

By: Lori Hawkins

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<http://www.statesman.com/business/crowder-brings-a-military-focus-to-running-the-1269806.html?viewAsSinglePage=true>

As executive director of the Central Texas Angel Network, Randall Crowder has relied as much on his military training as on his MBA.

Since arriving three years ago, Crowder has worked to turn CTAN — which connects entrepreneurs looking for money with individuals who want to invest — into a built-to-last resource for entrepreneurs.

"Angel groups tend to come and go because they're built around one or two key leaders, and when they leave, the group falls apart," says Crowder, 30, who graduated from West Point in 2002 and spent six years in the Army, including three in Iraq. "We wanted to ensure that CTAN would be here for years to come. The military in me realized that monthly meetings with wine and cheese weren't going to be sustainable without some kind of business process wrapped around it."

In recent years, as venture capitalists have slowed their investments in early-stage companies, money from affluent individuals, known as angels, has become a lifeline for many Austin entrepreneurs. Angels typically invest smaller amounts of money and take less equity in companies than venture capitalists do, and they are often more willing to invest in riskier, unproven ideas.

Crowder, who received a master's degree from UT's McCombs School of Business in 2010, says he wanted the nonprofit organization to focus less on deal flow and more on getting deals done.

"What happens with a lot of angel networks is every month you bring in a new lineup of startups, and everyone forgets about the previous group," he said. "That's frustrating for entrepreneurs, who put a lot of time and energy into their pitches and hear nothing back. And many angels eventually lose interest because they don't end up making real connections that lead to deals."

Crowder, working with CTAN Chairman Jamie Rhodes, has reduced the number of annual meetings from six to four to give investors more time to work with entrepreneurs and better understand their businesses. Although CTAN typically reviews more than 30 companies at a time and invites only four to present, all entrepreneurs receive feedback on how to improve their businesses.

At the meetings, entrepreneurs give a 10-minute presentation followed by a 10-minute question-and-answer session. The process used to end there, but now it's more of the starting point.

CTAN has begun collaborating with Texas Venture Labs, a University of Texas entrepreneurship initiative, to create a program that matches marketing and engineering students with CTAN companies. Together, the groups perform due diligence using a 75-page manual created by CTAN.

"It's the mentorship throughout the process that enables CTAN to better manage expectations and ensure entrepreneurs are best positioned to successfully raise money," Crowder says.

In addition, Crowder says he has become a more active matchmaker.

"Angels sometimes have an attention deficit. They're interested until something new comes along, then they get distracted," Crowder says. "I realized that for deals to close, I needed to work behind the scenes, set up follow-up meetings and actively push them through."

Waldo Health CEO Sam Fuller says Crowder was instrumental in helping his company, which develops remote patient-monitoring systems, raise about \$1 million from CTAN and other investors last year.

"Randall is able to motivate investors to get off the couch, pull out the wallet and make the investment, and that's a missing ingredient in a lot of angel networks," Fuller said. "We've presented at the Houston angel network and a couple of others, and CTAN is much more active in really following up."

The hands-on strategy is what will give CTAN staying power, says Mike Rollins, president of the Greater Austin Chamber of Commerce, which launched CTAN in 2006.

"After years of watching informal Austin angel groups form and then disband, it's great to see CTAN emerge as a player in Austin's tech ecosystem," Rollins said. "It's groups like this that draw entrepreneurs here."

CTAN members invested \$5.7 million in 15 local deals last year. That's a 63 percent increase in dollars from 2009, and a 550 percent increase from 2008. Although they look at deals as a group, members invest individually.

The group's membership has grown from 20 in 2006 to 70 today. Members must qualify as accredited investors and pay \$1,500 a year in annual dues.

Over the past 2½ years, member Rosa McCormick has invested in six companies through CTAN, including Boomerang's, which sells Australian-style meat and vegetable pies; VolunteerSpot, which offers a free online service that helps organizations and nonprofit groups coordinate their volunteers; and ESO Solutions, which sells software to emergency services providers.

McCormick says she has watched Crowder "come into what was really a young organization and take it to the next level. It's always a challenge for angel groups to establish processes that are investor-friendly but also entrepreneur-friendly. CTAN has done that."

Now Crowder, who was born and raised in Austin, is preparing to step down as executive director to focus on other endeavors, including his role as managing partner at Austin-based TEXO Ventures, which invests in health care companies.

He will remain on the board as CTAN recruits a new leader later this year.

"I'll still be involved, but I'm excited to see where the next leader takes it," he said.

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The Randall Crowder file

Education: Bachelor's in general management from the U.S. Military Academy at West Point, N.Y.; Master of Business Administration in entrepreneurship and private equity finance from the University of Texas McCombs School of Business

Military career: U.S. Army captain; two tours in Iraq; awarded two Bronze Stars

Business career: Managing partner, TEXO Ventures; executive director, Central Texas Angel Network; Kauffman Fellow