

## Something ventured, something gained

### Adena Ventures attracting investors for promising Appalachian companies

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**Jim Phillips**

FOR THE COLUMBUS DISPATCH

ATHENS, Ohio — When Lynn Gellermann and David Wilhelm started Adena Ventures in April 2002, they said they could attract investors to capitalstarved central Appalachia, spur job growth and pay healthy returns.

Four-and-a-half years and \$55 million worth of investments later, Gellermann thinks the Athens-based venture capital firm has earned some bragging rights.

"It's sort of, 'Promise kept,' " he said. "We're the guys who came here and did what we said we were going to do."

With more than half of its planned 10-year lifetime still ahead, the company has invested \$13 million of its seed money in 10 companies, including five in Ohio, and attracted an additional \$42 million from other investors. In addition to Ohio, the fund operates in Kentucky, West Virginia and western Maryland.

The first company formed under the U.S. Small Business Administration's New Markets Venture Capital Program, Adena began with \$34 million from 12 institutional investors. Its aim: find small- to mid-size companies (about \$1 million to \$10 million) in the region that were poised to have a major growth spurt, but in need of capital, expertise or both.

"We are primarily early-stage investment," Gellermann said. "We're trying to catch them right as, or before, we think they're going to hit an inflection point in their growth."

Gellermann and Wilhelm started Adena as an outgrowth of their partnership in Woodland Venture Management, a fund-development and management company started by Wilhelm, and devoted to underserved regions of the county.

Gellerman began his career with the U.S. Treasury, then spent 15 years in the banking industry, where he helped develop the notion of a "fund of funds" to invest in firms around the country.

Wilhelm is probably best known for having managed President Clinton's first election campaign, and has also run campaigns for U.S. Sens. Paul Simon and Joe Biden and Chicago Mayor Richard Daley. In 1993, he became the youngest chairman in the history of the Democratic National Committee. Adena's advice about business plans and financing can be as important as the money it brings. Besides companies it's invested in, the fund has provided business coaching to about 30 Ohio firms, with the help of partners such as Ohio University's Voinovich Center.

#### GRAPHIC

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Lynn Gellermann



David Wilhelm



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Shipping clerk Cecil Slack of The Plains, Ohio, prepares orders at Ed Map's warehouse in Nelsonville, Ohio.

In some cases, Adena's involvement has helped persuade other funds to invest in companies. "We count that as a win," Gellerman said.

He estimated that Adena has helped create about 750 jobs in the region.

BestTransport, a transportation logistics company based in Columbus and Wheeling, W.Va., got \$2.5 million in October 2004 from a group including Adena and two other funds. Chief Executive Mark Shary said the deal allowed the company to move into a new market. Without it, he said, "I don't think we would have survived."

From a firm that made and sold software to help trucking firms and manufacturers keep track of shipments, BestTransport is morphing into an online service where truckers and shippers can match needs with services. Shary compares it to an online airline ticket finder, such as Expedia.

BestTransport's software and Web site help reduce inefficiency in a business where trucks are traveling empty more than 15 percent of the time, he said.

With its new niche, Best-Transport experienced a 50 percent jump in revenue and grew from 21 employees to 40.

"I think what Adena specifically brought ... was a collaborative approach and a good sort of understanding of how to tackle a market that has not yet been defined," Shary said.

Nelsonville's Ed Map, another Adena company, had even more dramatic growth. The firm provides software and support services for online learning, corporate training and multicampus colleges.

In March 2004, Adena, two other venture firms and a bank collaborated in a \$2 million investment/loan deal for Ed Map. Chief Executive Michael Mark said the investment helped the company keep its core business going while it developed new software to allow publishers, students, professors and salespeople to track textbook sales online.

"When you're building that stuff, there's no money coming in for it," he said. And while the new service isn't yet earning much revenue itself, it has helped the company land some big contracts and expand employment.

"When Adena came in, we had about 12 employees, and we have about 80 at this point," he said. Revenues, he said, are "about 30 times larger than before they invested."

American Electric Power invested \$1 million in Adena's start-up.

Jane Harf, an AEP vice president, said the Columbus-based utility recently received its first dividend from the fund and officials have been impressed with the fund from the outset.

"They do their homework, they're very thorough with the due diligence they do on the companies," Harf said. "It was very clear that they were capable of doing what they were proposing to do."

Gellermann said the fund's investments are now starting to pay returns, and have shown no losses. He said that there's still money in the till, and Adena will probably invest in more companies before its time is through.

"We still have dry powder. We'll still be looking to make a deal or two," he said. "Right now, we're taking a deep breath. We've had a very busy year or two." jamesbphillips@hotmail.com