

Women In Leadership Highlights

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“Finding and Funding the Next Big Thing: More Women Needed” – featuring Kathy Harris, Senior Vice President / Partner, Noro-Moseley. One of only 800 females venture capitalists in the country and only a handful in the Southeast, Ms. Harris - a 2006 Atlanta Magazine “DIVA” - has definitely succeeded in a “man’s world.” A CPA by training with an MBA from Vanderbilt, she focuses on finding early expansion and growth stage companies in healthcare services and technology industries. A self-described “political junkie,” she’s also interested in improving the lives of women around the world and serves on the Women’s Leadership Bd. at Harvard’s Kennedy School of Government.

From her perspective as a venture capitalist:

1) What Makes A Company Successful

- a) Management
 - i) Domain Enterprise- Do they know the industry
- b) Start-Up Experience
 - i) From zero to significant liquidity; already demonstrated that you can make a lot of money for shareholders in previous companies
- c) Killer Closer
 - i) Able to ask the customer for a sale or order and get it
- d) Integrity – without question / above reproach
- e) Passion
 - i) Must be absolutely convinced the business will work
- f) “Magic”
 - i) Market need; business model that will scale; valuable things like patents; strategic alliances; being smart enough to know when you’re lucky!
 - ii) A compelling story and sound business model
 - iii) Knowing where the “puck is going to be” / future oriented – not focused on
 - iv) Some companies are just “products” and while that may be good, they don’t command premium evaluations (\$1B market etc).

2) About Noro-Moseley

- a) Investments
 - i) Usually own 15-40% of company
 - ii) Early Stage companies- around 20 million in revenue
- b) Noro-Moseley takes a minority seat

3) **Kathy Harris' Background**

- a) Grew up in a small KY town - 800 people – great parents; her Dad was a major influence, a scrappy, serial entrepreneur
- b) She went to local college in Murray, KY and majored in music – only one in her family to graduate college. Thought she wanted to be a music teacher but not sure; father wanted to know how she'd made a living.
- c) Opened the college catalog- Accounting was first so she took the course and liked it! Became a CPA- first job at Pete Marwick, now KPMG in Nashville
- d) Attended Vanderbilt for her MBA & got interested in investment banking; job at JC Bradford (now UBS). Healthcare concentration / only 2 women there.
- e) Worked for a crusty guy named Buck Jones. Very decent person. Learned a lot from him and subsequently developed the BJ test, i.e., would ask herself, how would Buck Jones look at this; taught her that you can be a decent person in business and still be successful.
- f) Next move was to Sirrom Capital in Nashville and then to San Francisco in 1999 at the height of Internet boom. Was bitten by the equity bug! Joined small venture firm in April 2000; very tough time.
- g) Networked like mad for two years; had met a lot of women in Atlanta
- h) Called by Noro-Moseley in ATL and accepted job offer; became the only female investment professional they have ever had; wanted to invest in later stage companies
- i) Always acted like a female, BUT have let a lot roll off her back; picks her battles.

4) **VC Statistics**

- a) 10,000 people (approx) in venture capital business - 800 are women
- b) Only 1% of women-owned businesses (WOB) invested in by VCs – despite the fact that W.O.B. contribute 1.1 Trillion in revenue to the US economy and provide 7.2 million jobs; women are starting businesses at twice the rate of men; Atlanta ranks 5th in market for W.O.B
- c) There's a big disconnect.

5) **Possible Reasons for disconnect, i.e., women not receiving VC funding**

Some studies say:

- a) Structural Barrier
 - i) Business comes from contacts- contacts are predominantly men
- b) Women must be able to tell story well
 - i) Male dominated environment
 - ii) Kaufmann Foundation findings on NPR gave examples of when men and women present their business case to V.C. firm. The difference is that when a woman presents, she says she thinks she'll need \$10m and then asks the VC audience for their feedback. A man presents, is asked how much he'll need and says it'll take 20 million, but I could probably get it done w/ 10. VC audience sees man as more certain, more confident and gives money to him.
- c) Human Capital

- i) There is a shortage of women top corporate leaders
- d) Strategic Choice
 - i) Don't invest in a company until we know how we will get out of it
 - ii) Women will be more cautious and think about employees, how sale will go, etc
- e) Women usually give a message overload; what's the big message
- f) Primary Drivers
 - i) Sometimes realize it's a product company; want a company that's focusing on a billion dollar market
- g) Corporate women- after they leave the big company to start out on own- always regret they didn't do enough to keep personal or professional network strong

6) Statistics that women are becoming more successful

- a) Over half of women have a line of credit for their business
- b) 41% have a commercial bank loan
- c) Only 30% of women business owners had even thought about asking for money
- d) Changing lending environment; more women getting loans. Momentum's better.

7) General advice if your looking for funding

- a) Better luck for women now in Angel Investing - brings a certain discipline to the business.
- b) Successful women are becoming Angel Investors and want to invest in WOBS
- c) You need to network constantly and there's plenty of opportunities -- you could go to a networking event every night. Don't be afraid to introduce yourself to someone you want to meet.
- d) Try to get a warm introduction to one of our partners - they look at 1,000 business plans a year and only invest in 3-5
- e) Try to get to know the CEO of one of our portfolio companies
- f) Do your homework re the VC firm itself; hard to "divorce" once you're connected. Not all a good fit.
- g) If you don't get the funding, make the VC firm tell you WHY.
- h) Treat it like a process, 6 months or longer
- i) Take somebody (another woman) under your wing too.

Kennedy School of Gov't – Women's Leadership Board

- a) About 100 women on board; friend recommended me
- b) Promotes policies to support women
- c) Train women who are political candidates
- d) Trying to bridge the gap between graduates of the Kennedy School of Gov't and the Business School – big difference in starting salaries.
- e) Collaborates with Marie Wilson and The White House Project (they try to build the pipeline of women running for public office)
- f) Guess what? The #1 course at Harvard is...a course called "Happiness." Younger generation very interested in working to live / being happy, not just living to work!

Q&A

1. What are the main industries Noro-Moseley is invested in right now?
 - A. 52% = Technology related; IT/ Software
 - B. 33% = Healthcare- Services, IT, some devices
 - C. Previous = Life Sciences, but no longer
 - D. Rest = Telecommunications business services
 - E. Other = Special Opportunities i.e. PGA Golf Superstore
 - F. NOTE: not many women graduating in Science, Engineering and Math which is a problem for the pipeline
2. Where do you think the next “big” thing is?
 - A. “Agra” ventures = green farming movement
 - B. Clean- Tech = finally on radar screen, i.e. Kleimer-Perkins- 200 million of last fund for Clean Tech
3. What were your “crucibles” of Leadership- what was tough but made you stronger?
 - A. KPMG- had a tough client, very tough audit, built endurance; supervisor said you must come in under hours
 - B. Person who gave me a bad review; SHE made me realize it’s different to be a manager of others, not just on your own
4. New areas to invest
 - A. New media- convergence of data; user-generated websites, more interactive, customized user generated content
 - B. Healthcare Devices- as baby-boomers age, they will spend anything to improve their quality of life
 - C. Many funds have a China and Israeli strategy; developers in Russia, Bulgaria and India
5. Impressive Women in ATL who’ve raised significant capital
 - A. Joan Herbig- Learned to live with Private Equity firm owns majority; with Venture Capital firm owning minority stake
 - B. Karen Robinson- Company raised 25 million- great model; Prime Point Media