A group formed to help startups launch and grow is growing pretty well itself.

The newly formed San Joaquin Angels, an offshoot of a development committee of the San Joaquin Partnership economic development group, is starting to hold court with entrepreneurs who are looking for local funding.

"We're really going great guns right now," said Mark Plovnick, CEO of the angels group as well as director of economic development at University of the Pacific. "We're right on target for what we wanted to be doing. We wanted 30 investors for critical mass and hoped to hit a goal of 40."

Six months after launch, there are 37, and more have applied to join, he said. The group includes lawyers, bankers, accountants, doctors and several Pacific professors or faculty - "a diverse group, which is what we wanted," he said.

"When we first started two years ago, we weren't sure what the interest levels would be," Plovnick said. "We're very pleased. It says two things: That we do have wealth in the community, but perhaps more importantly that we have some good community leaders willing to step up and help, put their time in."

Plovnick said that most of the angels aren't necessarily in it for the potential money to be made. Part of the motivation is helping with the area's economic development, he said, "and also, it's fun."

"They enjoy working with these entrepreneurs," he said.

Jerry Butterfield, a certified public accountant who joined the San Joaquin Angels, said even though the local group is very much in a startup phase, there's been a lot of interest.

"Once people understand they're not obligated to invest, it's more attractive," he said. "That's the beauty of this format. We share information on perspective businesses, but no one is obligated."

He said he had done some angel investing before, although informally, usually of friends and acquaintances.

"The book is still open on some of them," he said.

One turned out to be pretty successful, while a number have been total losses, Butterfield said.

He thinks angel investors can indeed help an area boost local businesses.

"To some degree, I think, it can snowball," he said.
For an investor, being part of an angels group means opportunities to diversify investments as well as being able to tap into other knowledgeable angels who can comment on the proposals as they arise, Plovnick said.

For an entrepreneur, an angels network makes potential investors more visible, organized and accessible and keeps entrepreneurs from looking elsewhere for money. That also typically means that angel investing is a much more hands-on kind of investment, he said, which could be a headache for a startup.

"But an entrepreneur who isn't willing to accept help isn't going to get much help from investors," Plovnick said.

One of the first companies to get investor funding is Cropwire, a Lodi startup that launched last fall.

The company got funding before the San Joaquin Angels even formed because of the participation of company founder Bryan Osborn in a Pacific conference last June to promote the idea of founding a local angels capital group.

Osborn, Cropwire's founder and president, won't divulge the investor or the amount of the investment.

The company makes electronic sensing devices embedded in crop plants and soil to wirelessly monitor soil moisture, plant growth and weather. Typical hardware installations average about $750 per farm, and monthly monitoring fees run about $900.

There are about 30 farmer customers currently, Osborn said.

Having a local angels network makes a difference, he said.

"The real value of having a local network is that we need people here who pay attention to businesses here and young entrepreneurs in this area," he said. "My area is agriculture, and that might not typically draw investment attention. But here, they would be willing to invest."

Pharmacist Donald Cottman, founder of BioActive Therapeutics, said that after making a presentation recently to the San Joaquin Angels, he secured commitments for about $100,000 in investments to expand his four-year-old company.

The company, which has two employees, is a cellular pharmacy service specializing in a gel that promotes tissue healing for chronic, non-healing wounds, skin lacerations and surgical incision closures.

The company makes the gel for each patient by drawing blood; concentrating platelets, which are the body's main mechanism for repairing bodily injuries; and preparing the gel for application by spraying or pouring.

The service includes working with doctors and hospitals on use of the treatment and with insurance companies in order to get coverage for it.