

## FUNDRAISING IN AN...

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because of the uncertainty of the market, companies should be more proactive. “Entrepreneurs should consider preemptive term sheets instead of waiting for investors,” says Adam Borden, managing director of *Bradmer Foods LLC*, a specialty foods venture capital firm.

### **Think Outside the Box**

Investors are seeing fewer exit opportunities for their portfolio companies, which makes early-stage investing even riskier. Borden says that “as a result, many angels have become reluctant to do straight equity investing. Some [investors] have become more interested in deals that would allow them to recoup part of their investment before an exit.” Therefore, entrepreneurs should think about alternative funding structures, such as convertible debt with a scheduled prepayment, to demonstrate that they understand the challenges facing investors.

### **Operate Smart**

If your company isn’t poised for fundraising success during the recession, survival should be your next goal for future success. According to Bonny Moellenbrock, executive director of SJF Advisory Services, a nonprofit that provides support and access to capital to socially responsible businesses, “if funding is not certain in the near term, companies should try to operate lean, conserve cash, and just try to survive. If you weather this storm, by this time next year there will not be as much competition for funding.”

While fund-raising in the current economy will undoubtedly be tricky, keeping these strategies in mind can help LOHAS companies succeed even in this difficult economic climate. 



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