

Experienced execs eye Tri-Cities startups

Appeared in the *Tri-City Herald* July 2, 2002

The Tri-Cities is known as a place where more than a few entrepreneurs have turned technologies into commercial ventures. They've designed everything from plants bred for pharmaceuticals to handheld anthrax-detection equipment to machines that zap municipal and medical waste while generating energy. They've created software that secretly tracks computer use, no-chemical water purifiers, no-damage fruit-quality detectors and a medical imaging system for the next-generation mammogram.

Yet while these fledgling firms have been fervently fine-tuning their products and drumming up customers, they've been attracting attention of another type. An increasing number of executives have been eyeing the Tri-Cities for potential business opportunities. In fact, more than a dozen experienced business leaders from the Pacific Northwest and beyond are offering their services to local ventures -- as chief executives, financial and operating chiefs, advisors and other top-level management.

This is good news for emerging businesses that need experienced, well-connected leaders to bring a product to market, raise capital and lure strategic partners.

"Most people I see don't have enough experience," said Marty Smith. He's a partner with the Seattle-based law firm Preston, Gates and Ellis and a member of the private equity group Alliance of Angels. "They have a passion for their product, but they don't understand market distribution, strategic relationships or the commercialization of technical ideas," he said.

Experienced executives add value because they're smart and have solved similar problems in other businesses, Smith said. "They can tell you if you got the product, market and pricing right."

Well-known entrepreneurs also get their foot in the door more easily, Smith said. "You say, I've known John Jones forever, and he's one of the brightest guys I know. If he signed up with this firm, we should take a look," he said.

Curt Blake is one of those experienced executives looking for opportunities. He held a series of leadership positions with various high-profile companies including Microsoft, Aldus, Corbis and Starwave, which was sold to Disney/ABC. Blake, who is based in Seattle, is looking for small tech-based companies with growth potential to run or advise.

"There are a lot of smart people with good ideas in the Tri-Cities," Blake said. "It's relatively close to Seattle and has a number of advantages for locating

businesses -- a large pool of well-educated, talented people and a low cost of living.”

Blake said that he can help small technology companies get past some of the hurdles that firms typically face as they start to grow, such as distribution, marketing, operations and strategic deal-making.

The way Blake works from Seattle for startups on the West Coast is an effective strategy, Smith said. “You can use highly qualified executives from more urban areas, where they have access to capital and strategic partners, while retaining the research and development where the tech base is,” Smith said.

Caldus Semiconductor fits that model. The Richland-based startup tech company is developing sensors that can be used in high-temperature environments such as energy production.

The firm’s chief executives, Don Hagge and Marc Vandenberg, bring significant experience running high-tech companies. When the firm relocated its research branch from Oregon to take advantage of technical resources in the Tri-Cities, Hagge and Vandenberg remained in the Portland area. “Right now, Don and I are spending a lot of our time putting together business plans and giving presentations to investors nationwide, so it doesn’t matter where we live,” Vandenberg said.

Nevertheless, some executives are eyeing the Tri-Cities as a desirable place to live for its lifestyle and workforce advantages. One of those is Tom Korten, a computer and publishing entrepreneur who started an educational software company in Bellevue. His experience includes turning companies around financially and taking a company public.

Korten lived in the Tri-Cities years ago and wants to return to help start and expand fledgling companies. “I see the Tri-Cities becoming one of the next growth areas in the state, and I’d like to be in a position to be there to foster that,” he said.

Blake and Korten are among more than 30 people nationwide who are offering their services to Mid-Columbia firms on the Tech Job Connection Web site at <http://www.pnl.gov/edo/jobs.stm>. Pacific Northwest National Laboratory started the service four months ago to help local tech companies--especially startups-- find qualified management and staff. Local companies also post job openings on the site.

Smith said there are more high-caliber people available now than a few years ago. “I’ve seen a lot of people who profited early from the tech industry, retired and now want to get reengaged,” he said. “They call me up and say, Are there any small companies you can plug me into?”