

## “Thank You For Supporting Capitalism” and Other Investor Tales of Two Cities

James Geshwiler 5/4/09

Two weeks ago, I was in Atlanta for the annual Angel Capital Association (ACA) conference and, this past week, here in Boston for the annual National Venture Capital Association conference. Depending on whom you asked at both conferences, it was the best of times or the worst of times, most likely depending on whether or not they had money to invest. In fact, NVCA conference chair, Kate Mitchell, even kicked off the event with that opening line from Dickens' book.

That said, both events were generally positive—you've got to be an optimist to be involved in entrepreneurship—and both had a roll-up-your-sleeves, let's-make-things-better outlook. Overall, the mood and energy was somewhat more upbeat in Atlanta than in Boston, as characterized by ACA Chairman John Huston's welcoming remark and call to action, “Thank you for supporting capitalism!” which drew a lot of applause. Perhaps it was because individual investors don't feel obliged to go to conferences and the pessimists just stayed home. Maybe this part of the venture investing market is still so young that there's a lot to be learned and done.

The hot topics among angel groups were on fund formation, increasing deal flow, deal structuring, and how to syndicate deals—while top of mind with venture capitalists was how (or whether) to invest in the current climate. Kudos in particular to NVCA President Mark Heesen for making the trip down to the ACA annual meeting for the second year in a row to build bridges. He participated in an excellent, frank discussion about how venture firms and angel groups can collaborate better and more frequently. Attendance was about the same as 2008, with around 350 people present. Certainly, a lot of angels have had their portfolios hit hard by the recession and have cut back on investing, but at least this crowd was looking forward.

The NVCA meeting had nearly twice as many people, just over 650, but that was down by maybe half from last year when the conference was in Silicon Valley. To be fair, travel logistics from the West Coast to the East Coast for a mid-week conference may have also played a role, but the mood was still different.

NVCA does a vastly superior job to ACA when it comes to inspirational messages, but a lot of them provided a sober contrast between what venture capital has achieved in the past and what might no longer be possible in the future unless there is structural change in the market. Outgoing **NVCA Chairman Dixon Doll's opening comments** included a call for action to the federal government: “Unless we are willing to pull out all the stops, we're in danger of

heading down a slippery slope.” He then proceeded to unveil NVCA’s “Four-Pillar Plan to Restore Liquidity,” which you can read by clicking [here](#).

Both organizations had high concerns about liquidity and availability of capital. At ACA, a lot of the discussion revolved around state and federal tax credits to increase the availability of capital for individual investors. NVCA provided a lot more data and structure, as noted above in the call to action, showing that with liquidity down so much over the past 10 years, the cycling of capital already is decreasing and is at risk of slowing even more.

To me, perhaps the most important issue centers on the fact that these two meetings happened in two different cities. Overall, both organizations still have a lot to gain from each other. In addition to Mark Heesen coming to the ACA conference, about a half-dozen ACA members-including yours truly-also were present at the NVCA conference because we are members of both organizations. But there could be far more overlap and dialog as well. Roughly two-thirds of ACA-member angel groups co-invested with venture firms last year. We have a lot of the same goals and cooperate and collaborate far more than we compete. No matter if you think it’s the best of times, or the worst of times, ultimately, it’s the entrepreneurs who benefit by having the players in the capital markets work more efficiently and effectively together.

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