

■ business resources

Making the Most of a Capital Idea

Businesses find funding available from many private and public sources



David J. Freschman of Innovation Capital Advisors is a leading funder.

New Castle County businesses can bank on access to capital.

"If you do a 25- to 100-mile-radius search, there are billions of dollars of venture capital available," says David J. Freschman, managing principal of Innovation Capital Advisors in Wilmington and Lancaster, Pa., which manages Innovation Ventures and the Delaware Innovation Fund.

Banks are equally plentiful. The 1981 Financial Center Development Act, which loosened laws governing banks in Delaware, attracted major financial institutions to the state. Moreover, local banks such as Wilmington Trust and WSFS maintain a strong presence.

Even the state is aggressively involved in helping companies grow through Gov. Ruth Ann Minner's New Economy Initiative, a package of economic development proposals that includes the Delaware Competitiveness Fund, the Venture Capital Fund and the Technology-Based Seed Fund.

OFF AND RUNNING

The Delaware Economic Development Office in 2007 approved Technology-Based Seed Funds for two area companies. Sky-Trax Inc., a developer of warehouse tracking technology in New Castle, and MyZaca LLC, a data visualization firm in Wilmington, each received \$100,000 in convertible notes.

In June 2007, Delaware's General Assembly approved \$5 million in seed funding and pre-venture funding. Candidates must present a business plan to a selection committee.

"[The selection committee] provides us with an evaluation of the technology and make recommendations to the state," says Judy McKinney-Cherry, director of the Delaware Economic Development Office. "It truly is a partnership with the private sector."

McKinney-Cherry says applicants appreciate how quickly the state can line up funding and how much the rigorous application process prepares them for the venture-capital round.

Companies seeking venture capital have plenty of choices, thanks in no small part to Freschman. In 1998, he founded Early Stage East, at which entrepreneurs make presentations before venture capitalists who combined have up to \$7 billion at their disposal.

Like venture capital funds, bank loans are designed to fit a variety of business needs and niches, says Michael Skipper, vice president of community development for WSFS Bank.

Yet even though the potential to find funding is a hallmark of doing business here, success rests with the individual, Freschman says, adding, "It's all about the gut of the entrepreneur."

— Pam George