



FreshTracks Capital, L.P.

Invent Vermont May 12,  
2005

# Agenda

- Cairn Cross -brief bio
- FreshTracks Capital - brief background
- Early Stage Equity & Debt Capital
- Importance of Business Plans

# Cairn Cross

- Co-Founded FreshTracks Capital in 2001. Co manage the fund.
- '96-'01 Strategic and financial consultant to businesses and ½ time Assistant Manager of Green Mountain Capital (a mezzanine fund)
- '91-'96 VP Commercial Lending Howard Bank, Burlington
- '86 – '91 Commercial Lender Vermont National Bank, Brattleboro
- B.S. Montana State University, MBA New Hampshire College.

# FreshTracks Capital

- \$11 million fund
  - Middlebury College, Banknorth, Key Bank, John Merck Fund, Vermont Community Foundation
- Primary Market - Vermont, Plattsburgh NY, Upper Valley of NH (66% of investing activity)
- Secondary Market – east coast (33% of investing activity)
- Part of Village Ventures Network

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# FreshTracks Capital

- Invested \$4 million in 9 companies so far (see [www.freshtrackscap.com](http://www.freshtrackscap.com) for details)
- \$2.5 million in Vermont
- Seed to later stage.
- Variety of Industries.
- \$250 thousand to \$1.2 million investment size/deal.

# Early Stage Equity

- The four “Fs”
- Angel Investors
- Venture Capital
  
- What types of businesses are right for VC money?
  - Rapid growth in large growing market
  - Strong gross margins
  - Unique or proprietary product or process
  - National/International ambitions
  - Strong Experienced Management Teams

# Early Stage Equity

- Equity
  - Common or Preferred Stock
  - Limited liquidity and security for investor
  - High Risk for investor, lowers risk for founder
  - Relatively expensive form of capital.

Vs.

- Debt
  - Term Loans, Lines of credit
  - Typically secured by real collateral to lower lender's risk.
  - However higher risk for founder.
  - Relatively inexpensive form of capital

# Early Stage Equity

- It's all about the exit
  - IPO (initial public offering)
  - Acquisition or Merger
  - “put” rights to force buyout.
- What do Venture Funds do besides invest money?
  - Advise management
  - Assist with product or strategy development
  - Help raise further money
  - Focus company on growth and liquidity

# Early Stage Equity

- Screening process
  - Management Team
  - Market (large, expanding, easy to reference)
  - Product Service
  - Business Model

# Importance of Business Plans

- Two types of businesses plans
  - 1) Operating business plan with primary purpose to help manage the business
  - 2) Sales document for raising money, finding strategic partners, etc.
- Executive summary extremely important (perhaps an exec summary in a power point format)

# Importance of Business Plans

- Common Business Plan Mistakes
  - 1) Too much about the technology not enough about the team
  - 2) Too much about the macro market not enough about competitive advantage
  - 3) Inadequate or poorly prepared/presented financial model
  - 4) Lack of “problem statement” for the business to solve. What are the pain points?
  - 5) Do not clearly “ask” for investment (amount needed, use of proceeds)