

# Equity: Is it a fit for you?

Green Cities  
Conference

Orlando, FL

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[www.sjfund.com](http://www.sjfund.com)

*SJF invests in and assists high-growth companies that positively impact the world*



# SJF Ventures

- **Founded 1999, \$45MM under management**
- **Offices in NC, NYC and San Francisco, invest nationwide**
- **Strategy and Sectors:** Targeting rapidly-growing companies that are positively impacting the world.
  - Clean technologies, energy efficiency, renewable energy, recycling
  - Web and business services
  - Green and sustainable consumer brands
- **Investment Size:** \$1MM to \$5MM of equity, independently or with a syndicate
- **Investment Stage:** Expansion stage companies with revenues of \$1MM to \$20MM at an inflection point for growth

*"SJF values the passion and dedication needed by entrepreneurs to convert brilliant ideas into extraordinary businesses. We help companies succeed by providing growth capital and assisting entrepreneurs with the demanding challenges they face."*



## SJF VENTURES – INVESTMENT THESIS

'Positive Impact' investing, if focused on the right markets, is a strategy for maximizing environmental, social and financial returns

BUT

Just because your company provides a positive impact does not ensure financial success

## “POSITIVE IMPACT” OR “GREEN” SHOULD HELP DRIVE GROWTH

Examples of positive environmental or social business practices driving success:

### Favorable Market Trends

- Energy and commodity prices
- Globalization
- Climate change
- Aging infrastructure
- Healthy and natural consumer demand
- Corporate sustainability strategies
- Transparent corporate governance

### Business Advantages

- Recruit, retain & engage best talent
- Maintain better customer relationships
- Secure greater trust from customers, suppliers, partners
- Achieve higher margins
- Differentiate from competition
- Displace inefficient, wasteful incumbents with cost savings strategies



## SJF Portfolio Company: Recycling Collections



Locations:	Seattle, WA, Portland, OR, San Francisco, CA
Business Description:	Provides Beyond Waste™ Collection Services to municipalities as well as dumpster free alley streetscape services
SJF Investment:	SJF invested \$1.6MM in \$10MM Series A round on Oct. 2008
Cleantech Innovation:	Integrated recyclables, organics and waste collection; partner with municipalities on incentives for homes and businesses to minimize waste, have raised bar for other regional waste haulers to improve sustainability practices
Highlights:	<ul style="list-style-type: none"><li>➤ Won Seattle and Shoreline contracts with \$40MM annual revenues</li><li>➤ Recruited strong management and collections team from large waste management firms</li><li>➤ Buying fleet of 40 new CNG trucks; hiring 130 new drivers and assistants; unionized, engaged workforce excited about partnering with new company</li></ul>

## SJF Portfolio Company: Downstream Solar



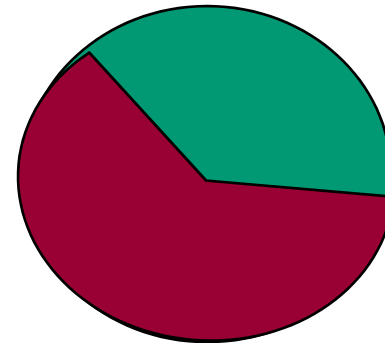
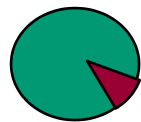
Locations:	VT HQ; MD, OR, CA, NY, MA, CO & Ontario
Business Description:	groSolar is a national integrator, installer, and distributor of solar photovoltaic and hot water systems.
SJF Investment:	SJF led \$2.25MM A round with Calvert, Allco Financial in Oct. 2006, closed \$11MM Series B with NGP Energy Technology Partners in Nov. 2007
Cleantech Innovation:	National brand, install and distribute multiple solar technologies, building loyal national dealer network with marketing, supply chain logistics, training and technology advantages, acquisitions in key markets
Highlights:	<ul style="list-style-type: none"><li>➤ 6x revenue growth from 2006 to 2008, one of the largest US solar integrators</li><li>➤ Closed acquisitions: Energy Outfitters in OR, Chesapeake Solar in MD and recently Borrego Solar in Feb. 2009</li><li>➤ 33 jobs at inception, 107 current jobs with strong benefits, implementing broad-based stock-option plan</li></ul>

## DOES EQUITY FINANCING MATCH YOUR COMPANY?

- Is your growth constrained by access to capital? Could your company grow 50%+ year-over-year for the next 5 years?
- Is debt not sufficient or available to fund growth?
- Is an exit event (sale of your company or large portion of it) consistent with your plan?
- Are you willing to share ownership and control in exchange for a partner with capital, expertise, management assistance, business connections?



*Theory:* You hold a smaller slice in a much bigger pie instead of a big slice in a much smaller pie



## EQUITY SOURCE DIFFERENCES

### Angels

- ✓ Often the first outside equity investment
- ✓ Can be flexible and expedient
- ✓ Attractive valuations, may not be interested in management participation or control
- ✓ May have relevant expertise, connections
- ? Personal relationships can interfere with business decision-making
- ? Relatively arbitrary term structures can complicate future financings
- ? May be less able to provide larger amounts of capital or follow-on financing
- ? May not be able to offer additional Board support

### Institutional

- ✓ Bring expertise, guidance, connections
- ✓ Can be good business partners, resources
- ✓ Have reserves for follow-on financing
- ✓ Can bring in other funds if company needs additional rounds of capital
- ? Due diligence process requires time and lots of data requests
- ? May be tougher on valuation, expect more ownership, control
- ? May conflict with management over company strategy and priorities
- ? Syndicates of funds can be problematic if not on the same page

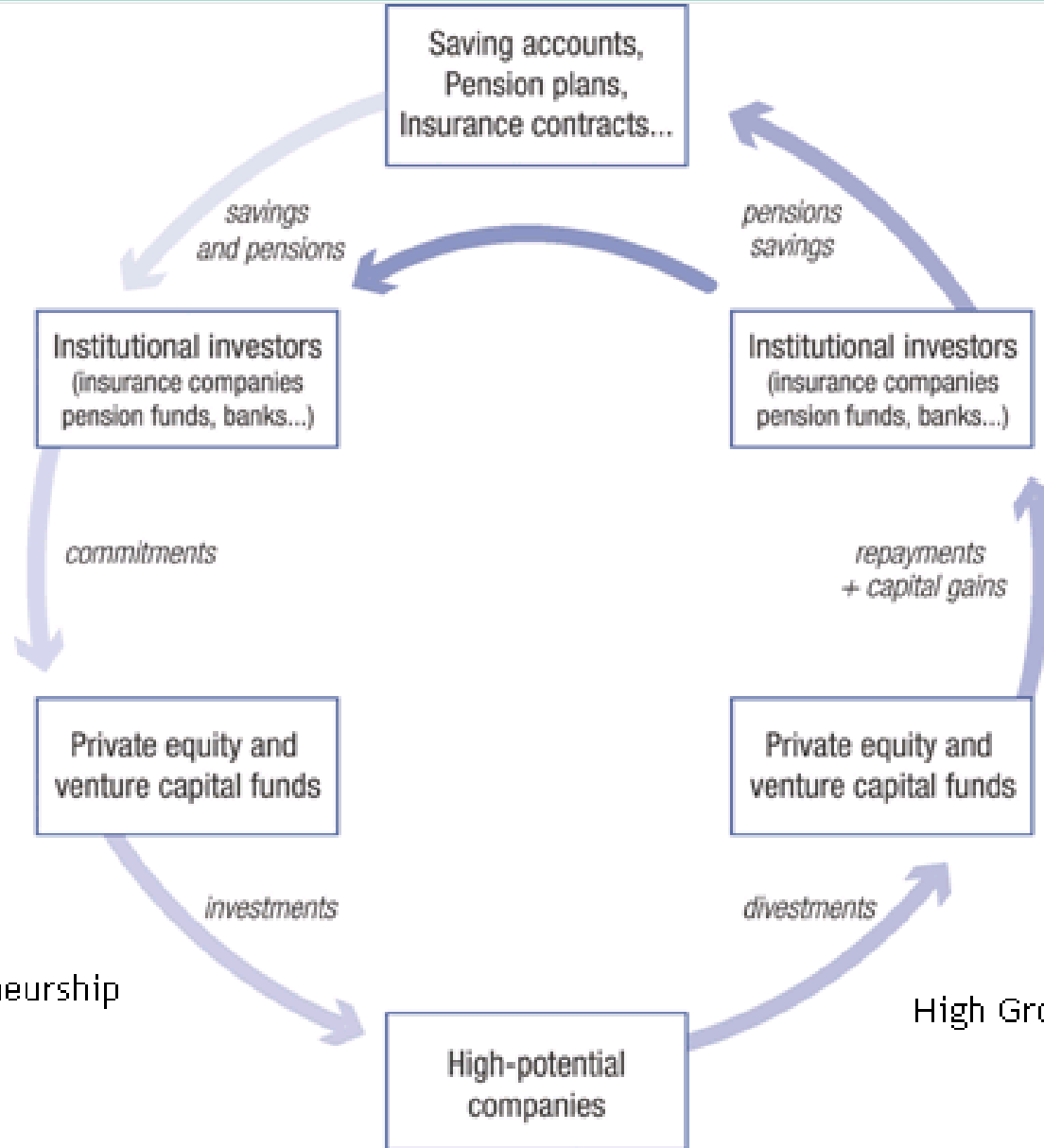


# The Equity Flow – from individuals to companies... and back

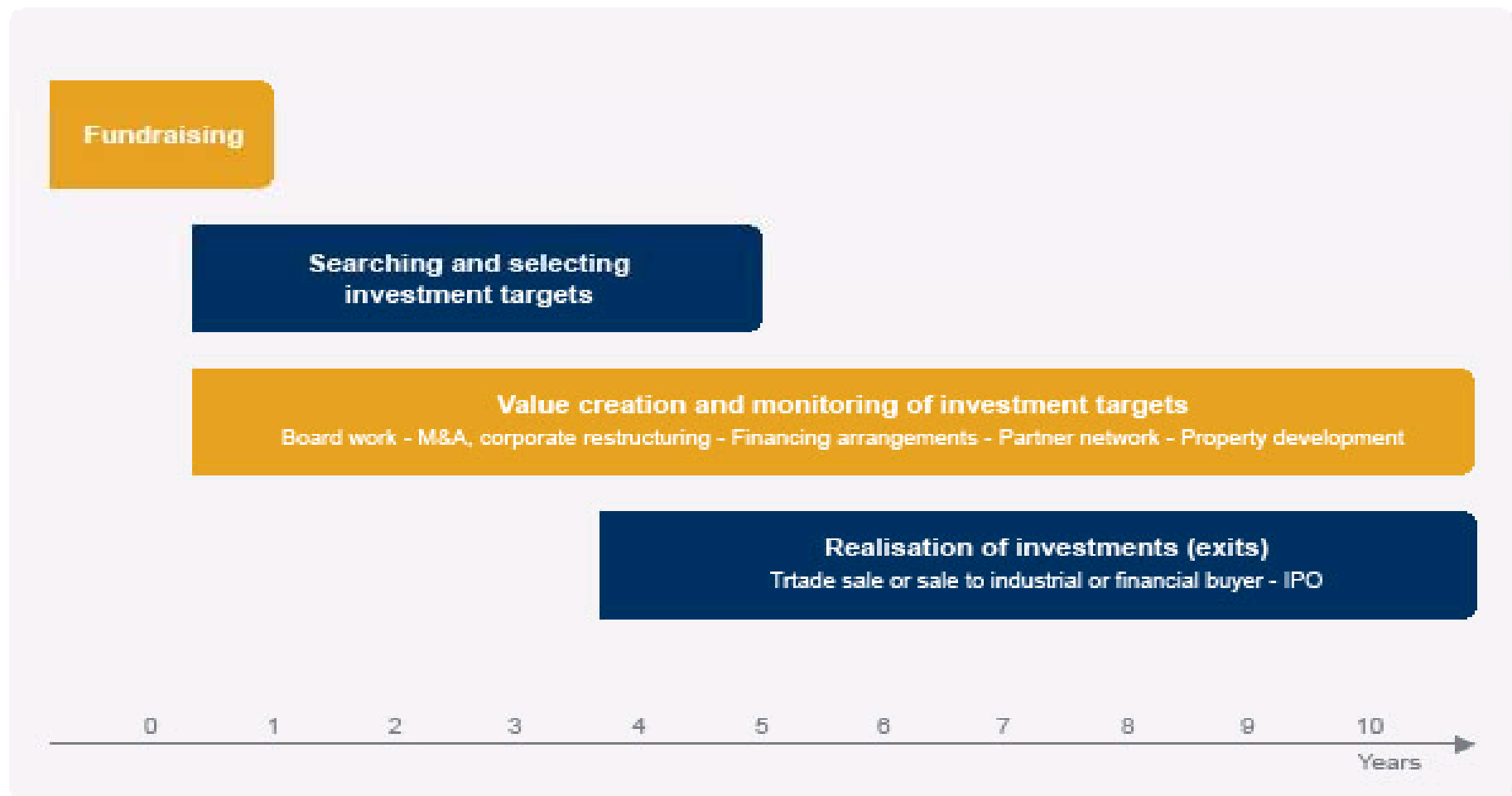
Single Fund Structure

Entrepreneurship

High Growth Markets

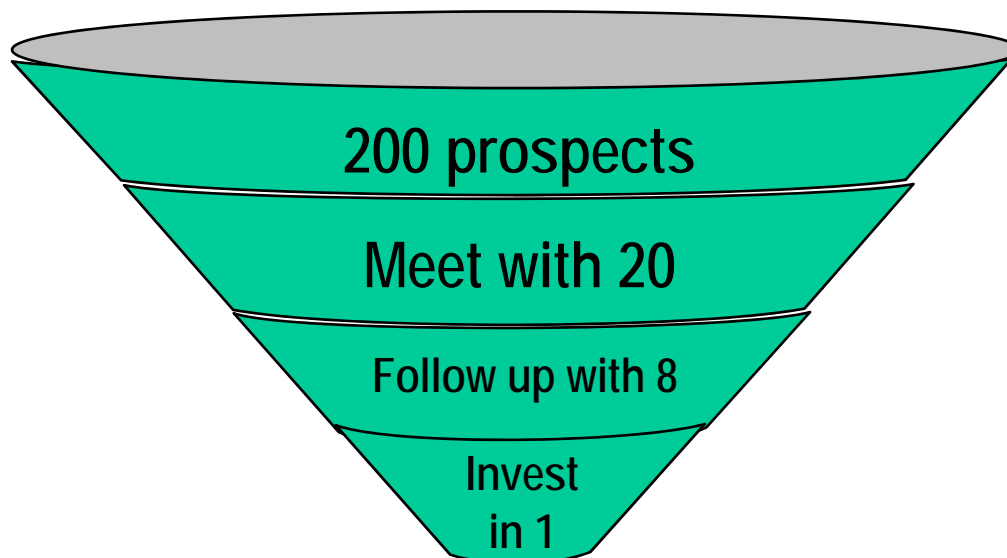


## *Life Cycle of Venture Capital Funds*



Source: <http://www.capman.com/En/AboutCapMan/PrivateEquityInvestments/Privateequityfunds/>

## A TYPICAL QUARTER IN THE LIFE OF A VC...



0.5% chance of being funded by any given VC

## The Numbers Game – How to be the “1”

- Due your homework: find VC’s and Angels that fit your criteria and reach out to as many as possible ([www.nvca.org](http://www.nvca.org) & [www.angelcapitalassociation.org](http://www.angelcapitalassociation.org))
- Network, get referrals, use your contacts, use your contact’s contacts
- Well-developed business plan: concise and compelling
- Credible financial projections with detailed assumptions: quick growth, strong margins, capital efficiency
- Understand your market: know all your competitors and be able to explain how you are different or better. Being GREEN is NOT different.
- Invest in your team: management, advisory board, consultants





**THANK YOU!**

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