

Expert to speak on creating investment-ready business

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Any new business could be dragged down by a directionless board of directors, according to a veteran venture capital professional.

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Photo: Submitted
David Raffa

David Raffa, a former corporate finance lawyer in the venture capital industry and the chief operating officer and founding partner of Vancouver-based Lions Capital Corp., will speak in Fredericton on Tuesday about how entrepreneurs can create sustainable, investment-ready businesses in the Atlantic region.

The seminar was organized by Memorial University's Atlantic Canada Venture Gateway. The seminar will also feature a number of panelists, including the New Brunswick Innovation Foundation's chief executive officer Calvin Milbury.

Raffa said he stresses in his seminar the importance of establishing a board of directors with a clear direction and purpose. Too often, said Raffa, entrepreneurs recruit experienced business professionals to serve on their board, but don't plan out their function.

"Throwing a bunch of smart business people in a room doesn't necessarily mean you have an effective board," said Raffa, noting that a directionless board can actually drag down a company.

An effective board can play a critical role securing an investment from a venture capital or angel investor, said Raffa.

Raffa's seminar will also include advice on business structures and how entrepreneurs can best raise equity capital, including funds from angel and venture capital investors.

Raffa noted that entrepreneurs in the Maritimes do face a unique challenge, particularly when they market a product, such as a technology, that is not resource-based.

Entrepreneurs may need to work closely with and educate Maritime-based potential investors on their particular product and market, said Raffa.

However, it's no longer necessary that a successful business be in a major urban centre, said Raffa.

People flock to Silicon Valley because of the opportunity for venture capital and the culture of entrepreneurship is strong in urban centres, Raffa said.

However, if a technology company is not manufacturing a physical product, there is no need for a new business to be based in major urban centres or even close to transportation infrastructure such as railways or ports.

"You can build one anywhere," said Raffa.

Raffa has already played a role in successfully taking a Canadian technology to an international level. Flickr, a photo-sharing website, is actually a product of an online game created by a Victoria, B.C. couple, said Raffa.

The couple made a photo-sharing website as part of an online game, said Raffa, and quickly gained a massive user base. Raffa represented the couple until Flickr was sold to Yahoo for a reported \$30 million in 2005.

Raffa will also be presenting his one-day seminar in Halifax, Charlottetown and St. John's. He will be speaking at the Crown Plaza in Fredericton. Entrepreneurs, government and university leaders are expected to attend the seminars.

Daryl Genge, director of the Atlantic Canada Venture Gateway, said Raffe was chosen to speak for the seminar because of his strong background in venture capital. In addition, Raffe has worked in both investing in new companies, and helping businesses develop into investment-ready bodies.

"He's worked on both sides ... that's not what I would call a typical skill set," said Genge.

In addition to his work with Lions Capital Corp., which manages the BC Advantage Funds venture capital corporation, he also worked as a corporate finance lawyer in venture capital for about 20 years.

Raffa said one of his most important pieces of advice to entrepreneurs looking for a capital or angle investment is to be prepared. The main goal, said Raffa, is to get a second meeting with that investor.

"If they say no, it will be very difficult to speak to them again," said Raffa.

- with files from Postmedia News