



'Dr John Rutledge, Chairman, Rutledge Capital, addresses Northern Ireland business leaders during his visit to the Province in July'

# MONEY FROM AMERICA

In early July a number of American Venture Capitalists visited Northern Ireland to see if there were grounds for them to invest here. These were hard-headed business people motivated by profit potential. Amongst their number was Dr John Rutledge, Chairman, Rutledge Capital.

**H**ere he tells Business Connections his impressions of what he saw during his two day visit.

In early July I visited Northern Ireland with a

We came to talk with entrepreneurs about investing in local businesses. Not too long ago a group like ours would have skipped Belfast to look for opportunities elsewhere, as per-

We wanted to see for ourselves. We were very impressed by what we saw. At a group meeting hosted by the Northern Ireland Chamber of Commerce and Industry, and in private meetings with entrepreneurs, we met bright, energetic, young people working hard to run businesses starved for capital.

These young business leaders have all the ingredients they need to be successful. They have passion and commitment for what they are doing. They have skills and access to markets. They have a language and legal structure investors are comfortable with. And they have friends as there is a tidal wave of capital in the US ready to invest in Northern Ireland companies.

They also have the right geography. Flanked by fast growing neighbors in the rest of the UK and in the Republic, but with lower costs of business (and less traffic congestion) than

**"I believe the appropriate growth target for the Northern Ireland economy for the next decade should be 8-10% a year, which will more than double living standards. The Celtic Tiger would look like a kitten by comparison."**

group of six US venture capital and private equity investors jointly representing nearly five billion dollars in development capital.

ceived high risk made risk-adjusted returns uncompetitive. But recent developments have improved the picture dramatically.



either, and with first class telecommunications infrastructure, Northern Ireland is poised to enjoy a decade of extremely high economic growth.

I believe the appropriate growth target for the Northern Ireland economy for the next decade should be 8-10% a year, which will more than double living standards. The Celtic Tiger would look like a kitten by comparison.

Here are some of the questions I was asked by business people, as well as my answers:

**Which industries are attractive to investors?**

Private equity investors are interested in any industry that offers sufficiently attractive returns on their capital for a risk they can understand. Investors have especially strong interest today in software, Internet and telecom companies, as well as manufacturing and assembly operations for the EU market. Investors like to bet on people's ability to build profitable companies, not on real estate or commodity prices.

**Are investors interested in simple businesses as well as high-tech companies?**

Absolutely! Most investors will have criteria that limit the range of industries each will look at, but there are people out there ready to look at the whole spectrum of opportunities.

**How advanced does a project need to be to get serious consideration from an investor?**

In any business, the risk in the early days will be high. That means the investor needs the prospect of much higher returns from an investment in an idea than in a business that already makes money. The more advanced the project, the more consideration it will get and the lower will be the return expectations of investors.

**Can you tell me the pre-money valuation of an idea for a new business?**

Yes, I can. The value is zero. Ideas are cheap; execution is everything. To get serious consideration from an investor you should have a

sensible business plan, and a core team of the key people you will need to execute the plan. They should have proven records of building profitable companies.

**How can I get help writing a business plan?**

The Universities, Colleges and the Chamber of Commerce can all provide coaching. Accountants can do the work for a fee.

**How can I contact investors?**

Start with the Chamber of Commerce, but don't stop there. The best deals I've ever done have come through the network of friends and business colleagues over the years. Talk to all the people you know, or know of, who might be able to advise you on where to look for investment. And remember, raising money is never easy, so don't give up.

Dr. John Rutledge  
Chairman, Rutledge Capital  
Website: [www.rutledgecapital.com](http://www.rutledgecapital.com)