



## Angels in the investment field

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Liddy Karter has heard the story all too often.

An entrepreneur with stellar qualifications, a promising business idea and solid business plan gets the funding door slammed shut, all because she's a she.

When it comes to getting a business funded, women have it tougher than men, the numbers show. Some 4 percent of women-owned million-dollar-plus firms have raised private equity, compared to 11 percent of million-dollar-plus businesses owned by men, according to the Center of Women's Business Research.

That's a statistic Karter and her peers are trying to change with Golden Seeds LLC, an angel investor group that invests solely in women-owned ventures.

Angel investors put their money into startup and early-stage companies. Since it often entails considerable risk to their capital, angels tend to fund what they are

familiar and comfortable with, Karter said. That often leaves women entrepreneurs in the lurch, because about 97 percent of angel investors are men.

Greenwich resident Stephanie Hanbury Brown, who spent the majority of her 20-year Wall Street career with J.P. Morgan, began looking at the phenomenon a couple of years ago. She launched Golden Seeds with the idea of filling the funding gap.

"We really feel there is a market inefficiency, and that creates an opportunity," Karter said.

"We think that women are underserved in their ability to raise money, but there is every reason for them to make equal returns as the companies run by men," said Stamford-resident Nancy Harrison, who co-leads the Connecticut chapter with Karter and Hanbury Brown.

The group meets monthly in Stamford. With chapters in Manhattan, Boston and two more slated to launch in Palo Alto, Calif., and Boston, the organization is quickly becoming a national presence on the angel investor scene.

Golden Seeds has received more than 260 funding proposals from woman-owned businesses since its launch in April 2005, Karter said.

Sixty-three have been invited to present their business plans to the group, and 12 have been funded. So far, Golden Seeds has invested about \$3.2 million, Karter said.

"We feel that's been a good success, and we are hoping to do a lot more as our group grows," Karter said. "That's probably our biggest challenge we are facing right now: to find angel investors to fund these great companies we see."

Golden Seeds isn't open only to women, Karter said, and some men are investor members. However, part of Golden Seeds' mission is to encourage high-net-worth women to get involved with angel investing.

Women are a virtually untapped source of capital for entrepreneurs, according to recent study conducted by the Ewing Marion Kauffman Foundation. Of the 225,000 active angels who invested a total of \$23.1 billion last year, only about 8 percent were women, the report found.

"Considering that women's financial power and wealth has grown in the past 20 years . . . it appears women are underrepresented in this type of investing and that we are missing an opportunity for new investments and perspectives," said Carl Schramm, the Kauffman foundation's president and chief executive officer.

Golden Seeds tries to ease the challenges of angel investing. It organizes meetings, screens each potential investment, provides background information and invites companies to present to the whole group, Karter said.

Members get the benefit of having multiple options for investments, Karter said. Their portfolio companies include information technology, retail, telecommunications and some medical devices.

"The ideal company already has a product, already has customers, so there is some validation there is a market," she said.

"We tend to be very supportive investors," Karter said. "We are looking to support entrepreneurs, not take control of their company."

That's the experience Alison Malloy has had with Golden Seeds. Her Stamford firm, Design2Launch, a graphic lifecycle management company, received early funding from Golden Seeds. Hanbury-Brown sits on the company's board.

Having investors who can play the role of sounding board and advisor is always a good thing, Malloy said. The advice and mentoring Golden Seeds has provided is just as critical as the cash itself, she said.

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