

◆ STARTING UP

Angel investment group always on the hunt for new ideas

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"There is a huge hole in early startup financing," says Ed Alfke, founder of Rent-a-Wreck in the United States and angel investor now that he has returned to his native Canada.

Alfke is part of a publicity-shy group of angel investors in the Okanagan.

He describes a typical member from the group's current roster of 40. "It's basically anybody who's built a company and is interested in emerging companies."

The group is always on the search for new angels, and new, worthwhile projects. Angels come and go, according to the needs of their own businesses and timetables.

Alfke himself was absent from the group for most of the last year.

That's typical he says. "You're always trying to find new members - People move on, change interests or have to drop out for one reason or another."

Finding worthwhile projects to invest in is perhaps even

more difficult.

Angel investing "used to be the really early, really, really high risk money, but it has graduated to emerging companies that are further along the development process."

When angel investing first started people could get money for a great idea. No more. "We all lost our shirts in the dot com era," says Alfke.

But he still describes angel money as "friendly, easy money."

Easy is relative of course. Alfke guesses his compatriots will hear between ten and 20 ideas each month.

Of those, perhaps three will be convincing enough that the idea is pitched to a group of the angels who will review the merits of the business scheme.

Alfke says that possibly one idea will actually be funded. For that one person, though, the group has no focus on any business sector or kind of idea.

Their stipulations, in general, are that the person must have a prototype and a good business plan, although Alfke



Angel investor Ed Alfke says capital for financing startups is extremely hard to come by in Canada and something that his group works on making better.

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says angels will help an individual nurture the plan for the all-important presentation.

It has to be a startup company.

He says they have been approached by some people with viable ideas, but the Angels won't put money into companies that are too advanced.

There are no absolutes for angel investment.

He says they've invested in companies that had as little as \$200,000 in them already and one, a medical device, that already had capital invested of \$15 million (medical developments are notoriously expensive to bring to market).

Some investors become silent partners or advisors.

Others, like Alfke himself, will only invest if he can become actively involved in the day-to-day workings of the venture.

Investments typically last for three years before the companies grow to the next stage and the angels withdraw their funding and start their search anew.

Alfke says a number of these investments don't work out, or are marginal.

But every now and then they hit the big time. The shining star in the Okanagan was Tom Taylor's Workfire IT management software, bought out eventually by Packeter of the U.S. for \$150 million. Those interested in the angels can find a link on the OSTEC site at www.ostec.ca/angels