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The IDEA Winter newsletter

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The IDEA Winter Newsletter

For Successful Financing in 2011, the Planning Starts Now.

Lawrence H. Gennari



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As 2011 approaches, many emerging growth companies are developing financing strategies and looking at next steps to grow their business. So what's a technology company to do if it needs financing early next year? Consider the following:

Don't wait to approach investors. Don't procrastinate - reaching out to investors takes time and most businesses can't wait until after the holiday season. Even in these economic times, angel investors can and do provide an essential source of funding for emerging businesses. Last year alone, angels invested more than \$17 billion dollars in more than 57,000 ventures, with the number of active investors totaling more than 260,000, according to the Center for Venture Research at UNH. The best strategy, however, is to approach groups or individual investors through an introduction from a trusted advisor.

Milestones matter. Be prepared to demonstrate how past investments led to objective milestones, such as a new upgrade or version of software, registration of unique subscribers, or achievement of break-even cash flow. Remember, even if you can't raise all of the money you ultimately need now, you'll position the company for a greater financing valuation later - perhaps in a better or more hospitable economic environment - if you can execute on meaningful milestones this year.

Consider the audience. No financing is "typical" or "standard," and today, more than ever, investment documents must fit investor objectives. Flexibility and fitting documents to meet stated investor needs is critical - do not draft or present "standard" documents at initial meetings.

Bottom line. Whatever financing strategy you choose for 2011, be prepared to resize and readjust your plan based on your target investor and today's market realities. An

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Passing the Torch

This semester, the IDEA management team said goodbye to CEO Ashkan Afkhami, and welcomed new middler Michael Hans as new CEO.



From left to right: Ashkan Afkhami and Michael Hans

"I leave IDEA's management team knowing I was part of an influential program that will continue to support entrepreneurs within NU's community," said Ashkan Afkhami, IDEA founder and former CEO. "I watched a variety of ventures and my peers grow in ways I could never imagine. I look forward to remaining involved in IDEA by joining the Advisory Board and have full confidence that the team will continue to see tremendous success under Michael's leadership."

On taking over as CEO, Michael Hans says, "IDEA has come a long way in just over a year. While we're certainly going to miss Ashkan and all he has done for the organization, I'm excited for what we have before us. With a strong team and a year of success under our belt, I'm looking forward to a year of even greater accomplishments. I'm proud to be the new CEO of such a

innovative and flexible approach is key to raising money now - and for the foreseeable future.

The IDEA Investment Forum

The first biannual IDEA Investment Forum (IIF), held on November 17, was an opportunity for students to receive valuable feedback on early stage venture funding from a panel of experienced investors. IDEA members Ashkan Afkhami and Genna Scisci moderated, asking the panelists a variety of questions.

Panelists included:

- David Verrill, *Hub Investment Group*
- Jeffrey Beir, *Between Novels*
- Jo Tango, *Kepha Partners*
- Bill McCullen, *LaunchCapital, LLC.*
- Marcia Hooper, *HooperLewis, LLC.*

With over 150 students, faculty and others in attendance, the moderators opened the floor by asking the panel how an entrepreneur should approach investors.

Bill McCullen's advice: get a warm introduction – put yourself out there, go to networking events and meet people. The entrepreneurial community – especially Boston's – is a small and welcoming one. Chances are if you meet enough people and pitch them your idea, you'll stumble across the perfect investor-match for you.

When you land your first meeting, investors will be straightforward. Jo Tango provided some insight to what goes on in an investor's head when meeting with an entrepreneur. "Is this someone who listens? Follows up? Takes suggestions?" He looks for entrepreneurs who not only have a great idea and lots of passion, but are ready and willing to learn from others along the way.

"You want an active investor," Marcia Hooper told the crowd. "Someone who helps you recognize good and bad opportunities, and guides you along the way." All panelists agreed: there must be chemistry. The entrepreneur-investor relationship is a huge factor in whether or not a startup will be a success.

After an hour and a half of questions from the attendees and discussions between the crowd and panel, one thing, among many, was clear: the key to any successful startup is passion. Tango puts it quite simply: "Entrepreneurs see the world differently. It's a gift – you either have it or you don't. And you find out fairly quickly if you have it."

The next IIF will be held in Spring 2011.



HIC Demo Night

Entrepreneurs and investors, along with current and former Huskies gathered at Northeastern University on December 3rd to celebrate the newest student-run startups participating in the [Husky I+ Challenge \(HIC\)](#).

Run by Northeastern's [Entrepreneurs Club](#), the HIC is a series of five Boot Camps run throughout the semester designed to help entrepreneurs strategically develop their

burgeoning organization."



NEXPO is NU's Entrepreneurship Expo, co-sponsored by IDEA and the Northeastern Entrepreneurs Club. It is a celebration of entrepreneurship and innovation, and a chance for IDEA ventures to showcase to others what they're doing through working with IDEA.

These showcases act to serve a huge part of IDEA's mission - to connect Northeastern students, allowing them to collaborate on ideas and ventures - and NEXPO is the perfect environment for students to do just that. The next NEXPO will be held in the spring semester.

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ideas into business ventures. Demo Night, conducted science-fair style, is the culmination of these Boot Camps, and allows the participating students to share their ventures with the community while competing for one of four awards totaling \$2,500.

Greg Skloot, director of the HIC, was extremely pleased with the night.

"The fall 2010 Husky I+ Challenge Demo Night was a huge success with over 150 people in attendance," he said. "Over 30 students made up the different startup companies, coming from a variety of majors across the university."

The HIC ventures kicked off the night by giving their elevator pitches to the crowd.

Afterwards, the floor opened for mingling, networking and the chance to speak with each student venture individually.

Congratulations to the HIC winners:

1st: CAMPVentures
2nd: Essentials
3rd: GoRomeo
Crowd favorite: SensoRight



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