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Start it, build it, sell it

Serial entrepreneurs dig thrill of new businesses

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Lacy Edwards considers himself a builder.

But Edwards isn't in the home business nor is he working on any commercial buildings.

Edwards, the CEO of Fort Collins-based Indicative Software Inc., builds companies - and then sells them and builds some more.

He's what's known as a serial entrepreneur, a type of executive that thrives on the thrill of starting a company and then growing it, until it's eventually snatched up by another company or becomes publicly-traded.

Since 1986 when he was 39 years old, Edwards has opened several software companies in California, each time increasing revenue until it made more sense to sell or merge the company rather than to hold onto it.

As the head of Evoke Software in the mid-1990s, Edwards increased the company's revenues to \$19 million, positioning it for a sale.

At Indicative, a service management software company, Edwards has spent his first year assessing what would work to grow the company.

"It is so much fun and a lot of work," said Edwards. "I've learned a lot about busting my knuckles and my nose and my face and every other body part."

Serial entrepreneurs are certainly not a new phenomenon, but in an increasingly wary economy, the start-ups they form are being relied on more heavily to bring jobs to an area, said Kathy Kregel, executive director of the Fort Collins Technology Incubator.

While start-ups don't typically bring in the same number of jobs as high-tech companies, they're often more stable and tend to grow at a steady pace.

"They're wonderful," said Kregel. "They create jobs — good paying jobs."

It's hard to pinpoint how many people across the country are serial entrepreneurs.

An article posted on the Gathering of Angels Web site, a site devoted to the monthly meeting of private investors, estimates that 43 percent of chief executives of current Inc. 500 companies say they plan to start another company after leaving the one they are running.

Inc. 500 is a list of the fastest growing private companies, put together each year by Inc. magazine.

In Fort Collins, Kregel has noticed a recent trend of entrepreneurs moving in from California to try their hand at start-ups in Northern Colorado.

Whether it's lifestyle reasons or just to experiment, people want to see if they can make the same companies work far away from the Silicon Valley of California.

"I think the train is moving so fast out there that they really want a break," said Kregel.

Todd Massey, chief technical officer of Privacy NETWORKS in Fort Collins, moved back to his native Fort Collins after owning a successful start-up in California.

Massey, along with Bill Thorson and John Stark, founded the company in 2003 with a goal of providing companies everything from anti-spam products to products that provide encryption and decryption of e-mail.

The goal of the company, as with all the companies Massey has a hand in, is to grow it toward profitability.

The challenge of that is creating a vision and finding the right people to execute the vision, Massey said.

Typically, when the company has reached its goal of profitability, that's when Massey will move on to another company.

"Once a company becomes several hundred people, your influence on the company changes," said Massey. "The company has become a breathing entity and has a life of its own."

Not everyone can be a serial entrepreneur, though, and it takes a certain amount of drive, energy and an addiction to starting companies to make someone successful.

Some entrepreneurs stick around the company for years as it grows, while others leave the helm after only several months, said Kregel.

"I suspect that they are not good long-term leaders of companies because they get fidgety," she said. "I don't think that these are 10-to 20-year guys at the helm — at least the classic ones I'm seeing."

Edwards, who has been with Indicative Software for a year now, says there are three factors that allow entrepreneurs to start and grow successful companies.

The biggest one, is that there has to be a market opportunity for the product the company is supplying.

There also has to be a product line that will be able to stand up to competition and the execution strategy has to flow well.

"That, of course, involves the right go-to-market strategy, the right people, and putting together a plan of success to leverage the other two," said Edwards.

Edwards doesn't plan to open or buy a company and then sell it. That's just what typically happens because the company becomes ripe for a merger or sale.

"It's not a churn and churn-type attitude that I take," he said. "What happens is that someone comes along and offers you more money."

Like Massey, Edwards agrees that finding the right talent pool to grow the company is one of the most challenging aspects of entrepreneurship, especially in Fort Collins.

In the Silicon Valley, qualified employees are as easy to find as picking up the phone. It's harder in Northern Colorado, said Massey.

"We continue to look for people constantly," he said.
