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Venture Capital Enervest

Columbine Venture Funds

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Columbine

Want to explain that

Mike Hickey represented a typical example of an entrepreneur looking for venture capital. Our experience with venture capital began with a small SBIC (small business investment corporation)

The Columbine Venture Fund

The first venture fund we were involved with was made up of about six investors and was originally authorized by the SBA when I joined Enervest.

Fortunately, Enervest as an authorized incorporated SBIC made several relatively small investments. Enervest was incorporated as an SBIC and entertained a few small startup companies seeking capital limited to receiving SBA matching funds.

Enervest sought investors who could add capabilities in choosing potential

About six local business personalities in the Denver area. One of their first investments was a real winner. He had just formed the company, had office southeast Denver.

The company was formed by 2 men who were looking for capital to help develop a device called Biox. Enervest was made up of 3 general partners and was about a year old when I became one of their limited partners. I can't take any credit for the first successful investment.
The principal general partner of Enervest was Mark Kimmel who found a graduate degree at the University of Colorado. Although I can’t recall the name, one was a student in the graduate school at CU, and working on the side to develop a device that could distinguish the changes in blood oxygen content and give an early warning to an anesthesiologist, the status of the industry’s need for the product and Mark Kimmel together with Sherman Muller became enamored with this proposal and made an early investment from the Enervest. Sitting on the board of directors as one of about six small business investors, it became obvious that there was dissention within the organization and forced the company into a special board meeting, which would have resulted in a major discovery. Nevertheless, Mark Kimmel and his Vice President, Sherman Muller, followed up on the applications of this medical device, which occupied a control never before available to the

The two principals of Enervest made a few calls to the medical community and suddenly discovered that this device could measure a change in oxygen content of the body instantaneously with a sensor clipped to the ear lobe of the patient.

It is interesting to note that this little device with a cost factor of ten to $20, when displayed to the anesthesiology community, caused real excitement from the doctors and Biox was sold to a local company who marketed it with a dramatic improvement in sales over the course of the next two years. The net revenue to the Enervest venture capital fund skyrocketed and almost immediately expanded beyond the capability of the venture fund to keep control. I don’t have any exact figures but the company was sold by the name Biox was purchased by a large venture capital fund and resulted in a valuable addition to the market. The product
was an immediate success and this is the first time the anesthesiology community could respond to a small device with a huge potential market.

As of this date, it is obvious that due to these two enterprising venture capitalists, within the next two years, the market for Biox resulted in a major success of a very small company. As an aside, the internal disagreement extended to a corporate board meeting where the dissention produced a major rift in the company and shifted the major earnings from

Fortunately, as a minority director attending a corporate meeting resulting in a third major owner of the venture fund who found his majority interest being threatened to the point where he needed short term capital and the only way he could get it was by selling shares of stock in the company. Since he was embroiled in another company with less than controlling interest, the court

In spite of the corporate disagreement, the corporate officer approached me to see if I would purchase some of his shares so he could clear up his account with another company. My interest in the company then increased substantially and a former principal of Enervest resigned from the company and the net effect to me was the ability to buy inexpensive shares from one of the officers of the company and I became a permanent board member of the successor fund known as, "Columbine Venture Fund I."
The Columbine Venture Fund (CVF1) was organized with the addition of two new general partner investors. Here begins a story of forming a major venture capital fund, spending over $300,000 and eventually becoming one venture fund after raising new funds approximating $84 million.

I made a commitment to the existing general partners that I would be given the opportunity to purchase a Columbine general partner interest. Two significant events

First, in raising funds for CVF1 I realized I was selling the fund to potential institutional investors. I agreed to become a general partner beginning in 1983 and terminating in 1993. When I resigned from the fund, the amount of my collateral, that is, all of the other venture capitalists in the fund, which was only about five, I was becoming enamored with the fund. We had five general partner investors. The fund was closed in about 1990.

We split responsibilities among the general partners. I agreed because I was a new

The general partners were Terry Winters, Mark Kimmel, Sherman Muller, 

We closed the fund or I should say, they closed the fund in 1990. We officially closed the partnership demonstrating barely enough to allow the general partners a return on their investment and overall, the long term effect of CVF was that we shut it down in—I think- 2005, at which time I retired and happy to do so. Venture
capital is a tough business since you have to say, “no” to prospective entrepreneurs 100 times before you say, “yes.”

We got a lot of nice publicity and maintained a good reputation in the industry, some changes in the Columbine partners, but I resigned from Columbine venture fund with a return on capital of less than five percent.

Samples of the products that we supported are attached. It turned out that the market for venture capital was reasonably low in 1983 and in 1993 it was reasonably high. I must confess I did not enjoy the role as a general partner.