

Women Entrepreneurs Encouraged to Stay in Game

Run Date: 02/04/02

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The recession shouldn't dissuade women with entrepreneurial spirit to explore their options, say venture capitalists who continue to mine for those good ideas that make great businesses.

NEW YORK (WOMENSENEWS)--Despite almost daily announcements of corporate downsizings and a nasty recession, sources of capital are still available for women who run high-tech companies. But trying to obtain such funding is difficult for men and women alike, and one has to provide more information, network more than ever and document potential successes before venture capitalists will shell out financing to start-ups.

That was the consensus of a recent panel discussion of venture capitalists sponsored by Deloitte & Touche that focused on women business owners and investors in New York's "Silicon Alley." The speakers all had an interest in working with women-owned businesses.

"It is tough out there, but it can be done," said Amy Rosen Wildstein, fund manager for New York City-based Angels4Equity, a private equity fund targeting early- to mid-stage investments. "But there is now a higher bar to prove yourself to investors and most of us are looking to put money into companies that have proven concepts."

Venture capitalists are now taking more time for the due-diligence process, as they examine all aspects of a start-up more closely. For instance, two to three weeks of close examination of a company has been replaced by three of four months of due diligence, pointed out panelist Karen Kerr, managing director of ARCH Venture Partners, a 16-year-old Chicago seed and early-stage venture-capital fund. The fund focuses largely on investing in diversified technology companies.

"We're still looking for very solid opportunities for investment," Kerr said.

Venture Capitalists Advice Preparedness

Panelist Howard Sommer, president and chief executive officer of NYCIC, which works heavily with women-owned and minority ventures, noted that the firm has changed its approach to investing because of changes in the economy. The firm now wants all its funds to have a history of revenue generation, even if it is only a week's or a month's worth, Sommer said. The company also now only funds products or services that have gone to market.

"You have to get more than one company to invest in your business these days. Investors are more cautious about where they put their money and you have to keep that in mind," Sommer said. "But quality opportunities will find money and will survive."

The market also is ripe for those women on the other side of the coin who are looking to invest in new companies. "Since prices are now low and companies have been building up value for a few years, this is a great time to be investing," said Jeanne Mariani Sullivan, a partner in StarVest Ventures, a New York company that provides equity funding for new ventures.

The panelists also offered suggestions to women entrepreneurs to help them obtain financing in challenging economic times. Those who don't have a complete understanding of finances should hire or seek expert advice from someone in this field to help them better present their case, Sullivan said.

"Traditionally, women have not been trained in finances and you need to know the ropes of this so that you best package and present your company," she said.

Women Should Capitalize on Unique Skills

Sullivan also emphasized the importance of negotiating skills and learning the art of the deal. She recommended hiring good people and not attempting to do everything on one's own. But an entrepreneur shouldn't let her networking skills go to waste, either.

"This is the time to put yourself out there and use your contacts and your colleagues, to help put you in touch with the right people," Kerr said.

Since women tend to be more social than men, they should use these abilities to generate a network of friends and colleagues who can help with financing, Sommer said.

"Every investor wants to make money and you need to get to know these people and cultivate them in a host of ways, including through friends and family," Sommer said.

Wildstein recommended researching what investors look for and how they operate to glean the best of funding.

While it may seem contradictory during a recession, the panelists said to think big.

"Women tend to ask for less money than they really need," Wildstein said. "Don't do this. Don't try to work with too little."

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Center for Women's Business Research:

<http://www.nfwbo.org/>

National Foundation for Women Business Owners:

<http://www.nawbo.org/nawbo/nawbostart.nsf/Home?OpenNavigator>

Crains: New York Business

"Women in Business":

<http://www.crainsny.com/page.cms?pageId=23>