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Improving the Availability of Capital for our Businesses – A Work in Progress

By Lt. Governor Diane Denish

New Mexico business owners now have two new web-based business tools at their fingertips: Ed, a calendar of business meetings, networking events and economic development activities across our state (www.EdCalendar.org); and A2C – short for Access to Capital, a comprehensive listing of capital providers, including banks, micro-lenders, venture capital providers and more (www.AccessToCapitalNM.org).

Along with this launch, I'd like to tell you about the work this administration has undertaken to improve the financing environment for small businesses. A2C and Ed resulted from a partnership of the New Mexico Economic Development Department, New Mexico Finance Authority, New Mexico Small Business Development Center Network and New Mexico Venture Capital Association. It was developed and maintained by New Mexico Community Capital. Both sites are continuously updated – A2C as an online directory of places to begin a search for financing, and Ed as a one-stop calendar of business events.

The vast majority of businesses in our state have fewer than 25 employees. I believe their growth and success is the cornerstone of expanding our state's economy. That's why, as New Mexico's Lieutenant Governor, one of my highest priorities has been to improve the environment for these firms.

Small businesses are particularly important in rural communities where they provide the best prospect for creating well-paying jobs and building local economies. This administration has made our tax structure more attractive and has expanded an array of incentives to ensure that we are recognized nationally as a great place to do business. I'm pleased with the results we've achieved in those areas, but the major reason for my optimism about the future of our economy is our progress in attracting investment capital to New Mexico.

I've owned a small business and I know many of the challenges that these companies face. Securing appropriate capital and getting real-world advice on how to start and how to grow are perhaps the biggest hurdles that confront many small businesspeople. I am particularly proud of the progress we've made in expanding financing opportunities for companies of all sizes.

Large projects like Eclipse Aviation capture the headlines, but our progress is much broader. Private equity capital has been coming to New Mexico at an unprecedented rate and has captured national attention. Much of this money is aimed at harnessing the vast pool of technology

developed at our national research laboratories and our universities, but some is targeted at very small businesses in low- or even no-tech companies.

The State Investment Council (SIC) has led the way in attracting private equity for local companies. Since 1994, it has allocated \$357 million to venture capital funds that have a strong track record, agree to set up shop here, and invest in New Mexico. The pace of those investments has increased during our administration.

In 2000, the State Legislature created the New Mexico Small Business Investment Corporation (NMSBIC). Since 2003, this entity has received approximately \$45 million, the vast majority of which has been committed to partnerships with companies that make loans and provide equity investments here. This money has helped micro-lenders expand and has provided a critical catalyst to grow the capacity of venture capital firms that work here. To date, this capital has been a component of more than 1,400 financings ranging from small, start-up deals to large transactions. Every one of them meant more jobs.

Improving access to capital will never stop. We've made tremendous progress but we have to keep it up. This is the perfect time to utilize our momentum and ensure that all businesses are aware of our efforts. That's where A2C and Ed come in. I hope these tools will add efficiency to a process that is difficult, at best, for most business owners. I also hope that they will create a community among New Mexico's capital providers and businesses, allowing them to share experiences and learn from one another.

Finance New Mexico is an initiative of the New Mexico Small Business Investment Corporation (NMSBIC), New Mexico Small Business Development Center (NMSBDC), Empowering Business Spirit (EBS), the New Mexico Venture Capital Association (NMVCA) and other partners to assist individuals and businesses in obtaining skills and funding resources for their business or idea. To learn more about resources available to New Mexicans, go to www.FinanceNewMexico.org.

