19-county Central Valley.
2. It shined the spotlight on mid-market companies as well as emerging ones.

Reflective of the Central Valley economy, the industry sectors were expanded from the science and technology clusters seen at typical venture events to include agriculture, development construction, and trade manufacturing.

It is easier to identify mid-market companies than early stage companies served by the typical Venture Communities program. To arrive at a list of invitees for the New California 100, a Dun & Bradstreet list of businesses was generated for the 19 counties. The criteria included private companies with 50 or more employees, and a headquarters in the Central Valley. Many turned out to be successful family-owned establishments.

Mid-market companies were featured as presenters and honorees for several reasons. First, they are rarely recognized or appreciated by their communities; more often than not, the only time they are approached by community representatives is when they are being hit up for money or assistance. Second, mature companies have needs for networking, and sometimes capital, too. For example, one presenting company was FAFCO, a mature solar manufacturer. The company was about to enter a new market and had a potential need for capital. Finally, from a community standpoint, these mid-market companies probably have a shorter window to job creation than early start-up companies, meaning the community will see earlier economic returns.

Businesses, too, appreciated the expanded networking potential of mixing early and middle-stage businesses. The opportunities for collaboration as partners, purchasers, suppliers, or investors was phenomenal. As Crystal Martin, winner of Chico’s Venture Island competition, put it, “The opportunity to present at the New California 100 Event was truly one of the best opportunities we could have been given. That event brought the premiere CEOs, investors, and start-ups together. Being a featured start-up with that group was invaluable.”

Venture Island Chico

Venture Island Chico was not one of the pilot programs, but GCN launched it at the same time, and it is worth profiling here because it took a different approach to staging the Venture Communities event. It was the first community to use the Venture Island™ competitive model. Highlights of this model include:

- Monthly challenges and elimination rounds
- Judges and the audience both vote on the winning companies
- Top winners receive a monetary award

Beginning in February 2008 and concluding in June, the multi-session competition used a “Survivor” style theme to present a different challenge to the competitors at each event.

- **Whole Pina Colada (Kick-off Event).** Seventeen presenters gave 2-minute pitches and were whittled down to eight contestants. Bill Reichert of Garage Technologies talked about the new rules of growing innovation technologies.
- **The Snake Pit.** Eight contestants focused on their value proposition, product differential, and target markets. Farley Phillips of American River Ventures presented an overview of early stage growth companies.
- **The Trading Post.** The activity focused on sales strategy, product pricing, and sales forecast, including role playing with an industry expert.
- **Make or Break Beach.** The contestants showed how they think on their feet by reacting to various situations put forth by the panelists. The speaker was Tom Hayes, author of *Jump Point*. At the end, the contestants are whittled down to three finalists:
 - Crystal Martin, California Academy of Nursing
 - Robert Strazzarino, College Scheduler
 - Steve Culton, Nurse Alert Connector
- **Kahuna Mountain.** The finalists made their final pitches and a prizewinner was announced. This event coincided the annual dinner of the Chico Economic Planning Corporation (CEPCO). Adding drama to the event, there was a tie for second place. “The final competition was the most intense. It was our largest audience by far. The final judging was very stressful, as there was some sort of tie between the audience vote and the judges. The final 15 minutes of calculating scores was really exciting,” says Martin, the winner.

Because this approach is more theatrical, it has a greater capacity to capture the attention of the media and community. Venture capitalist Roger Akers, a GCN board member who MC'd the event, says it would mischaracterize Venture Island to classify it as entertainment. The entertainment value may have gotten the audience in the door, but it was really a platform for showing the community how important it is to nurture companies in early stage job growth. Panelist John Strisower agrees: “It gave the community a greater sense of what gems we have.”

With feedback during the sessions and mentoring in between, the companies had a greater opportunity to grow than in a single venture forum presentation. As MC at all the sessions, Akers says it was interesting to observe. “There was a tremendous growth step for some of the companies.”

He says that was demonstrated by the winner, Crystal Martin. “She evolved the most. The difference between where she started in her process, the clarity of her revenue model, the execution of how they were going to do the education process—it really took people to school about how you would do nursing education. She went back and did market segmentation analysis—what you would charge, who the competition was, who would help them move their business into the market. She also shored up her financial model, and she even started talking about her organizational structure and what the challenges would be. She also did a much better job of discussing what the state and national certifications were, and how relationships with hospitals were needed to execute the model.”

Martin concurs: “We really pushed the business to achieve new milestones between each competition so we would have something exciting to share with the audience and judges.”

There was a different panel of judges at each event, representing both the entrepreneurial and investment communities, as well as service providers such as the university and community college. The tough questions by the panelists were frustrating for some of the competitors, but Akers defends the approach. “Some may have asked questions that the participants didn’t think were relevant,” says Akers, “but it was a testing process. It was designed in some cases to make people feel uncomfortable, to see who was willing to step up as a leader on a real time basis.”

Another challenge to the companies was related to the judging system that gave equal weight to the panelists and the audience. As Robert Strazzarino, a presenter, explains, “With the VCs it was all about money—wanting to see a huge market. For the crowd, it was more about demonstrating my personal story—I work on this by myself in my house. I’m running it alone.”

One goal of Venture Communities is to identify companies, and in this regard, Steve Culton is a prime example of a previously unknown company coming forward. As Culton explains, he was at a stage where he needed funding and happened to see an article in the paper about Venture Island. “I didn’t know anything about funding at that point. It said to call for a ticket, so I called, and Jon asked if I had company and a patent. Then he asked if I wanted to show the device. ‘Well,’ he said, ‘You’re going to be on in four hours.’ It was the day of the program.” Culton not only showed up, but he was voted “most likely to succeed” out of eight that were selected that night. In the end, he tied for second place.

Doing the postmortem on this first-time effort, the reviews were enthusiastic, but not surprisingly, there were a few issues to be ironed out. The two that stood out most clearly were prize money and the number of events.

The organizers recognized that a monetary prize would attract more interest, and the competition had initially been promoted as offering a \$50,000 prize to be split among

the finalists (70% / 20% / 10%). Unfortunately, that funding fell through over the course of the competition, and the winners received only a small fraction of that amount.

The advantage of multiple sessions is the ongoing publicity and expanded educational opportunities for both the community and the companies. The downside is the significant effort required of the participants, as well as the time commitment of the judges and audience. Several participants raised that issue in interviews:

- “I would probably have one less event.” Also, during each session, “There’s some down time. Extra things that they can shave off and make it run more efficiently.” (Robert Strazzarino, presenter)
- “Each competition was valuable, but from a time perspective I think we could have accomplished the same excitement with one less event.” (Crystal Martin, presenter)
- It’s repetitive having different judges because you spend two minutes talking about nothing but the company each time; in other words, you have to explain the whole company *and* address the event topic in two minutes, instead of just addressing the topic. She would like judges to be the same for each session, so presenters could advance their presentations. (Haley Clark, presenter)
- “They could probably do it in less time at each event.” “There should be the same judges the whole time because then they’re seeing the pitches improve through time.” (John Strisower, panelist)

Where Venture Island succeeded wildly was in generating a great deal of media coverage and excitement in the community. The competitions put a great deal of time into their presentations but most seemed to think it was worth it.

- “It was motivating to have the crowd following our progress.” (Robert Strazzarino, presenter)
- “I have attended multiple conferences and events in the past but nothing that compared to Venture Island. Venture Island was exciting and different than anything else I have ever seen or been a part of.” (Kris Rudeegraap, presenter)

To better illustrate how Venture Communities take shape in different communities, various aspects of the program are discussed below.

Leadership

GCN had fiduciary control of the Monterey Bay, New California 100, and the Chico event, while San Luis Obispo EVC held the purse strings for the Central Coast program. In this capacity, GCN played a greater leadership role than what is described in these guidelines. The community stakeholders’ primary responsibilities were to bring in media visibility and reach out to businesses and personal networks.

New California 100 created a stakeholder committee with representation from the 19 counties. The people that participated were either from the private sector or

economic development charter organizations that came with the notion of being an innovation broker.

Chico, following the multi-session Venture Island model, attracted stakeholder input through the participation of entrepreneurs who served in a rotating panel judges at each session, along with the investors. GCN partnered with the Chico Economic Planning Corporation (CEPCO) to plan the event.

In the case of San Luis Obispo, the EVC had greater experience offering services to innovation entrepreneurs and had in fact staged a venture forum independently in the year prior to joining Venture Communities. Thus for the Central Coast, GCN's primary role was in extending the network, providing greater access to investors, and coaching and mentoring the presenters.

Monterey, which loosely fell under the umbrella of The Association for Monterey Bay Area Governments (AMBAG), seemed to suffer from a lack of private sector involvement. Few local companies were identified, and the program drifted when the event was over. While everyone gets along, the communities act independently. As Chris Kahn, of the Marina Technology Cluster explained, "The Monterey Bay Area is a very loosely associated community with investors not really organized and entrepreneurs sparsely located. It's partly based on geography. In Silicon Valley you have different communities with a common identity. Here, there's blank space in between." Whether due to GCN having too much responsibility or due to local inexperience in identifying and addressing the needs of the innovation community, once the event was over, the region suffered from lack of leadership. Susan Barich, also of Marina Technology Cluster, observed, "Somebody has to take on the mantle and be the champion. There's nobody on this project who's designated as the leader." Because GCN played such a dominant role in organizing the event, she felt they needed to play a more active role in guiding post-event activities. Despite their frustrations with the follow-up, they were very enthusiastic about the event itself and hoped that Monterey Bay would host another one.

Ideally, Venture Communities should be locally driven, with GCN adding value through its network and structural expertise. Perhaps when a region has fiduciary control, as opposed to GCN, it will take greater ownership of the process, if for no other reason than not wanting to be embarrassed by a failed event. As an example, Jon Gregory of GCN pointed to the Venture Island program in Redding, California, which identified 38 companies for its first event and benefited from a very enthusiastic and active leadership that pushed the program forward.

Mentoring and Education

Several presenting companies said they appreciated the amount and quality of feedback they got from the panelists. As one Monterey participant explained, the Venture Communities event was more "intimate" and productive because it was interactive, and the participants received instant feedback. He said other conferences he had attended were more one-way, with presentations only. He was very impressed that all panelists gave him at least 10 minutes of post-presentation one-

on-one time during the conference via meetings in the hallway, and so on. He characterized the feedback as “very candid and constructive.”

Understanding Angel/Venture Funding

For some, the pitching session is a reality check to find that their company doesn't fit the angel/venture model, as evidenced by comments from these participants:

- Found that their product and business model does not play well to VC, so they are pursuing government contracts. VCs have a shorter cash out model than what their company's business model can produce. (Monterey and Central Coast presenter)
- “My business was not their specialty. It was very uncomfortable territory for them. They tried to be helpful. It would take the seventh meeting with them to get what I was saying. They weren't getting what was different about it. The examples they pointed out were weak, and they wouldn't listen to what I was saying.” (Chico presenter) [This level of frustration probably came from the fact that this business did not meet the VC criteria (not did it qualify for bank financing); ultimately, the owner leveraged her house to fund her business.]
- This was his first time participating in a competition. “With judges it's always a challenge because VCs want to see a huge market. This company's not like that. There's a \$40 million market size with this company.” He said with the judges' help he realized VC funding was not going to be. (Chico presenter)
- Best piece of advice: “Maybe to get the book on financing terms and negotiating a term sheet.” (Monterey presenter)

Business and Pitching Advice

Asked what they look for in companies, panelists Roger Akers and John Strisower both say one thing is how the company sets itself apart from others. “It has to be a game changer,” says Strisower. Akers asks, “What is the unfair advantage that will make them successful? At the start, some people think, ‘I can do anything, I'm smart, and therefore I will execute it and prevail. Well, there are a lot of smart people in the world.”

Strisower and Akers also agreed that the management team is a key point. Akers said the company needs a team that can evolve with the business plan. Strisower said he looks for passion and motivation in the leadership. “They don't have to have all the experience, but they have to be flexible and willing to fill in the gaps with people who have ‘been there, done that.’ ”

Akers observed that some overlook the importance of going through the market segmentation analysis and integrating the results into their strategic execution. Strisower said he wants to see “something that can scale in whatever segment they're in. A large addressable market is needed.”

“Immature entrepreneurs have the idea that all they have to do is open a business and it will become huge. That's what they get by being beaten around a bit [during pitching sessions].” says Strisower.

Akers, an investor who MC'd the Chico event and sits on the GCN board, says presenting companies are free to call him and ask questions between events. He says the questions are typically centered around how to make the presentation better, be better focused, and more centered.

Many of the participants interviewed commented that the coaching helping them improve their pitch.

- “This information is not in any management book or MBA school.” (Monterey presenter)
- Best piece of advice: “The number one thing was doing more sales myself instead of relying on other people. At the first event the speaker said ‘everybody sells.’ It hit a chord with me.” (Chico presenter)
- One of the judges gave them insight on how to size their market. They were undersizing their market by at least 40-44%. This opened their eyes to learn that their true market is about \$1.0-1.2 billion. He thinks this helped them to win three awards. (Monterey presenter)
- Company didn’t change as a result of the feedback, but instead, the event reaffirmed his company’s business model because of the solid feedback that they were on target with their message. He said it gave him confidence in his company. (Monterey presenter)
- Best piece of advice: “Understand where the VC firm is coming from and wants to go; align objectives.” (Monterey presenter)
- Due to coaching, this company changed its pitch from being too techy and lengthy; he attributed that to becoming a finalist. (Monterey presenter)
- Steve Joseph offered particularly good advice on how to improve his pitch and also who they should be talking to at the event. (Monterey presenter)
- He said he learned from other companies’ pitches — how they approached their pitches. (Monterey presenter)
- “The 30-second pitch is a bit unnerving — but fun.” (Monterey presenter)
- “I especially liked the different format vs. just the same 10-minute canned speech over and over. Putting them in different situations reveals the real CEO.” (Monterey presenter)
- “It was a great forum to practice speaking in front of lots of people....I kept trying harder and harder because I wanted some good news to tell.” (Chico presenter)
- “The two-minute pitch is a great event because if you run into somebody, you’ve got to be able to articulate your business, when you’re describing what the business is and the value of the business, why do customers want it, you’ve got to really understand.” (Chico presenter)
- “The last event stood out the most to me because we were not given any preparation for the event. The presentation was ad-hoc and it was interesting to watch other presenters make-up their speech right on the spot. (Chico presenter)

Networking

One of the most successful outcomes of Venture Communities events is the networking that takes place. These chance encounters fill a variety of needs that goes well beyond funding, as the examples below illustrate.

- At the Monterey event, Vikram Janardhan of Insera Therapeutics met Carey Adams, who invited him to participate in a local CEO network for biotech firms in the Sacramento area. He also met a panelist, who is now on his board. This person led him to another person who is on the board, and to a market cap company resource.
- Kris Rudeegraap, who presented at the Chico event, said, “The best thing that came out of Venture Island for us was the added contacts. We made multiple new contacts, but one in particular was an entrepreneur/owner of a property management and real estate development firm. We’ve met with him more than a dozen times since the competition. He set us up with a focus group two months ago that helped us refine our business model and get great feedback from property managers who are using our website. I met a dozen or so individuals that I have since added to my LinkedIn network.”
- Gerardo Capiel of Gydget said he considers some of the contacts he made with Venture Communities to be long-lasting contacts. In particular, he met a venture capitalist who has since introduced him to a friend who is also an entrepreneur.
- Tim Treanor, presenting for Online Video Services, met a fellow entrepreneur at the conference. They had a software offering that could be very useful to his business, and they are in discussions to license the software.
- Gene Banman, pitching for Zero Motorcycles in Monterey, was so impressed by an online tax consulting business’s presentation that he invested in it.
- Haley Clark, a Venture Island competitor in Chico, who acknowledged that her swim school business model didn’t fit the VC mold, said that she benefited most from the publicity. Through exposure in the local media, she gained customers more than business contacts.
- Crystal Martin, winner of the Chico competitions said, “Roger Akers [investor and MC of the Chico event] was inspiring. I have kept in touch with him after the event to give me insight on this business and other ideas I have. Being around Roger makes you want to do more with your life.”
- Susan Barich, of Marina Technology Cluster, one of the local partners in the Monterey Bay program, met Ken Tam, developer of “Push 5” cell phone technology, and invited him to speak at their TechNet gathering. She said he’s not a candidate for the incubator, but still a good contact. She also valued the exposure she received from moderating a panel.
- While judging the Chico event, John Strisower, serial entrepreneur and founder of Patholase, started talking with a judge sitting next to him and ended up hiring him as his COO.
- Steve Culton, a finalist in the Chico competition said he learned that investors will often acquire support from their families. What he didn’t realize was that he had a

wealthy relative who was in the audience and saw his presentation. That relative now has a 50 percent partnership in the company.

Suggested Event Improvements

The presenters interviewed for these case studies were overwhelmingly positive about their experience, but they did offer a variety of constructive suggestions for improving the events.

- Color name tags to segment entrepreneurs by stage in funding cycle. (Monterey presenter)
- Would like more companies to exhibit and demonstrate their products. (Monterey presenter)
- Better follow-up, e.g., how to get video on Venture Communities online. He would like to use it for online pitches. (Monterey presenter)
- Likes the video pitches very much. Would like to be able to tape the video before the event so as not to take time away from the event. (Monterey presenter)
- News release needs to be written/available within day or two of event instead of a couple of months (Monterey presenter)
- Higher investor:business ratio. (Monterey presenter)
- Would like to have prescheduled meetings with investors prior to event; ramp up contacts before event. (Monterey presenter)
- Teach a class to help entrepreneurs learn how to develop interest from investors in their product/business. Also teach a class, “What VC or Angel investors won’t tell you — alternatives to VC and Angel funding.” (Monterey presenter)
- Suggested that each panelist be assigned as a mentor to a presenting company. (Monterey presenter)
- Would like to have a formal debriefing time organized for the presenters with the panelists to get feedback. (Monterey presenter)
- One presenter thought the questioning session was disorganized and ad-hoc. In some cases, he said one person dominated while others did not have time to ask their questions. He did think that not all panelists were up to speed on the companies – as if they did not review the material and prepare questions. (Monterey presenter)

Venture Communities Online

As described in the guidelines, Venture Communities Online is the web portal intended to sustain momentum between events by

Venture Communities Online was launched in beta form in March 2008, just as the Central Coast and Monterey Bay pilot events were being held (the New California 100 event followed in June). The web portal was used to promote the pilot events (although the Central Coast event was promoted more heavily through the San Luis Obispo EVC website). Seven months later, the network featured eight California regions, including the Central Coast and Monterey Bay pilot areas. New California


100, the third pilot program, was a cross-regional event; thus it didn't have its own unique presence on the network, although participating companies were profiled, and the event was publicized on the network.

Companies are encouraged to post a profile at the time they apply to present at events. Other entrepreneurs can also ask to be profiled. Events such as Monterey Bay's venture forum and the New California 100 event attract companies from outside the region, meaning the network is populated with entrepreneurs from a wide geographic area that includes Texas, Colorado, and Washington.

In total, roughly 350 companies and 65 investors were profiled on the network as of October 2008. The Central Coast region had 21 company profiles and the Monterey Bay Area had 10 companies listed.

It is fair to say that Venture Communities Online, like many of the start-ups it features, is in the early stages of development and will have to reach a critical mass before it can attract an active level of participation by communities and companies. Once it becomes evident that early adapters are making valuable connections on the site, others should follow.

As an example of an early success story, GCN's Jon Gregory cited the example of Industrial Origami, an early stage advanced materials company from San Francisco, that posted news when they closed a round of funding. Gregory shared the story with his "insiders" mailing list. As a result, a vice president at Goldman Sachs requested an introduction to the company. As Gregory explained, this is news that wouldn't appear in the *San Francisco Chronicle*. Goldman Sachs would not have seen it without the website. Venture Communities Online closes the communications gap between companies and stakeholders by allowing investors to efficiently monitor developments in a wide range of growth companies. As of October 2008, the News section featured 60 company news stories, many of which reported on milestone achievements.



The screenshot shows the Venture Communities website interface. At the top, there is a navigation bar with links for Home, Events, Companies, Investors, News, and Resources. A search bar is visible on the left. The main content area displays a news article titled "Industrial Origami snaps up \$17 million" dated October 7, 2008. The article text describes the company's third round of funding and its technology for building cars and household appliances. To the right of the article, there is a "Success Story" callout box.

Success Story: This posting led to an introduction to Goldman Sachs.

Among the sampling of companies interviewed several months after the pilot events, most had posted profiles for the event, but few had continued to use or update the site. It should be noted that not all features of the web portal were fully functional at the time the events were held; thus the companies did not see the full potential of the site, and some may have been frustrated by early technical glitches. It's clear from

user comments that community leaders and GCN will have to counter both skepticism and simple procrastination among their companies until the web portal takes hold.

- “It would be a good idea, but I haven’t gotten around to it.” (Monterey presenter)
- “We made money shortly after the event, so we haven’t needed to.” (Monterey presenter)
- Doesn’t believe that good contacts come from email or websites. (Monterey presenter)
- “Forums are places where venture capitalists observe entrepreneurs—they have more comfort in personal meetings than emails.” (Monterey presenter)
- Have posted milestones. Haven’t gone on there that much (e.g., looking for networking opportunities). “I’m just doing my part to add content.” (Chico presenter)
- “I have not put enough focus on updating the website. I put up my initial posting, updated it after winning, and that is all. To my knowledge, I have not received any contacts through the website.” (Chico presenter)
- They weren’t yet sure how to use the website to raise capital. He said he was not sure how fast-moving venture capitalists will respond to the website and webcast. (Monterey presenter)

Another potential problem area relates to communities’ hesitancy to commit to a website when long-term funding is uncertain. While companies can participate in the website whether or not they reside in one of the Venture Communities, the communities themselves pay for the privilege to participate when they become a Venture Community. Mike Manchak of San Luis Obispo EVC, the local coordinator of the Central Coast Venture Communities program said they haven’t used the site yet to promote their events. “We’re just working through the logistics. Our contract with Venture Communities is a limited timeframe, through a grant.”

On the other hand, Chris Kahn the system administrator for Monterey Bay, said “I’m hopeful for the potential of it,” acknowledging that “it could fill a niche need,” but he said they haven’t fully utilized it because, in its beta state at the time of the event, it was still “a little bit clunky.” Since the event, his focus has moved to other urgent matters. He said they don’t really have the resources to promote it, although he has added a couple of companies that asked to be listed. He was looking forward to talking about it with a newly forming group of investors who he thought would be interested.

As GCN demonstrates more success stories such as Industrial Origami, described above, and implements more regular contact with the network leadership, the level of buy-in should increase.

How Communities Can Support Innovation

During interviews with companies that presented at the events, a number offered interesting suggestions for ways communities can support the growth and

development of their companies. True to the nature of the entrepreneurial mind, some offered unique ideas.

- “Since everyone is currently so preoccupied with the economy, local economic development could host forums that help businesses connect to resources.” (Monterey presenter)
- “Since most entrepreneurial firms start out with one to two employees, it would be helpful for economic development organizations or GCN to offer a group health program that entrepreneurs could buy in to. Typically, entrepreneurs cannot qualify for group health insurance so they fall back on their COBRA.” (Monterey presenter)
- “Perhaps GCN could sponsor virtual offices (incubators) in Silicon Valley that companies could locate in and be closer to investors without moving the company operation [from more remote locations with a dearth of investors].” (Central Coast presenter)
- Most needed from community: human resources services and accounting services (Monterey presenter)
- No one from the community had followed up with him (because he’s from Washington), but he offered that he likes the idea of a personal call instead of something in the mail or email. (Monterey presenter)
- There’s nothing more that he would expect to help his business, but he would suggest these things for up-and-coming companies: improved air service, increasing the number of building environments, adding a high-tech incubator. Also, “We have an entrepreneurial center at CSUC; its goal is to turn out entrepreneurs. The next step is we need an environment that nurtures them so they don’t leave for the Bay Area.” (Chico participant)

Lessons Learned

Program Execution

Implementation of the pilot programs pointed to several factors that support success.

- **Finding entrepreneurs: funding is the "cheese in the trap."** The opportunity to showcase their company before investors (and the attraction of prize money, if offered), gets entrepreneurs in the door, but once they're in, it's also about networking and education.
- **Attracting investors: companies are the "cheese in the trap."** Angels and VCs are more likely to show up for 40 companies than 10, particularly in a more remote location. A larger showcase is an efficient use of their time. And, because investors are the key to attracting companies, this is important.
- **It's more than an event.** Venture Communities should not be viewed as just an annual event (or, worse, an opportunity for elected officials to wave the pro-business banner once a year). The event draws attention to the program, attracts previously unrecognized companies, educates, and provides networking opportunities. But it's a starting point, not an end. Once those businesses are identified, there should be physical contact at least four times a year, and the leadership should strive to create showcasing opportunities and make introductions whenever the opportunity arises.
- **It is scalable.** The three pilot programs ranged from an area roughly encompassing one county to a 19-county cross-regional event. All three programs exposed companies to investors and facilitated networking with mentors, potential board members, executives, business partners, and service providers. While there were different approaches to leadership, follow-up, and what companies were allowed to participate in the events, at their core, all three provided a showcase for businesses and introductions that they would not otherwise have access to. Any community of 100,000 or larger is a potential candidate for Venture Communities. In the case of larger regions, or cross-regional programs, it is necessary to still have one person serving as the local point person.
- **Keep private sector stakeholders in the forefront.** Innovation entrepreneurs are turned off by "government-speak." They want to hear from their peers, mentors, and potential investors. Save speeches and presentations for the private sector stakeholders, not government representatives or nonprofits.
- **A hub and spokes system adds value to communities.** Companies need to reach stakeholders outside the area. Investors, partners, and potential employees are not limited to the geographic boundaries of the city in which they reside. With GCN's pool of investors and industry insiders at the hub, Venture Communities links companies in one community to other companies and investors throughout the network. The news section of Venture Communities Online allows companies to report milestones to potential contacts they would not reach in any other way. The participating communities gain the power of

providing their companies with access to larger investors than they could on their own, as well as receiving structural guidance and mentoring for their companies.

- **Venture Communities Online requires local promotion.** Venture Communities Online is an effective means for promoting events, showcasing companies and investors, reporting milestones, and sustaining momentum between events. However, to get the most out of it, the local leadership needs to promote it by reminding companies to post updates and using it as a source to create introductions between companies and other interested parties.
- **One-year benchmark is too short.** Programs based on an annual reporting system may be inadequate to measure the success of Venture Communities because start-ups have a longer lifecycle.
- **Tracking innovators requires different metrics.** A business retention model can be used to track growth companies, but the metrics will be different. Questions to be asked include funding stage and source, talent needs (board members, executive, tech workers), and prospective customers. Success measures include number of growth companies, sizes of companies, average wage and compensation, and for individual companies, capital raised, new customers acquired, new C-level hires, and patents filed.

Innovation Entrepreneurs

Innovation entrepreneurs possess characteristics that local leaders should understand.

- **Growth companies don't care about geopolitical boundaries.** A program that is too focused on serving only local companies may not be serving its entrepreneurs adequately. Their needs for talent, funding, and professional services cross city boundaries. The very advantage these companies post to communities is the potential to attract outside income by becoming players on the world stage. There are also practical reasons for conducting the program at the regional level. These larger areas can share resources and duties, and reach a critical mass of entrepreneurs, service providers, and investors.
- **Entrepreneurs need a better understanding of risk capital.** There's a knowledge gap in the entrepreneur community about where to go for funding and what is most appropriate for them. There are too many with the attitude, "I just need an angel investor who will write me a \$5 billion check." One of the best ways to educate a company is through the pitch. But advance education, perhaps through an SBDC, is also important.
- **Innovators have different workforce needs.** The first workforce needs of most early stage companies are not entry level positions. They need an experienced management team. Then they need experienced, not entry level, tech workers.
- **Middle market companies are also important.** Labeled as "successful" by their communities, middle market companies have a certain expectation that their community only calls on them when it needs money. Venture Communities provides a forum to honor these companies for their contribution and at the same time tap into their expertise. Like early stage companies, middle market

companies may have needs for capital as they develop new products or expand to new markets.

- **Some grant programs may limit assistance to entrepreneurs.** At least one partner involved in a Venture Communities pilot program was restricted by CDBG funding to assisting low-income entrepreneurs. They were more likely candidates for microloans than angel or venture funding. This points to a constraint some communities may face in assisting the larger entrepreneurial community.

Leadership

There are steps the local leadership can take to support entrepreneurial development.

- **Take ownership.** The event can be organized from outside, but a sustainable program requires strategic planning and leadership from within. Local responsibility for financial matters may increase buy-in. For the program to be successful, the community must make entrepreneur development a priority, not an add-on.
- **Engage the private sector.** To maximize the likelihood of finding the right companies, private sector stakeholders must be engaged in the planning process. Cities, Chamber, EDCs, counties, SBDCs and WIBs generally don't have the networks for finding innovation entrepreneurs.
- **Understand the financing food chain.** Local leadership needs an understanding of risk capital vs. non-risk capital, from startup to exit (seed, angel, venture, mezzanine, flexible debt, commercial lending). They need to understand the investor's sweet spot, in terms of both financing level and industry specialty. Communities need to identify the holes in the financing food chain. If those funds aren't available locally, they need to evaluate outside sources and know which are appropriate for which companies.
 - Example: The renewable energy cluster is going to be built on venture money. If an economic development organization wants to talk to a renewable company, they need to know something about venture funds; otherwise, the company won't want to talk, because the ED person has nothing to offer. One way to obtain this knowledge is by attending an entrepreneur boot camp or investment conference.
 - Example: A community will only alienate investors and fail their companies if they refer a company in the seed stage to an investor such as DFG Frontier, whose niche is the \$200,000 to \$750,000 .
- **Understand the entrepreneur ecosystem.** As described elsewhere in this guide, growth companies build their business on a higher level network than the typical lifestyle entrepreneur; i.e., accounting firms familiar with Sarbanes Oxley, acquisitions and mergers, and attorneys familiar with corporate structure, intellectual property, and international law. A very useful role local leaders can play is making introductions between companies and others in the ecosystem. The entrepreneur ecosystem encompasses professional services, C-level executives, peers, anchor companies, and the media.

- **Understand liquidity events.** The local leadership needs to understand that wealth generation, role models, and serial entrepreneurship emerges from these events. When the event closes, there needs to be follow-up with these issues in mind.
- **Understand soft infrastructure.** A community's soft infrastructure includes nonprofit agencies, community based organizations, regulatory agencies, and universities. Universities are more important to innovation entrepreneurs if they have a research arm. Organizers are generally most familiar with this component, but unfortunately, it is considered the least valuable community asset compared to the entrepreneur ecosystem, financing food chain, and liquidity events.
- **Become innovation brokers.** The traditional role of service providers is being redefined to that of "innovation broker." In this capacity, they facilitate introductions among inventors, transformers, and financiers. For more information, read *The Innovation Driven Economic Development Model: A Practical Guide for the Regional Innovation Broker*, prepared by Collaborative Economics through the CSA WIRED project.
- **Build relationships.** You can't spend all your time being a collaborator with other providers. You have to spend time with your innovators.

Community Preparedness

To fully support innovation entrepreneurs, the following conditions should exist in a community.

- **Visibility for innovators.** The company can help generate local visibility for companies, while Venture Communities Online extends visibility outside the area.
- **Vertical and functional networks.** The community can assist with introductions to vertical (industry-specific) and functional (cross-industry service and support) networks.
- **Access to all stages of capital.** Funding is a basic requirement, and communities can improve access locally and through Venture Communities.
- **Access to talent.** The community should take steps to develop and recruit the high-level talent required by innovation entrepreneurs.
- **Access to customers and strategic partners.** Helping customers gain access to potential customers through relationships developed in the local community is an excellent role for the local leadership.
- **Innovators need anchor companies.** Mature companies that have senior levels (e.g., Agilent and Intel in Sacramento) spawn start-ups. Smaller communities without anchor companies face a greater challenge in cultivating innovation entrepreneurs. Many of the start-ups are either from other areas or university alumni who return to the area. A thriving innovation community also increases the odds that the growth company will remain in the area when the founders sell the company.

SUPPORT MATERIALS

Task List: Leadership

	TASK	TIMING DAYS FROM EVENT	RESPONSIBILITY
<input type="checkbox"/>	Recruit Catalyst Committee.		
<input type="checkbox"/>	Convene first meeting with assistance of GCN. <ul style="list-style-type: none"> – Establish goals – Review website requirements – Share names – Assign tasks; subcommittees (e.g., publicity, sponsorships, event planning, investor outreach, coaching) 		
<input type="checkbox"/>	Recruit Coaching Team.		
<input type="checkbox"/>	Train Coaching Team (GCN virtual training).		
<input type="checkbox"/>	Assist with event planning (see Event checklist).		
<input type="checkbox"/>	Plan post-event follow-up strategy.		
<input type="checkbox"/>	Hold monthly meetings to review progress.		

Task List: Event (Venture Forum model)

	TASK	TIMING DAYS FROM EVENT	RESPONSIBILITY
<input type="checkbox"/>	Determine Theme for Kick-Off <ul style="list-style-type: none"> - Entrepreneur/CEO Forum? - Local/Regional Venture Forum? - Power of Angel Investing Seminar? - Regional Economic Competitiveness Summit? 	90+	
<input type="checkbox"/>	Develop Tracking Spreadsheet <ul style="list-style-type: none"> - Speakers/Panelists/Moderators - Sponsors/Partners - Entrepreneur Applicants - Presenting Companies 	90-75+	
<input type="checkbox"/>	Outreach for keynote speaker	90-60	
<input type="checkbox"/>	Develop Preliminary Budget	90-60	
<input type="checkbox"/>	Invite New Stakeholders to Be on Planning Committee	90-60	
<input type="checkbox"/>	Outreach for Sponsors and Partners	90-45	
<input type="checkbox"/>	Outreach for Media/Advertising	90-45	
<input type="checkbox"/>	Outreach for Panelists/Speakers	90-45	
<input type="checkbox"/>	Outreach for Presenting Companies to Profile	90-20	
<input type="checkbox"/>	Create Initial "save the date" Announcement	80-60	
<input type="checkbox"/>	Ongoing Communications with Venue Coordinator <ul style="list-style-type: none"> - Meals - Registration - AV - Table Lay Out, etc. - Room Blocks for lodging (if necessary) - Budgeting 	80-1	
<input type="checkbox"/>	Secure Bios and Photos from Speakers	75-20	
<input type="checkbox"/>	Invoice and Collect \$ from Sponsors	75-15	
<input type="checkbox"/>	Finalize Registration model (online, phone, at-the-door, mail?)	60	
<input type="checkbox"/>	Finalize Registration Plan	60	
<input type="checkbox"/>	Finalize Advertising Campaign	60	
<input type="checkbox"/>	Create Initial Press Release	60-45	
<input type="checkbox"/>	Distribute News Release and Ad Through Stakeholder Networks	60-45	
<input type="checkbox"/>	Task-List Communications	60-45	

	TASK	TIMING DAYS FROM EVENT	RESPONSIBILITY
	<ul style="list-style-type: none"> - Speakers/Panelists - Sponsors/Partners - Moderators 		
<input type="checkbox"/>	Distribute “save the date” Announcement and post on Venture Communities Online.	60-45	
<input type="checkbox"/>	Update/Finalize Budget Based on Clarification of Costs/Revenue Targets	60-30	
<input type="checkbox"/>	Finalize Session Descriptions and Agenda; post on Venture Communities Online.	60-30	
<input type="checkbox"/>	Updates to Agenda	60-20	
<input type="checkbox"/>	Task-List to Presenting Companies	60-20	
<input type="checkbox"/>	Distribute Ads to Media	60-5	
<input type="checkbox"/>	Post News Release on Venture Communities Online	45	
<input type="checkbox"/>	Conduct Stakeholder Planning Meeting	45	
<input type="checkbox"/>	Finalize Audiovisual and Technology Components	45-30	
<input type="checkbox"/>	Seek Volunteer Staffing for On-Site Registration (minimum of 2)	30	
<input type="checkbox"/>	Develop Evaluation Forms	15	
<input type="checkbox"/>	Conduct Final stakeholder Planning Meeting	15-7	
<input type="checkbox"/>	Print Final Agendas/Hand-Out Materials	5	
<input type="checkbox"/>	<ul style="list-style-type: none"> - Cash Box with Change - Name Tags - List of Pre-Registered People - Computer with Name Tag Software - Hand-Out Materials - Set Up and Test AV Systems - Evaluation Forms 	0	
<input type="checkbox"/>	Post-Event News Release	(5)	
<input type="checkbox"/>	Develop and Distribute Thank You Letters <ul style="list-style-type: none"> - Speakers/Panelists/Moderators - Sponsors/Partners - Presenting Companies 	(5-15)	
<input type="checkbox"/>	Final “Budget to Actual” Financials	(15)	
<input type="checkbox"/>	Post-Event Committee Meeting–Review Evaluations <ul style="list-style-type: none"> - Determine Theme for Next Annual Conference - Determine Prospective Date and Venue - Review “Budget to Actual” Financial Report 	(15-30)	

Task List: Venture Communities Online

	TASK	TIMING	RESPONSIBILITY
		DAYS FROM LAUNCH	
<input type="checkbox"/>	Invite Catalyst Committee or website planning subcommittee to GCN training	49	
<input type="checkbox"/>	Half Day Training w/ GCN	35	
<input type="checkbox"/>	Choose Name and tagline	28	
<input type="checkbox"/>	Provide banner graphic for website, conforming to Venture Communities look and size specs	14	
<input type="checkbox"/>	Populate community information on home page	14-3	
<input type="checkbox"/>	Populate preliminary companies & investors; set up featured blocks on home page	14-3	
<input type="checkbox"/>	Populate events page if event planning is far enough along; at least include "save this date" information	14-3	
<input type="checkbox"/>	Populate Resources page with local service providers	14-3	
<input type="checkbox"/>	Test and proof	7-1	
<input type="checkbox"/>	Prepare local news release to announce site	7-1	
<input type="checkbox"/>	Launch (site goes live)	0	
<input type="checkbox"/>	Distribute launch news release to local media (preferably electronically)	0	
<input type="checkbox"/>	Rotate featured companies, investors, advisors	weekly	
<input type="checkbox"/>	Post event updates	weekly, during event cycle	
<input type="checkbox"/>	Review newly posted news items and profiles for appropriateness	weekly	
<input type="checkbox"/>	Email reminders to companies to update their milestones and post news	quarterly	
<input type="checkbox"/>	Update Resources as needed	quarterly	

Task List: Follow-up

	TASK	TIMING	RESPONSIBILITY
<input type="checkbox"/>	Update Venture Communities Online	ongoing	
<input type="checkbox"/>	Remind companies to update their online profiles	quarterly	
<input type="checkbox"/>	Maintain spreadsheet or database of companies, milestones	ongoing	
<input type="checkbox"/>	Maintain spreadsheet or database of local investors	ongoing	
<input type="checkbox"/>	Plan initiatives to make community “innovation friendly”	annually	
<input type="checkbox"/>	Hold networking event such as a “Third Thursday” mixer	quarterly or monthly	
<input type="checkbox"/>	Facilitate meetings between investors and companies who are ready	ongoing	
<input type="checkbox"/>	Educate and mentor companies that are not ready for risk capital	ongoing	
<input type="checkbox"/>	Conduct survey/interviews of growth companies	annually	
<input type="checkbox"/>	Facilitate introductions between companies and investors, potential business partners, mentors, and others	ongoing	

Growth Company Screening and Referral Task List

ACTIONS TO TAKE FOR EACH LEVEL OF GROWTH STAGE		
Growth Stage of Company	Characteristics	Actions
Growth Concept	<ul style="list-style-type: none"> ■ No or prototyped product only ■ No sales ■ No or partial management team (beyond founder) ■ Probable Large Market Segment (\$500 million or greater in total) ■ Large aspirations ■ Requires equity capital ■ Not yet an angel investing candidate 	<ul style="list-style-type: none"> ■ Collect and record basic company information into database or contact management system. ■ Refer to an “essential services” mentor for business planning, market segmentation, product validation, reality check, etc. ■ Clearly place onus on them to circle back when they get to first milestone (something to move them to the next classification level).
Growth Startup	<ul style="list-style-type: none"> ■ Product exists and is in customer testing/trial ■ Less than \$150,000/year revenue from product sales ■ No or partial management team (beyond founder) ■ Large market segment (\$500 million or greater in total) with compelling need ■ Large aspirations ■ Potential angel investing candidate (\$250k-\$500k investment delivers major milestone) 	<ul style="list-style-type: none"> ■ Collect and record basic company information into database or contact management system. ■ Create deal profile form/online presentation and circulate via Venture Communities Online. ■ Put them on the radar for higher-level, value-add mentoring. ■ Monitor their progress through bi-annual Growth Company Survey instrument.
Emerging Growth	<ul style="list-style-type: none"> ■ 15% or greater revenue growth last three years and \$1m (+-) or greater annual revenue ■ Large market segment with compelling need, \$100m annual revenue potential and aspiration ■ Existing customer traction ■ Partial executive management team ■ Still seeking full market validation ■ Strong angel investing candidate/potential early stage institutional candidate, (\$250-\$3 million delivers major milestone, i.e. - breakeven) 	<ul style="list-style-type: none"> ■ Collect and record basic company information into database or contact management system. . ■ Create deal profile form/online presentation and circulate via Venture Communities Online. ■ Active recruitment for value-add mentors and angel investors. ■ Monitor and report progress through periodic growth company survey instrument.

ACTIONS TO TAKE FOR EACH LEVEL OF GROWTH STAGE

Growth Stage of Company	Characteristics	Actions
Early Stage Growth	<ul style="list-style-type: none"> ■ Same criteria as emerging growth, plus: raised a round of outside angel capital, currently seeking "A" round of institutional capital 	<ul style="list-style-type: none"> ■ Collect and record basic company information into database or contact management system. ■ Create deal profile form/online presentation and circulate via Venture Communities Online. ■ Actively recruit/mine for value-add mentors and angel investors. ■ Monitor and report progress through periodic growth company survey instrument.
Middle Market	<ul style="list-style-type: none"> ■ Established company (5+ years operation) ■ Greater than \$10-100m annual sales ■ 15% growth each year over last 3 years ■ Large market segment (\$500m) with compelling need ■ Could/does have need for capital now or in future for product and/or service expansion 	<ul style="list-style-type: none"> ■ Collect and record basic company information into database or contact management system. ■ If equity capital required now, create deal profile form/online presentation and circulate. ■ Monitor and report progress through periodic growth company survey instrument.

ACTIONS TO TAKE FOR ENTREPRENEURS WHO DON'T FIT THE GROWTH DEFINITION

Type of Company	Characteristics	Actions
Lifestyle	<ul style="list-style-type: none"> ■ Regional market for product/service (includes most retail, food and beverage, local services, trades, etc.) 	<ul style="list-style-type: none"> ■ Enter into retention/expansion database ■ Refer to existing business services resources
Existing Moderate	<ul style="list-style-type: none"> ■ Regional or national market ■ Market segment less than \$500m, ■ Privately held out of area or publicly traded ■ Service or manufacturing subsidiary of another company out of region 	<ul style="list-style-type: none"> ■ Enter into retention/expansion database ■ Provide typical business retention-expansion services, such as job training referral for employees, site selection/relocation, others within community ■ If capital is required, refer to loan program or reevaluate market segment, product lifecycles for potential equity-backed deal

Glossary

ACA. American Capital Association, an alliance of angel investor groups in North America (www.angelcapitalassociation.org).

AeA. Formerly American Electronics Association; an technology industry trade group (www.aeanet.org).

angel investor group. A group of affiliated angel investors who meet regularly for social interaction and to view presentations by pre-screened companies seeking capital.

angel investor. High net worth individuals accredited by the SEC who invest in emerging growth companies for a variety of reasons, but primarily because of affinity with the company and/or a chance for a high rate of return. To be accredited by the SEC, the individual must have a net worth of at least \$1 million and an annual income of at least \$200,000 in each of the last two years.

C-level executive. Top level executive (CEO, CFO, CIO, etc.).

capitalization table. A breakdown of share allocation at each growth stage of a company. With each round of funding, the founder owns less and less. By IPO stage, the founder may be down to 15% ownership, but that 15% is worth far more than 100% at the company's onset. The founder must decide, "Do I want to keep control of something small, or am I willing to have less control over something very large?"

emerging growth company. Growth company typically characterized by incomplete management team; seeking seed or early-stage equity capital; pre-revenue or annual revenues less than \$1 million. See also: *growth company*, *leading growth company*, *lifestyle entrepreneur*.

entrepreneur. See *growth company*.

entrepreneur ecosystem. The system of professional services, C-level executives, peers, and anchor companies on which a growth company thrives.

entrepreneurial development capacity. A community's capacity to organize public and private human and financial assets into programs and services to support the development and success of its entrepreneurs.

executive mentor. Individual with the experience necessary to coach emerging growth companies. These include serial entrepreneurs, people on founding executive teams of companies that have been taken public or sold at a multiple of investment return, and people who provide services to these companies.

GCN. Golden Capital Network; GCN developed Venture Communities and operates if through its 501c6 nonprofit division, Golden Capital Venture Communities (www.goldencapital.net).

global 2000 company. One of the 2000 largest companies in the world.

growth company. Also known as **high growth entrepreneur** or **innovation entrepreneur**, a growth company is a private company selling *innovative* products and services to a national and/or global market; typically the company is built for growth and future acquisition or initial public offering (IPO). See also: *emerging growth company, leading growth company, lifestyle entrepreneur.*

Industry Advisory Board. A group of non-local executive mentors who are available through the GCN network to assist growth companies with a particular area of expertise via virtual meeting. These are high level, experienced executives and mentors from within specific industries who have offered to provide domain and functional expertise when appropriate and when value can be added to the emerging growth company.

IPO. Initial public offering. The first public sale of stock in a company.

leading growth company. Growth company typically characterized by complete management team; seeking additional debt financing or mezzanine equity financing; significant customer traction yet launching new products or repositioning company; generating more than \$1 million annual revenues. See also: *growth company, emerging growth company, lifestyle entrepreneur.*

lifestyle entrepreneur. A private company selling products and services to a local and/or regional market; typically a lifestyle company financed by founder, family, friends and/or debt financing; not a likely candidate for angel and venture capital investors; primarily recycles consumer dollars in local market. See also: *growth company, emerging growth company, leading growth company.*

mezzanine financing. A stage of venture capital financing, usually right before the IPO stage. The loan is usually repaid out of the proceeds from the public offering.

milestones. A series of measurable achievements in the development of an emerging growth company. Examples: shipping first product or services, securing an executive team, completing a round of funding.

NVCA. National Venture Capital Association; a trade association of venture capital firms (www.nvca.org).

private equity investment capacity. A community's capacity to increase the availability of private risk-capital to make equity investments in promising entrepreneurial companies to stimulate business growth.

seed funding. The earliest round of investment, when the company has no customers and is still developing its business plan; sometimes referred to as the "friends and family round."

serial entrepreneurs. Serial entrepreneurs have taken companies public or sold at a multiple of investment return and seek to do so again.

venture capitalist. A professional investor who manages a fund for limited partners focusing on high risk, high return investments.

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Sample Documents

- News Releases
- Event Preparation
- Promotion
- Event Materials