

Sneak Peak Into the Keiretsu Forum: Part II

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This is Part 2 of a series on the Keiretsu Forum

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At a recent meeting, former product design consultant Tom Jensen presented his company's smart labels that monitor a package's environmental conditions during shipping. Wine, for instance, "is one of the most abused perishable products shipped around the world," he pointed out. PakSense Inc. labels, he claimed, would alert wineries to any temperature extremes that might ruin quality on the bottles' way to stores.

Surgeon and serial entrepreneur Jim Bernstein pitched the Noxilizer sterilization technology for bioresorbable implants, and banker Shane Albers described the mutual benefits of Investors Mortgage Holdings' short-term real estate loans. Ed Alfke, a founder of Rent-a-Wreck and angel investor in his own right, apologized for his nervousness and quickly outlined the benefits of Signalink's electrical wiring networking platform for buildings.

The four executives had reached the City Club gathering only after passing through preliminary review by one of Keiretsu's interest committees, then an intensive deal-screening attended by about 25 investors. The process helps whittle down some 30 to 50 potential deals to about 10 that participate in the screening, then the final four. Investors asked a few questions of each then tossed out their impressions after each presenter left the room.

Keiretsu members say the process is well-organized and efficient. Each investor benefits from the smarts and diversity of expertise among their colleagues, they enthuse.

"The deal-screening is great," says Charles Higgins, who calls himself a "heavy-lifting type investor" who likes to contribute hands-on experience to companies. Late last year, for instance, he joined the management of PeoplePawn, a startup franchise operation intended to create pawn shops that are fun, bright and respectful of their clients. Explaining his love of investing and the addictive allure of startups, Higgins says, "I gotta like the business, I gotta be able to smell money in the deal."

Ron Wiener, who first came before the forum as an executive, is now an investor-member as well. "I'm the No. 1 fan of Keiretsu," he told the group. "I came in as a huge skeptic." The network's diversity in interests, community and philanthropy have won him over, he says. As an entrepreneur, he hesitated at the high cost of presenting -- \$1,500 per chapter, not including travel and preparation. "Here, it's 20 times the energy to present the first time, but then you can leverage it across the whole network," Wiener explained later. After success with one chapter, the rest "just roll like thunder."

Wiener recently closed a \$2.84 million convertible note financing for Document Command, a Seattle company whose Remote Control Mail service delivers postal mail online to subscribers. Keiretsu angel members contributed more than half of the round. Wiener expects more investors to follow. In the end, he concludes, "it'll be the cheapest thing I've ever done to raise money."

Membership in Keiretsu Forum is expensive as well, but members emphasize that they benefit from more than collaboration in deal screening. They enjoy the atmosphere and social interaction, much like a country club. Monthly educational seminars offer the fundamentals in investment -- from negotiating term sheets to playing golf. Keiretsu Forum portfolio companies also can participate in seminars designed for executives on topics such as good governance and accelerating market growth. At each meeting, members introduce themselves and describe passions such as skiing, table tennis, and clean-tech investing. Several charities also present at the gathering, and funded companies offer a quick update.

The Keiretsu vision continues to spread, with a chapter recently opened in Beijing last November and one in Denver in March. Judith Iglehart, who joined the network in 2004, leads international chapter development. She described plans under way to develop chapters in Barcelona, London, Paris, Prague and the Ukraine. "They want the access to Silicon Valley and American deals and American investors, Iglehart says. "It's an amazing community."

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