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Enrichment Program Prompts Greater Interest in Venture Acceleration Fund

By Sandy Nelson for Finance New Mexico

Every early stage business needs capital to grow, but a company that lacks collateral to procure traditional debt financing and is too immature to interest equity investment can idle for years in a financing limbo.

In Northern New Mexico, the Venture Acceleration Fund (VAF) helps promising early stage startups get back in gear. And the VAF Enhancement Project now offers additional technical assistance to current and aspiring VAF recipients.

Improving the Odds

The VAF began 11 years ago as an initiative of Los Alamos National Laboratory's management company, Los Alamos National Security. LANS is the primary funder of the VAF, but the counties of Los Alamos and Santa Fe, New Mexico Manufacturing Extension Partnership and the City of Santa Fe's Economic Development Department also contribute.

The Regional Development Corporation (RDC), a private nonprofit 501(c)3 economic development organization (EDO), manages the fund and distributes interest-free loans to eligible companies in seven Northern New Mexico counties that seem most likely to grow and create jobs that improve the region's economy.

In 2015, RDC received a \$249,000 federal grant from the U.S. Dept. of Commerce Economic Development Administration under the "Cluster Grants for Seed Capital Funds" section of the Regional Innovation Strategies program. The grant created a VAF Enhancement Project to better prepare recipient businesses to grow beyond infancy and to prepare aspiring entrepreneurs to apply for funding. The grant also aimed to strengthen commitment from organizations that support young businesses, such as private and public service providers, investors and other stakeholders.



Co-founders Andrea Romero and Adam Wachtor of Tall Foods, a 2017 VAF recipient.

“The program really got going last fall,” said Carla Rachkowski, associate director of the RDC, “and many companies who attended these workshops applied for this year’s VAF program.” Rachkowski was referring to numerous RDC-sponsored workshops, mentoring sessions and informational presentations conducted this year region-wide to explain the program and help businesses prepare to apply for funding.

“When we started the project two years ago, there was a sense that whereas the entrepreneurial community in Albuquerque had come together and started to cohere, the northern region was still fragmented, with not enough partnering, synergy or knowledge sharing,” Rachkowski said. “The secondary goal of the project has been to integrate the entrepreneurial ecosystem in Northern New Mexico.”

RDC partners took a step in that direction, contributing to the workshops and information sessions by sharing their knowledge of market strategy and assessment, finance, lean startup methodology, and equity investing.

Building Sustainability

VAF grants are structured as interest-free loans, but reimbursement is only required if a company is acquired, leaves the state or fails to support the entrepreneurial community as promised.

This year’s call for proposals, which closed in March, prompted many more applications (from 35 in 2016 to 51 this year), which Rachkowski attributes to the Enhancement Project.

The EDA grant was a one-time deal, but RDA received an extension through June 30 to give the organization time to find another grant to sustain the project. “We really feel it’s been beneficial and so we’re looking for funding to keep it going,” she said.

To date, 60 companies have received VAF funds. For more information about the VAF, visit <https://vafnm.org/>.

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