

# How cleantech companies looking for funding can avoid pitfalls

Published by Venture Beat, July 8, 2010



As I travel the country meeting with investors and cleantech companies, I hear frustration from both sides. Companies – some of them very good ones – complain to me that they are dying on the vine, unable to get funding. Investors are frustrated too. With less money to play with than they had a few years ago, many are worried about investing in even the brightest cleantech stars, largely due to uncertainty in federal climate change legislation and how it will affect the energy industry.

While there isn't as much money out there in 2010 as there was in 2007, it doesn't mean your company can't get funded. A good first step would be to avoid these pitfalls, which investors consistently tell me hold good companies back:

## 1. Letting the technology overpower the balance sheet

Of course, a breakthrough technology is top-of-the-list of priorities for many companies. But unfortunately, too many convince themselves they can neglect their balance sheet because their technology is so valuable.

A few years ago, a great idea was sometimes nearly enough to get investor attention. But the scarcity of today's investor dollars means that your company needs to demonstrate more than this – a more mature business model that proves profitability, for instance. To do this, of course, requires more sophisticated resources in finance and marketing than many companies have, which brings us to the second pitfall:

## 2. Having engineers run the business

This is a sensitive issue. Many cleantech start-ups were founded by brilliant scientific or engineering minds that created breakthrough technologies. But pressure on today's investor means that they want to see a CEO with business experience and a CFO with strong relevant experience – often with the SEC. They want to see not just a great technological idea, but also a company with revenues, and a team with the business acumen to make it profitable.

## 3. Isolation leading to obsolescence

Today's fast-changing environment means you'll need to be flexible. You may have to cede some control and join forces with another firm to survive. You need to be obsessed with learning the needs – both present and future – of the marketplace, so you can position yourself to meet them. Go to industry conferences. Read everything you can. Make connections even if they

won't pay off today, because they may down the road. Keep yourself from being isolated in this rapidly shifting marketplace.

*Michele Ashby is the CEO of MiNE LLC, which is hosting the [Modern Energy Investor Forum \(MEIF\)](#) from Sep. 22-25, 2010, in Denver, Colorado. The Modern Energy Investor Forum is the premier invitation-only conference for clean technology firms and investors. For more information or to register for the MEIF, please go to [www.MiNELLC.com](http://www.MiNELLC.com) or call (303) 377-6463.*

Link: <http://venturebeat.com/2010/07/08/how-cleantech-companies-looking-for-funding-can-avoid-pitfalls/>