

Reader Exercises

Raising capital has a lot to do with networking, getting the referral in to an investor, or leveraging university connections. These reader exercises are designed to help you discover these connections. This is also another opportunity for a check point with your trusted advisers, professor, and fellow classmates! You might be surprised at just how many angels, VCs, and corporate executives are networking into your university.

Step 1: Get a Feel for Deals in Your Industry Sector

Go to www.pwcmoneytree.com. This is PricewaterhouseCoopers' *MoneyTree* site, where you will find comprehensive reports on VC investment activities by industry, region, and stage of development. Navigate the site and study what activities are happening that are relevant to your Venture Concept. What kinds of conclusions can you draw as a result of your search?

Step 2: Learn About Local Angels

Go to www.angelcapitaleducation.org. This is the Angel Capital Education Foundation, and it provides education, information, and research about angel investing. Under "Resources" you can find a listing of angel groups by region. Check out angels in your region and try to learn about whom they are, what they do, and their investment strategies. Also, under "Research," check out the latest statistics on angel investment in the United States.

Step 3: Find Actual Angel Investors

Find out—any way you can—two or three angel investors who are alumni of your university. Determine further if you know anyone else who has contact with these investors on a personal basis. It might well be your professor. See if there is a way to meet them for breakfast or lunch. Extra credit: Have that meeting with them!

Step 4: Learn About the Venture Capital Industry

Go to www.nvca.org. This is the National Venture Capital Association Website. Under "Research," study the latest venture capital industry statistics. Also, under the "About NVCA" tab, look at the Members page and the hundreds of members of the association. Clicking on the member firms' names takes you directly to their Websites. There you can study their portfolios.

Step 5: Learn About Local VC Firms

Next, select three VC firms with companies in their portfolios that are in the same industry sector as your idea. Learn what you can from the Websites of those portfolio companies. Do they seem to be successful? Identify the partners of the VC firms who are the lead investors in those companies. Look at their educational and work backgrounds. See if there is some type of personal connection for you. Do the same with the backgrounds of their investees in your industry sector. The goal here is to determine if there is an individual who can make a call on your behalf to a partner in that VC firm.

Step 6: Learn About Potential Corporate Investors in Your Industry

Find a large corporation in your industry that has its own internal venture fund or direct investing activities. Intel and Google, for example, are well known for their corporate venture capital activities, but you would be surprised at how many corporations in industrial and consumer marketplaces view direct investments as part of their own long-term

growth strategy. Once again, research the backgrounds of the executives—see if there is a connection for you, as alumni of your university or in some other way. Many executives in large corporations look for opportunities to help students or recent graduates of their alma maters.

Step 7: Develop a Strategy to Raise Funds

Develop a draft strategy for raising capital for your venture, including whom you might visit, the rough amount of funds you think you need for Series A financing, and how much of the stock you would be willing to provide for that capital.

Visit the Student Study Site at www.sagepub.com/meyer2e to access the following resources:

- Web Resources
- Video Resources
- General Resources in Entrepreneurship