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Funding More Difficult to Find, but Definitely Available

In light of today's economic challenges, what does the funding landscape look like? Mary Campbell, Chairman of the [Michigan Venture Capital Association](#) and Managing Director of [EDF Ventures](#), gives us a look at the big picture of the still-evolving impact on venture funds and their companies. "The best and the brightest will still fly high, but that group will be winnowed as the quality bar is raised," she said. "Start-ups may suffer the most. As the flight to quality is sometimes a flight to a lower risk profile, funds will tend to move up the food chain a bit. As the supply of interested parties shrinks, the valuation commanded by those remaining may feel downward pressure.

"Exits will be more challenging to come by," she said. "The IPO window is closed up tight. Corporations are reluctant to use their shares as a purchasing vehicle, and are more cautious with their cash, depending on their pre-downturn liquidity and ongoing predictability of their businesses. Follow-on rounds in current portfolios will tend to be done more by existing investors, rather than with a price set by and participation from new investors.

"That said, great deals seem to get funded in any environment," said Campbell. "Venture firms and entrepreneurs will do well to keep their current networks close and expand them selectively and with a targeted approach. It's a perfect environment for a highly successful [Michigan Growth Capital Symposium](#)."

Ned Staebler, Director of Capital Markets Development for the [Michigan Economic Development Corporation \(MEDC\)](#), notes that the State of Michigan is still standing by to fund and help grow businesses, big or small. "Our goal at the MEDC is to help lead the transformation of Michigan's economy," he said. "When we create programs here at MEDC, we want to do two things. One, make sure the companies have increased access to capital. But two, we try to grow the infrastructure. We don't just give money to companies A, B, C, and D. We try to build the infrastructure of venture capital, of alternative investors, of angel investors, so that there is more of that type of support network out there."

Staebler notes that Michigan doesn't just need more venture capital, but also more people who know how to wield it. "We need more people who know how to take early stage companies and grow them," he said. "It's a very special skill, and the more people we have here in Michigan, the better off we all will be. At some point it becomes self-sustaining and you hit a critical mass, and that's what we're shooting for. The Michigan Growth Capital Symposium is a fabulous event. Every year they seem to get more and more investors with better and better companies together."

