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Seed, Venture Fund Group Meets in Detroit

More than 300 representatives of venture capital firms and seed funds, along with the professionals that serve the private equity industry, gathered at the Renaissance Center Thursday for the first full day of the National Association of Seed and Venture Funds' annual conference.

I spent more than half the day there, taking in three panel discussions and the funny, thought-provoking lunch presentation from Quicken Loans Inc. founder and chairman Dan Gilbert.

The day began with a session on best models in university innovation and entrepreneurship. Panelists from MIT, Georgia Tech and the University of California at San Diego said that on most campuses, there's plenty of money for good business ideas to get to market.

"Everyone likes to claim the problem is lack of money but that's not true," said Stephen Fleming of the Georgia Tech Enterprise Innovation Institute. "I have never seen a deal fail because of lack of money. I've had deals fail because of lack of management."

The panel also praised federal grant funding in the form of Small Business Innovation Research and Small Business Technology Transfer as a non-dilutive form of capital for university spinoffs.

Later, a discussion called "Building Value Beyond Boston and the Bay: Regional Fund Managers Speak" sang the praises of building new companies in so-called flyover country.

Moderator Mel Carter said the prevailing view that the venture market in the Midwest is dead with no exit strategies possible simply isn't true.

Mary Lincoln Campbell of Ann Arbor's EDF Ventures said her company's flow of quality deals is good, an opinion shared by John Fletcher of Fletcher Spaght Inc., Koleman Karleski of Chrysalis Ventures and John Rice of Triathlon Medical Ventures.

Fletcher did say many regions need more specialized accounting, legal, marketing and PR staff that's familiar with venture and seed funding.

And he pointed out that Ohio and Michigan rank Nos. 10 and 11 respectively in National Institutes of Health research funding -- but both states rank in the 40s in venture investment per NIH research dollar. His conclusion: "There's all this quality research that's not being commercialized. There's not as much venture capital money in this area as there is opportunity."

Then a panel called "Clean Tech: Where Are the Real Opportunities?" took the stage, and the answer to that question was "just about everywhere."

Wind and solar gather all the headlines, but there are also great business opportunities in pollution prevention, green building, efficient manufacturing, waste reduction and more.

Mike Fetcenko of Energy Conversion Devices talked up his company, which is doing about \$250 million in annual sales of thin flexible solar panels a year, enroute to becoming a billion-dollar company. Rodrigo Prudencio of the San Francisco cleantech VC firm Nth Power, which is doing business in Detroit, praised the region's efforts in the industry, including its first portfolio company here. Auburn Hills-based

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However, co-moderator Joseph Bione of Troy business consultants Whitehall Group LLC echoed a familiar theme at the meeting, that Michigan "is short of ... people who know how to approach venture capitalists, and entrepreneurial CEO talent."

Gilbert's lunch presentation, meanwhile, was hilarious and thought-provoking, featuring his key themes of having employees that simply pay attention and are empowered to correct simple problems -- which Gilbert shows in pictures and videos that he himself takes.

What kind of problems? A pumpkin patch with a sign pointing away from the pumpkins. A sign that says "entrance only, do not enter." Two exit signs pointing directly at each other. Or my personal favorite -- a parking sign that reads, "Reserved for officers of the company," followed by Gilbert's question, "Why would you want to piss everybody off even before they walk in the door?" Gilbert said Quicken Loans instead reserves its best parking spots for pregnant women.

Gilbert said his Bizdom U entrepreneurial training center is cranking out Detroit-based businesses. He said the region has a highly motivated work force, a strong work ethic, great educational institutions and plenty of water -- all important advantages.

And Gilbert said Quicken is weathering the mortgage industry meltdown as best it can, and is expecting to resume hiring new staff again within a few weeks. The company is also on track, he said, to make a decision on a downtown Detroit headquarters site by year's end.

The conference concludes today. More at www.nasvf.org.

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