

Transcript of Barry Etra from Keiretsu Forum

Hall t. Martin: [00:00:00] Well, hello, this is Hall Martin with Investor Connect. Today, we're here with Barry Etra, president of Koretsu Forum Southeast. Koretsu Forum is a global investment community of accredited private equity angel investors, venture capitalists, and corporate institutional investors. Koretsu Forum is a worldwide network of capital, resources, and deal flow with 53 [00:00:20] chapters on four continents.

Corrective forum members invested in high quality, diverse investment opportunities. Barry, thank you for joining us.

Barry Etra: Thank you for inviting me.

Hall t. Martin: Great. So can you share with us a bit about your journey from the manufacturing sector to becoming entrenched in the early stage investment community?

Barry Etra: Sure. [00:00:40] So I was a manufacturing guy for a bunch of years and I'm working with packaging, both corrugated and plastic packaging.

I came down to Atlanta to run. And a blow molded and injection molded plastics plant, uh, which [00:01:00] in the parlance was an offer I could have refused. But, got us down here, it turned out it was a bit of a mess, uh, they bought me out a year and a half in, and I went around looking for something to do, um, I found a platform specific to small companies [00:01:20] as a consultant, and went to get training on that in New Jersey, came back down here, I had two or three clients, and got involved in the early stage alternative funding world.

Because companies didn't know how to get certain loans, they couldn't find the right partner, they couldn't [00:01:40] find the people who even did those loans. And I got more and more involved in that, it took over my life, and then 2008, 9, 10 hit, and there was nowhere to go. Uh, almost all of the lenders stopped lending, and that included banks to a large degree.

So somebody suggested, why [00:02:00] don't you get involved in the early stage world? You can do the same thing you're doing here, there. You can match up early stage companies with investors and vice versa. And I dove in full force, but became clear after only a few months that there was no future in this. The companies [00:02:20] didn't know the investors, the investors didn't know the companies, and there was no structured forum in which they could meet.

And, of course, my consultant head kicked in and I said, I know how to fix this. I came up with a way to make it work for everybody on an even playing field. And that became the RAISE [00:02:40] forum, which right now, for the last nine and a half years, has been running at Emory Business School. And while I was at RAISE, I spent some time going around the country looking for models to see if I could learn something.

Somebody suggested, why don't you get Go to the Corettu Forum website. They're [00:03:00] the best in the world. And I went to their website and went, hmm, this is interesting. Sent them an email, lobbed in a phone call, sent another email. Uh, that was ten years ago. I still haven't heard back from them. But life is funny.

And they came into Atlanta a year and a half later. [00:03:20] And one of the prominent law firms here became their sponsor. And they asked the venture partners there who could run this in Atlanta, and they said Barry Etcher. And so that's how that happened. Uh, and, uh, yeah, life is funny, but it's been a [00:03:40] straightforward line ever since.

Hall t. Martin: So, so what motivated you to pivot your career towards supporting early stage venture? What was the higher force behind this story?

Barry Etra: I was near the end of my career. Yeah. And looking for something else. [00:04:00] And at this point I wanted to do what I liked and I had gotten involved with early stage companies for free for years.

And I thought, this is fun. I like advising the companies. I like finding out about new things. I've really enjoyed learning about all this. I'm a pretty [00:04:20] much a lifelong learner and this is great. I can put together not only my talents in. Connecting, but my talent, my talents in working with them on the finance, working with them on the steps.

And, um, I had already [00:04:40] collected the majority of the people in this world in the Southeast and I thought, great, this is a place I can make a difference.

Hall t. Martin: Great. So as vice president of entrepreneur services for the East coast, how do you approach supporting a wider range of entrepreneurs and ventures? So, [00:05:00]

Barry Etra: uh, uh, starting a little over a year ago, I became on top of being president of the Atlanta chapter, the vice president of entrepreneurial services for the East Coast.

And that means I'm the first touch point for most companies that apply to Coretsu. And I help work them into the process, negotiate them through the [00:05:20] process and, um, following up with them and getting the details we need to do this. It's an incredible amount of detail, unfortunately. But, it's good because the companies, I think, get more out of this process than they would ever admit [00:05:40] to.

Uh, they are learning and getting better every day that they go through the corrective process. It's really set up that way. Uh, I've also learned a lot more about what investors want, which I think is very important. The one thing I find about companies, in general, is they don't know what [00:06:00] investors would want.

Uh, correct. Great for the Southeast in particular, because we don't have a lot of, uh, certainly in the angel side, we basically have no series a and series B. Uh, on the venture side, we have some, but not nearly enough groups. [00:06:20] Correct. Sue in less than three years became the number one investor in terms of dollars in the Southeast, and now that's a place for companies to move to.

And I'm pretty passionate about the Southeast. The Southeast, I think [00:06:40] Atlanta should be the number 4 ecosystem in the country. Silicon Valley, Boston, New York, and then Atlanta. We have all the pieces here. What we don't have is the Series A and Series B funding. So Coretsu has jumped right in to do this.

It's now a process of education to get the companies [00:07:00] understanding how Coretsu works, how it's different, and how it can help them.

Hall t. Martin: So, Charestu Form is known for its rigorous company vetting process for investments. Can you explain this process and how does it benefit investors and entrepreneurs?

Barry Etra: So, Charestu does the best due diligence in the [00:07:20] angel investment world.

It is as comprehensive as it gets. It really helps the companies because they have to think about things they've often never thought about. And they have to put it in a usable form. And almost all the due diligence is done by members, [00:07:40] and it's usually members who want to be investors because they want to learn as much as they can about the company before putting their money in.

Uh, the, so the process is, I mean, there are literally hundreds of fields that need to be filled out. The companies fill that out initially. When [00:08:00] companies present, they are, the members and guests indicate. If they're interested in being part of due diligence, and also if they were interesting in investing.

We collect those, we help the companies contact the people. And we then create due diligence teams. We have to find a [00:08:20] lead who is an expert in the space. But has 2000 members in North America alone, so that's usually not a problem. So the companies learn a lot about themselves from the questions we end up asking.

They certainly learn a lot about what appeals to investors, us in [00:08:40] particular, and probably other investors as well. And on the investor side, you get more and more opportunities to be really part of the process and really shape the way the company puts itself out to the world. Uh, we are very passionate about.[00:09:00]

So

Hall t. Martin: when it comes to making investment decisions, you know, how collaborative is this process among the Atlanta chapter members? Is there a structured approach or do members operate more independently? A little of both

Barry Etra: Paul. Um, [00:09:20] during the meetings, when the company presents, there's plenty of give and take.

There's an extensive question and answer section and, and, and, and, and, and, There is also the opportunity to do a breakout with the company directly with other members there present, so you can ask those [00:09:40] questions. We also go through, after the company presents and the Q& A is done, we do something we call Mindfair, which is essentially trying to get everybody on the same page.

And at that point, we take positives, we take negatives, and then we come up with a last question to ask the company, which they have to answer at the end of

the [00:10:00] meeting. That answers a bunch of concerns or interest for the people who are at the meeting. So, that part of it is pretty structured. We then often send out a, uh, email for people who couldn't make the meeting, who want to learn more about the company.

[00:10:20] And often when companies, in fact, almost all the time, when companies finish their due diligence, they come back and do an update, which is saying, hey, Here's where we are. Here's where we are at this point. Here are the members that do deal in this team with your own contemporaries who helped us do this process.

And we're [00:10:40] taking sex now. So people get another shot at the company. In general, not if you don't do those port members operate pretty independently. Corrects to 95 percent of the time negotiates the terms with the company and the company, then. [00:11:00] Um, every, the members invest directly in the company through that term sheet.

So that part of it's independent. Almost nobody really knows who's invested in what, unless the member volunteers that.

Hall t. Martin: So Barry, could you describe the typical [00:11:20] profile of early stage company investors in the Coretsu Forum, particularly those in the Atlanta chapter?

Barry Etra: Wow. Well, that kind of defies description. Um, we're kind of all over the place. We have a mixture of people who are early stage investors. [00:11:40] That's what they like to do is kind of a sideline.

We have a few funds and family offices because Coretta is great for that. Just correct. Who does all the work for them? And we don't have a typical profile per se. I [00:12:00] think in Atlanta, how we tend to have members who are already doing something else, working in another job

is that you can be a. Investor, I mean, we encourage that, but you can also be an Esther who just says, hey, this philosophy of investing and [00:12:20] due diligence. Makes a ton of sense we have mutual funds. And sector mutual funds that somebody could invest in if they don't have the time to spend more time.

Hall t. Martin: Right. Well, in your experience, what motivates these investors to get involved in early stage investments? And what are they looking for in [00:12:40] potential ventures?

Barry Etra: Some of them are very particular about what they want. We encourage diversification. And of course, that's right out of the HCA, Angel Capital Association playbook.

The more diversified you are, the better return you're going to get. Same in, in some ways as the stock market. Uh, [00:13:00] so some of them get in there because if you are doing something, which is inherently risky, I mean, angel investing is the highest returning asset class, but it's inherently risky. Coretsu de risks that to a, an enormous degree.

Uh, the, the failure rate that we see in [00:13:20] companies at Coretsu is fraction of what you see in most other groups. So what motivates the investors. Here, I think it's a structured system, you see more great companies, I think the deal flow of Coretsu is clearly better than any other I've seen anywhere [00:13:40] else.

And they're looking for very specific things in Coretsu, they're looking for that due diligence, they want to see that package, they want to see the detail, and Coretsu due diligence can be 100 plus pages long. Um, and then a lot of them [00:14:00] want to give back. They've been involved in this world. We do have people who have looked at this and said, you know, I don't make the kind of returns I should be making.

This process, I think, will work better. So some of them do it for that reason. Not enough, frankly. There should be more. [00:14:20]

Hall t. Martin: Well, so based on your experience, what emerging trends do you foresee in the early stage investment landscape, you know, especially there in the Southeast? Great

Barry Etra: news about the Southeast.

The Southeast is growing. Uh, when we started in, uh, Atlanta was raised, they were basically, if you were a [00:14:40] fintech company, or if you maybe you were a cybersecurity company, you had a chance of getting funding. That is fairly dramatically, although not enough to quote unquote threaten the big three, but There's a lot, there are more investors moving into the Southeast, there are more early stage investors, which is a good thing.

There is [00:15:00] much more interest, certainly in the city of Atlanta, around early stage investing. We're doing a lot more healthcare in the Southeast than we ever did, and that's good because there's not enough knowledgeable healthcare

investors down here. Uh, we have a few [00:15:20] of them in Atlanta, and I think we're the largest repository of health care investors in the Southeast, but that's still a small number.

So, more health care, they've built out a huge campus west of Midtown in Atlanta, uh, called Science Square, which could generally generate a lot of interest, and that'll [00:15:40] bring more investors in, and it'll bring more big companies in, which is a good thing, because that's where you get some of the employees you'll need to make this work.

Hall t. Martin: Great. Well, lastly, Barry, what last thoughts or advice would you like to share with our private equity investors and early stage entrepreneurs listening today? [00:16:00]

Barry Etra: One of the things about this world is that for many years, it was a follow me strategy. If you were an investor, you would know somebody else and they would say, Hey, I've got, I'm in this great company, you should invest in it, not exactly a scientific way to do this.

What I admire about Koretsu is they've gone [00:16:20] through and, and the founder is, he thought this through and said, how do you make this work in a way that people have enough great choices, can invest as much as they want, they can get in as, 25, 000 or less, if we establish a, some kind of single purpose vehicle.[00:16:40]

And you can diversify. Without having to do it all yourself. We'll give you the information. We'll set it up. You'll know where to go. Great for investing. Because, you know, that [00:17:00] this process work correct has been. The largest angel investor in the world for many years in that group for many years. And it's only because it works and.

And, um, it's, um. I think it's worth trying. It's worth a look. And if you look at it and [00:17:20] you dot the I's and cross the T's, you'll find out it's a better experience and I think you'll have much higher returns.

Hall t. Martin: So, so what advice would you give listeners interested in learning more about Koretsu Forum, for attending a meeting, you know, how can they get involved?

Barry Etra: Well, for anybody who's interested in [00:17:40] Southeast, I'm very happy to talk to anybody. Uh, my phone call is, my phone number is. 7 7 0 7 2 2 9 7 8 7. Uh, my email is B E T R a at currency forum. net. Uh, I spend

most of my day talking to people. Uh, I [00:18:00] can really steer people, I think, in the right direction. And I can also tell them when it might not be.

And again, I'm happy to do that personally.

Hall t. Martin: Great. We'll include your contact details in the show notes. I want to thank you for joining us today, and we hope to have you back for a followup soon.

Barry Etra: Thank you.

Hall t. Martin: And we'll [00:18:20] cut it there. Did you have any changes from your side?

Barry Etra: No. I probably did, uh, a couple too many times.

That's beside the point.

Hall t. Martin: No, it came off very well. Very conversational, good information. I think it flowed well. I don't see any changes. We're going to productize this into those two separate components. We'll give that to Cindy and she'll distribute it. We'll [00:18:40] put the interview on the investor connect site.

So you can always reference it there. If you want to send somebody the link, they can get that as well. It'll take a couple of days to get that up, but from there we'll go. Uh, but with that, I think we're finished. Was there anything else?

Barry Etra: No, that's, uh, pretty much it. I mean, I could get into, you [00:19:00] know, more detail on some things, but that's not for this anyway.

This is general, not, not, uh, deep dive.

Hall t. Martin: Well, it's a good thought for a follow on podcast. We're looking for topics to follow up. How do you invest? How do you screen a deal? How do you choose the deals? What do you look for? Lots of things we can do down the way. And, uh, after we do the interviews of all the [00:19:20] chapter presidents, we'll come back and maybe ask for another round.

As you can see, these are really not hard to do once you get them set up. So appreciate your taking time. I'll let you get back to it.

Barry Etra: Nope, thanks. Although I wish we didn't have my, uh, you know, my, my, my wife's goofy bulletin board in the background with all the notes and stuff on

Hall t. Martin: it. Some people want the [00:19:40] video, some people don't, but, uh, anyway, everybody's got a home office and so forth.

All right. Have a good one, Barry. Thanks so much.

Barry Etra: I couldn't figure out how to do a different