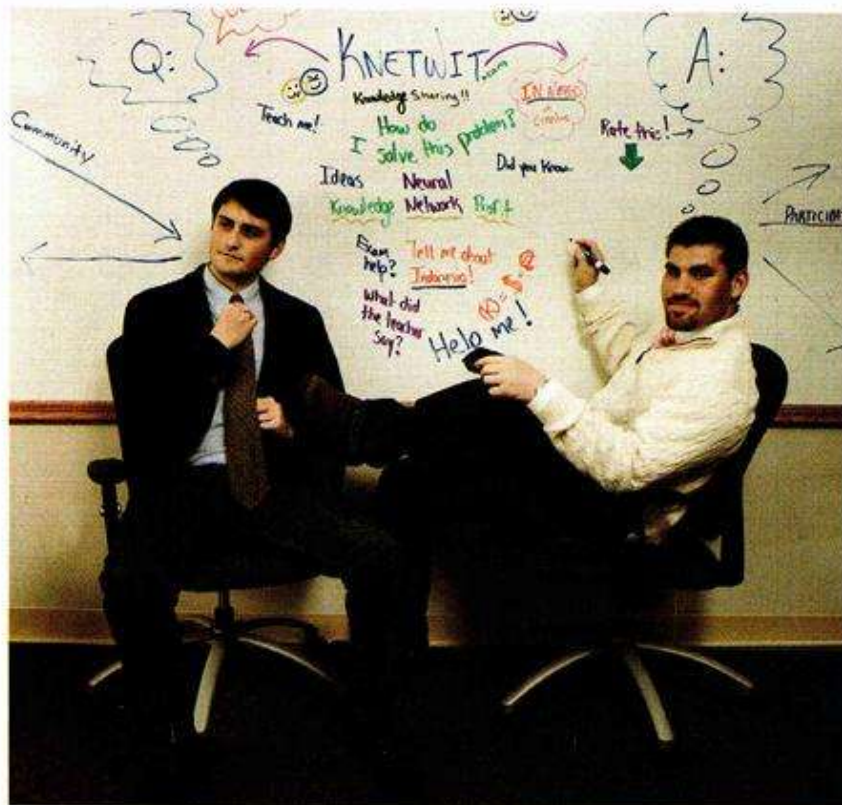


college+startups

(Making the most of your university years)



Cash in on your network

By Joel Holland

As if maintaining a social life and staying afloat academically all while building a successful business isn't difficult enough, college entrepreneurs must deal with skeptical investors and an unruly economy. Fortunately, raising capital before donning a cap and gown is still possible if you put your network of contacts to work.

Just ask the founders of Knetwit, Tyler Jenks and Benjamin Wald (l. to r., above), who raised \$4.2 million by leaning on a network of fraternity brothers for advice and capital. "It's very important to find someone who's willing to help and who already knows investors," says Jenks, 22.

While attending Babson College, Jenks and Wald set out to build a company that would allow students, professors and faculty to upload and profit from their class

notes. To get their business off the ground the entrepreneurs needed funding. But with no connections in the financial world, they also needed help getting a foot in the door.

"We found that in the game of financing, relationships are everything," says Wald, 21, whose website now features more than 12,000 users and 30,000 class notes. "If you can't close a deal, it isn't necessarily because the idea isn't solid—it's because you don't have the right relationship."

For Jenks and Wald, tapping these relationships was ultimately a numbers game. "Talk to everybody you know and anyone you think would be willing to invest," says Jenks. "Don't be afraid to mess up, and when you reach a dead end,

WHAT VENTURE CAPITALISTS LOOK FOR, PER SCOTT FREDERICK:

1. Size of the opportunity
2. Quality of the team (or at least a willingness to help build a world-class team)
3. Long-term competitive differentiation
4. Reasonable capital requirements
5. Opportunity to make three to 10 times your money (depending on the risk profile of the deal)

don't be afraid to ask for their contacts. You've got to put yourself out there in a big way to find the financial rocket fuel for your company."

Scott Frederick, general partner at VC firm Valhalla Partners, sees more than 1,000 business plans each year and agrees it's key to ask others to introduce you to venture capitalists rather than send in proposals blind. "You want a warm introduction from someone—whether an accountant, lawyer or business school professor—who has a relationship with the investor and who has already earned their trust," says Frederick. "When you're young, one of your biggest drawbacks is your lack of credibility, so don't hesitate to try to draft off the credibility of others."

If you're having a difficult time finding advisors, try looking close to home. "Get to know your local ecosystem," says Frederick. "Every region has its resources and networking events. You can start there."

Also remember that a solid business concept doesn't necessarily need outside funding to succeed. In fact, bootstrapping can be more beneficial. "There's no better way to fund your company than through your customers," says Frederick. "It's the nondilutive way."

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Photo: David Johnson