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Portland firm ready to put money behind socially responsible venturesⁱ

The investment company seeks businesses committed to diversity and products good for the environment.

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PORTLAND — A venture capital firm is set to begin investing millions of dollars in socially responsible companies in New England.



Nat Henshaw, CEI Ventures' managing director, is shown at his office in Portland.
John Patriquin/Staff Photographer

Portland-based **CEI Ventures Inc.**, a for-profit arm of Wiscasset-based Coastal Enterprises, has raised \$5.5 million from Maine-based banks, foundations and individuals.

The firm, which hopes to raise a total of \$10 million, is ready to begin pumping money into companies that meet the fund's criteria for social responsibility and environmental stewardship, said Nat Henshaw, CEI Ventures' managing director. The money is part of a venture capital fund called Coastal Ventures III. In picking investments, Henshaw said, he looks for companies that have growth potential and are likely to create low- to moderate-income jobs with benefits.

He also searches out companies committed to diversity, and companies whose products benefit the environment. Henshaw hopes to invest eventually in eight to 10 companies. Though CEI Ventures has not yet invested the \$5.5 million, Henshaw said he is close to completing deals with a number of companies. Among them are New England-based banks that offer community development products and a company that makes heat pumps, energy-efficient alternatives to hot water heaters. CEI Ventures may also invest in the manufacturer of a device that stores electricity during hours of off-peak demand. Henshaw declined to provide names of the companies, citing the need for confidentiality during negotiations.

Since it was founded in 1994, CEI Ventures has raised \$41 million and invested in 35 companies. Coast of Maine Organic Products, which makes nutrient-rich mulch and garden soil from discarded lobster and crab shells and blueberry bushes, received three rounds of funding, starting around 1996. Carlos Quijano, founder of Coast of Maine, said the funds, in addition to grant money, helped Coast of Maine get off the ground. "It was crucial for us because we didn't have the funds to launch," said Quijano. He said he invested the money in his compost facility in Washington County and other areas of his Portland-based business, including marketing, sales and product development. He also hired people. "It was enough to give us critical mass to get the business started," said Quijano. Today, Coast of Maine employs five people in Portland, a sales representative in Connecticut and as many as 11 part-time and full-time employees at the facility in Washington County.

Portland-based Cuddledown is another CEI Ventures investment. Cuddledown's President and CEO Chris Bradley said the venture capital firm pumped money into his company twice -- in 1998 and again in 2000. Bradley said the funds helped Cuddledown expand, invest in inventory and add 25 to 30 jobs in the last 10 years. Other CEI Ventures investments include Bar Harbor Foods, Navigator Publishing, BlueTarp Financial, Chemogen and Beacon Analytical Systems.

Henshaw said companies supported by Coastal Ventures have, taken together, more than doubled their staffing in the past 10 years, adding several thousand jobs. Most of those companies, he said, have been based in New England. He said CEI Ventures was founded to raise private equity for companies that meet the mission of Coastal Enterprises, a community development group that provides loans and consulting to businesses, typically in low-income, rural areas. Venture capital firms generally invest in high-risk, startup businesses in exchange for partial ownership.

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ⁱ http://www.pressherald.com/news/portland-firm-prepared-to-put-its-money-behind-socially-responsible-ventures_2011-04-20.html