

Investor Connect - 795 - Brian Cain of Keiretsu Forum

Hall T. Martin: . [00:00:00] Well, hello, this is Hall Martin with Investor Connect. Today we're here with Brian Cain, President of Coretsu Forum Philadelphia. Coretsu Forum is a global investment community of accredited private equity angel investors, venture capitalists, and corporate institutional investors.

Thank you. Coretsu Forum is a worldwide network of capital resources and deal flow with 53 [00:00:20] chapters on four continents. Coretsu Forum members invest in high quality, diverse investment opportunities. Brian, thank you for joining us.

Brian Cain: Thanks Paul.

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

Brian Cain: Yeah, it was just a continued evolution. [00:00:40] I spent, um, quite an amount of time with very large pharma companies. I've also was with, um, incredibly small startup biotech companies. And I found that working with the small biotech companies, for me, which is a really, really fun thing to do, and it got me involved in early stage of those companies and [00:01:00] what it took to get, make sure those companies reached milestones and got to either exits or IPOs.

Hall T. Martin: Great. So what motivated you to pivot your career towards supporting early stage ventures?

Brian Cain: Yeah. So as, um, as we, we would bring companies [00:01:20] into the fold in our, in the larger company that I was with and do our assess. companies in terms of should we do deals with them, some sort of buy, buy them or look to do a partnership.

I found that I really enjoyed working with the early stage companies. I also found that, um, [00:01:40] we became really good at assessing those companies in terms of what were their strengths and areas for improvement and what, what

helped them to become viable. So I found that that, um, it was just something I really just like to do.

Hall T. Martin: What led you to the Corrective Forum's Philadelphia chapter? How have you seen the chapter [00:02:00] evolve under your leadership?

Brian Cain: Yeah, so, um, the first thing was, you know, I went to a Corrective Forum Capital Expo and, um, very quickly found a couple key, key important elements. And, and the first was the membership, you know, these folks are successful people.

They're [00:02:20] really knowledgeable in their domain area. They are on top of, um, the investment community and they make good choices. And, you know, in an all day session, by talking with them, I was really able to learn a lot about them. In parallel that day, I also saw these startup [00:02:40] companies in terms of ideas that they were, you know, wanting to get to market, as well as, um, where they were with their funding.

And part of the discussions with them, I observed that they needed, um, you know, help, either mentorship or potential, um, domain area expertise. And they were very [00:03:00] open to that. And Coretsu is also open to wanting to help its, um, investment community.

Hall T. Martin: Well, as chapter president of Philadelphia, how do you approach supporting a wide range of entrepreneurs and ventures?

Brian Cain: Yeah. So I think it really comes down to the, um, and I, [00:03:20] you know, the core of it is this due diligence process. And I start there because it's at that moment where together with the company, the CEOs, the founders, we're able to have good, honest discussions about where the company is.

What's what are the risks with the companies and what needs to be done to mitigate those risks or [00:03:40] attempt to mitigate those risks? And that's at the venue where we start talking with those companies In terms of supporting them with investments and also supporting them, you know and supporting them with whatever help they might need And so that, that due diligence process for me, I'm finding it to be seemingly unique in terms [00:04:00] of the depth of it.

And that's something that really led me to wanting to be part of credit to Philadelphia.

Hall T. Martin: Well, Chris, your firm is known for its rigorous company vetting process for investments. Can you explain this process and how it benefits both investors and entrepreneurs?

Brian Cain: Yeah, you know, ultimately for me, this due [00:04:20] diligence process has to just be an incredibly objective look under the hood.

And that's what we do. Um, we look at every component of the company. We are. Bring in, um, areas of expertise that are, you know, that are doing the work, um, experience in human resource management, finance, supply chain, [00:04:40] commercial IP, contract lawyers. We really want to know what the company is. And what it isn't, and we want to be succinct to get to the key areas of opportunity, as well as risks of those companies.

So, as investors, with that information, you know, we want to be able to go in with our eyes wide open in terms [00:05:00] of, yes, these are, you know, these are startup companies and not all of them make it. But we want to use that due diligence process to really thoroughly understand, you know, what this company is.

And that, for me, it's just, you know, a ton of fun to do that assessment.

Hall T. Martin: So when it comes to making investment decisions, you know, how [00:05:20] collaborative is the process among the Philadelphia chapter members? Is there a structured approach or do members operate more independently?

Brian Cain: Yeah, so I could go on in chapter and verse about this.

I'll keep it high level and please I'll ask more details. It happens two ways. First in the very, very formal process [00:05:40] of creative forum, you know, forums where questions and answers start happening. Then it gets into a little bit more involved and tell me more about your company. And then ultimately the due diligence process becomes that formal.

formal situation. Where, where it really happens though is, you know, [00:06:00] I'm on calls, you know, I call peer investors, peer investors call me half a dozen times a week, and we talk about companies. Where are they? Where aren't they? What do I think? Why not? What do you think? You know, I purposely reach out to folks who have different expertise than I do and ask them, Hey, what do you think about [00:06:20] this company?

And tell me why, what might I be missing? And so I, I put a lot of weight on the formal process for sure. And I also put a ton of weight on this informal process in terms of really wanted to make sure in peer investors have a pretty good sense about what the company is, as well as I understand the company, not just from my set of [00:06:40] eyes, not from the formal DD report.

From other individual eyes as well,

Hall T. Martin: Brian, could you describe the typical profile of early stage company investors in the Koretsu forum, particularly those in the Philadelphia chapter?

Brian Cain: Yeah. Um, this would be my description. Um, you know, I, I, first [00:07:00] I see people who are incredibly successful and I, and I say that.

Not in an arrogant way, but successful in terms of folks who have worked hard in their careers, worked very hard, worked diligently, you know, fundamentally understand what it takes to deliver value in their roles. And because of [00:07:20] that, you know, they have high net worth individuals. Who are looking to, um, leverage their knowledge base, who are looking to grow, who are looking to grow, not just financially, but to grow their mind and wanting to be anchored to new ideas, new ways, new [00:07:40] solutions, new technology.

Um, and these are folks who have a zeal just to learn more. And then that learning process, you know, it's, it's a really, um, that profile You know, it's one of the things that cool crits that we don't talk a lot about, but I think we really help people to continue grow and learn. [00:08:00]

Hall T. Martin: In your experience, what motivates these investors to get involved in early stage investments?

And what are they looking for in potential ventures?

Brian Cain: Yeah, I mean, they, they, it comes into what I'd call two buckets. There are folks who are really, really interested in the financial side of it and very, very diligent from the financial side about [00:08:20] making investment choices, staying on top of their investment portfolio, who can speak to their own internal rates of return, why, why not they're investing, um, how they map out their portfolios.

And I think there's a second group, certainly the second group does all those things financially and the, the second group [00:08:40] also spends an awful lot

of time learning about, um, domain areas, learning about new, um, new ideas, spends a lot of time learning about, um, things that they weren't knowledgeable about and, um, while both groups are good and we have what I'll call, um, um, [00:09:00] Folks who spend time on financial and folks who spend time on financial and other things.

Um, the network pulls it all together in terms of linking those two groups.

Hall T. Martin: Based on your experience, what emerging trends do you foresee in the early stage investment landscape, especially in your area?

Brian Cain: Yeah. [00:09:20] So, I mean, an obvious answer is obvious, but not really. And, you know, we're starting to see more and more AI companies, and I'm starting to hear more questions from investors, peer investors about what is AI.

And I'm starting to hear these investors ask much more, [00:09:40] more detailed questions about, What are the kinds of AI problems that are trying to be solved, or problems that can be solved with AI? Where are they by, um, you know, um, sector? Um, where are they within a funnel of, um, within sector? So, you know, I'm, I have a [00:10:00] strong depth in, um, pharma, biotech, healthcare.

And I'm starting to see AI, for instance, um, populate throughout what I'd call a care continuum. So, um, and, and, and as that happens, what we see, what we see evolving is [00:10:20] potential solutions that weren't here three years ago. Are now being worked on, and that's just a ton of fun to watch, learn, and talk with CEOs, founders about, about why they believe their solution can be solved in that manner.

Hall T. Martin: And lastly, what are your thoughts on [00:10:40] or advice would you like to share with our private equity investors and early stage entrepreneurs listening today?

Brian Cain: Yeah, I guess, um, If there was advice, it would be, you know, do everything you can to, you know, leverage this network. And I, and the reason I say leverage it and leverage it by, you know, listening [00:11:00] to the significant expertise that's in the Cred2 Forum network.

Um, there's folks who might appear to be quiet. However, when you ask them an open ended question about, tell me what you think about this investment or on this DD report, it's listing this as a risk. How do you assess that? Where

would [00:11:20] you see the depth of the risk is? Do you think the company is mitigating the risk?

So I would say to you, um, do everything you can to leverage the network and listen to them.

Hall T. Martin: Great. And what's your advice for those listeners interested in learning more about Kuretsu Forum or attending a meeting? You know, how can they get involved?

Brian Cain: Sure. Uh, first [00:11:40] reach out, give me a call, email me, um, that'd be wonderful to hear, uh, pick up the phone, you know, talk to one of us about what you think you, why you'd want to be part of this.

Let's talk about where we think we can help you, where we think we might not be able to help you with it. Um, and then let's, let's have a [00:12:00] good discussion about. Good ways to build a portfolio. You know, I, um, four or five times a year, talk to different investor festers about how they're building their angel portfolio.

And each time I do, um, I get a different perspective, a different reason why they're going with a company to a greater [00:12:20] depth or with a company, not to the same extent. And so it's helping me grow as an angel investor.

Hall T. Martin: Well, 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 follow up soon.

Brian Cain: Great. Thanks, Hal. Thanks for the time. A lot of fun. Take care.

Hall T. Martin: And we'll cut it [00:12:40] there. Did you have any changes from your side?

Brian Cain: Nope. We're good.

Hall T. Martin: Great. I'll send it over. We'll clip out that first piece so you can use it for other things and we'll get the other posted on the investor connect and we'll go from there.

Thanks so much for taking time.

Brian Cain: Thanks, Hal. Appreciate it. This is fun. Have a good one. You're a good man. Bye bye.