Oral History with Frank A. Bonsai, Jr.

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National Venture Capital Association
Venture Capital Oral History Project

FRANK A. BONSAL, JR.

Interview Conducted by
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This collection of interviews, *Venture Capital Greats*, recognizes the contributions of individuals who have followed in the footsteps of early venture capital pioneers such as Andrew Mellon and Laurance Rockefeller, J. H. Whitney and Georges Doriot, and the mid-century associations of Draper, Gaither & Anderson and Davis & Rock — families and firms who financed advanced technologies and built iconic US companies.

Each interviewee was asked to reflect on his formative years, his career path, and the subsequent challenges faced as a venture capitalist. Their stories reveal passion and judgment, risk and rewards, and suggest in a variety of ways what the small venture capital industry has contributed to the American economy.

As the venture capital industry prepares for a new market reality in the early years of the 21st century, the National Venture Capital Association reports (2008) that venture capital investments represented 21 percent of US GDP and were responsible for 12.1 million American jobs and 2.9 trillion in sales. These figures, while significant, greatly understate the collective accomplishments of the venture capital industry.

I'm pleased to have initiated and given my early support to this project, which received support from NVCA, and is now funded by the Harvard Business School. I believe these oral histories will advance the understanding of the venture capital industry. This collection, along with Paul Bancroft's Bay Area oral history project at the Bancroft Library at the University of California, Berkeley, and Paul Holland's Silicon Valley project for the Western Association of Venture Capitalists, will add significantly to a growing body of venture capital memoirs available to the public sector.

A special note of gratitude goes to each interviewee who generously gave of his time while candidly sharing his memories. Their recollections bring to life the dynamic story of venture capital in the 20th century, providing a powerful perspective on the history of this industry.

Charles W. Newhall II

2013

VENTURE CAPITAL GREATS

A Conversation with Frank A. Bonsal, Jr.

Frank Bonsal is a well-known and highly regarded venture capitalist with significant experience in helping start-up companies become successful. In 1978, Frank co-founded New Enterprise Associates (NEA) with Chuck Newhall and Richard Kramlich, where he focused on early-stage companies. Prior to NEA, Frank was a general partner of Alex. Brown & Sons. Since his retirement from NEA in 2003, Frank has been a director of Red Abbey Venture Partners.

Frank's community commitments include membership on the Johns Hopkins Hospital Endowment Board. Previously, he was a director of Advertising.com; Aspect Medical Systems, Inc.; Biopure Corporation; Corvis Corporation; Aether Systems Inc; Entevo Corporation; GeneScreen, Inc.; Synaptic Pharmaceuticals; Torrent Network Technology; and Vertex Pharmaceuticals. Frank has played a significant role in helping these companies with business development issues.

In 2006, Frank received Baltimore's Extraordinary Technology Advocate Award (BETA) for his outstanding impact on Greater Baltimore's technology community; for "his passion for innovative, creative endeavors [that] has touched many entrepreneurs."

Frank earned a Bachelor of Arts in American Studies and Economics from Princeton University.

The following is an interview with Frank Bonsal, taking place at his office in Timonium, Maryland. Today's date is December 19, 2012. This interview is being conducted for the Venture Capital Oral History Project of Harvard Business School and for the National Venture Capital Association. My name is Carole Kolker. Also, in attendance is Tom Nicholas from the Harvard Business School.

Carole Kolker: *So, Frank Bonsal, let's get started. And thanks for this time and for having Tom Nicolas join us. So we're just going to go back to the early years, surprisingly. For the record, where you were born?*

Frank Bonsal: I was born in Baltimore County, Maryland, November 29, 1936.

THE EARLY YEARS

CK: *So you just had a birthday.*

FB: Mm-hm. I'm seventy-six.

CK: *How'd it happen you were growing up in Baltimore?*

FB: My parents were here. In other words, my father and mother lived here and that's where I was born. My father was from Maryland. My mother was from New Hampshire.

CK: *What was your father doing in Baltimore?*

FB: He was a horse trainer. He trained racehorses.

CK: *So that leads to your love of fox hunting and stuff?*

FB: Yeah. I was born on a horse. I lived all my life on a farm. I still live on the same farm, Mantua Farm on Mantua Mill Road, out in Baltimore County. And I took over the business from my dad. I'm not a horse trainer, but I race horses.

CK: *And your father's name?*

FB: Frank A. Bonsal, Jr.

CK: *And your mother's?*

FB: Edith Bass Bonsal. Her father was Robert Bass, Governor of New Hampshire, 1912.

CK: *Did you have sisters or brothers?*

FB: Oh, yeah. I have a brother who's three years younger. He lives in Kansas City. I have a sister eight years younger who lives across the street. There are three of us.

CK: *And where do you fall in the birth order?*

FB: I'm the oldest.

CK: *So did you all get along well?*

FB: Yeah, we get along okay.

CK: *Can you tell me what kind of child you were? Were you a tinkerer? Were you more a reader?*

FB: I never was much of a reader. I'm the tinkerer, yeah.

CK: *And obviously, as you said, you were born on a horse. And also, how would you have described yourself as a kid, in terms of - were you a risk-taker?*

FB: I was active. I mean, I rode early on, probably from four years on. And I went to Calvert School, and that's pretty regimented, so I was pretty focused as a child. And then I went to Gilman and from there Princeton.

CK: *So would you say you were competitive?*

FB: I didn't do sports, per se, but I was competitive in a fundamental way, both in the classroom and what I enjoyed doing, which was basically riding.

CK: *And during these early years, is there anyone you would cite as a mentor or a role model, or any teacher that influenced you?*

FB: Well, the person I worked for was Ben Griswold, and he was the senior partner of Alex. Brown & Sons. And he was my mentor. But I worked for him for ten years, from 1965 to 1977. But I was first his bag carrier on institutional sales abroad, and then I got interested in this business of venture capital and started to convince Ben and his partner, Bart Harvey, to create a new business department at Alex. Brown, which was to create an underwriting business for these emerging technology companies. And back then the three horsemen were: Hambrecht & Quist, Robertson Stephens, and Unterberg Towbin. And I put Alex. Brown on the map as the fourth. And in doing so, I hired people like Don Hebb and John Nehra and others to come in and help, because you had to have research to back up your underwriting capability, and John Nehra was a very, very good health care analyst, and he came from Chicago and built up the research department in the health care field. And Don Hebb, he came in and built it up in the technology field. And then Don eventually became CEO of Alex. Brown.

PRINCETON UNIVERSITY 1955 - 1959 B.A. Economics

CK: *I know that from '55 to '59 you were at Princeton with a dual major, American Studies and —*

FB: Economics and American Studies.

CK: *And where did you see your path at that point?*

FB: I had no idea. I was just interested in business. I had a little money and I started buying and selling securities. So I was interested in small, emerging technology companies from the early days.

CK: *Were there any mentors at Princeton or anybody who kind of pushed you?*

FB: Not really, no.

CK: *You graduated in '59. What did you do between '59 and '68, when you joined Alex. Brown?*

NATIONAL GUARD 1961-1962

ROBERT GARRETT & SONS 1962 - 1965

FB: Well, I thought I was going to be diplomat, because there's a lot of members of my family that went in the State Department. So I went to the Columbia School of Advanced International Studies for a semester. But then I decided that wasn't going to be what I was going to do, so then I went into the National Guard and did my military service. And that would've been the '61 timeframe. And I got married in '62, and then that's when I joined Robert Garrett & Sons, and I was with them as a retail salesman from '62 to '65; and then Ben Griswold [Alex.Brown] called me and hired me over to work for him in '65. And I worked for them until '78.

ALEX. BROWN & SONS 1965-1978

CK: *So what were you learning about yourself during this time? I mean, you'd shifted from—*

FB: I'd just learned about what my interests were. I just naturally gravitated toward entrepreneurs. And what I can tell you is, I remember going to Boston and having lunch with General Doriot in the Hancock Building. And he loved to have young people around. I was one of the fellows that enjoyed his company. And Bill Elfers was there, and Dan Gregory was there, and Charlie Waite was there. And he would go on about what his vision was. He had this vision about venture capital going to Europe, and he started the ARD of Europe, which did not work out. Besides Digital Equipment Corporation, he had a lot of interesting companies like Ionics and Cordis. I'd go visit these companies because he'd call up the CEOs and open the door for me. And I'd just walk in and say, "I'm Frank Bonsal with Alex. Brown; I'd like to learn what you're doing." So they told me because I was well introduced. And I could tell you that General Doriot one day said, "Well, Frank, I'm going to take you to Maynard, Massachusetts, to visit Digital Equipment." So we went out. "And I've arranged for you to have a tour of the plant." In those days, they were stuffing modules; they were not in the computer business. And he had to go in and talk to the CEO, which was Ken [Olsen] at that time. And he was on the board. He owned seventy percent. They owned seventy percent. And another guy from Lehman Brothers was on the board. Anyway, so at the end of my tour, he came and drove me back. I said, "General, what was it you needed to do?" He

said, "Well, there was a tragedy last night." One of the founders of DEC was assassinated at his home in Concord, Massachusetts, while he was having dinner. And there was very little known about that, but there were about eight founders, and this one gentleman, who I never knew who it was, was killed at dinner, shot through the window, and they never really figured it out. I think they found out who did it, but that was my only visit to DEC. And from that day on Ken Olsen had security at his home 24/7. For whatever reason, somebody shot this guy. There was not much of any press about it.

CK: *That certainly is memorable, if nothing else.*

FB: I visited a lot of his portfolio companies, just to learn about them, because I was curious to why he invested. And then, of course, these guys left—Bill Elfers, Dave Gregory, and Charlie Waite left to start Greylock. And so I spent a lot of time with them through the years. And I would say mainly Charlie Waite, because I was closer to him. He and I did a deal together called Materials Research Corporation, and he was on the board and I was on the board with him. And then Alex. Brown took it public and we did okay. But he was one of the early mentors of mine.

CK: *But you left Alex. Brown in '77*

FB: Seventy-seven. What happened was, in my efforts to build up an underwriting business '64, '65. And then interest rates went to twenty percent and we went into a real bear market, and there was not interest in IPOs from the institutions. And so I found it very slow and dull, to be honest. I was calling on the venture guys, telling them who Alex. Brown was, how we could take their companies and their portfolios public. And, of course, with the market going nowhere, that was not an option, and so I didn't have much business. And that's when I figured that if I could transition from the sell side to the buy side, that that might be a better option for me career-wise.

And Chuck Newhall was at T. Rowe Price at the time, running a portion of New Horizons. Cub Harvey was the head of it, and Don Bowman was the CEO at the time. And when I had an IPO, when we got a piece of business, the first call I'd make would be to Chuck and say, “Chuck, we’re doing this offering for whatever it was. Would you be willing to sit in and listen to the pitch?” Of course, they did and we had a lot of dialogue along those lines. And then, of course, when the market went south, Chuck and I continued to talk. Chuck had gone to T. Rowe Price from Harvard Business School. His ambition was always to get into the venture capital business, because his father had worked at the Rockefeller office, and he knew, through his father, a lot about venture capital, because the Rockefellers were one of the earliest players in the venture businesses.

So from the get-go out of Harvard Business School, Chuck wanted to be in the venture business. I hadn’t even thought of it because I was happy with my job at Alex. Brown. But when the market went south and I couldn’t take companies public, I figured that it might be better to transition, because I saw tremendous opportunity with companies like Microsoft and Intel and all these great companies being formed in the private sector, and there wasn’t any way for us to participate because we didn’t have a pool of capital. Although I did convince Ben Griswold to put up a little money, and so did J.H. Whitney, because Jock Whitney was a family friend and we had a little thing called Dorset Associates. Actually, a partner of mine, Bill Weaver, lived in Dorset, Vermont, and that’s how come it was called Dorset. And we invested in some very interesting companies, one of which was Storage Technology, and we made some money. But it was never a big deal. It was a small pool. I think it was three to four million dollars.

CK: *This with Whitney?*

FB: Well, Whitney was an investor in Dorset, as was Bill Weaver, as was Ben Griswold — not the firm, but the Griswold family - and some other people. So that was my first experience in venture capital, having a little pool of money called Dorset Associates, which I invested. And this was before Chuck and I decided to join forces and form NEA, which was in '77.

NEW ENTERPRISE ASSOCIATES Co-founder 1978 - 2003

CK: *So what excited you about venture capital?*

FB: Well, they were creating value and they were backing entrepreneurs with a vision. And that's venture capital. You've got to find the entrepreneur with a vision, and then you've got to find a reasonable way to participate as an investor.

CK: *And did you feel you were well suited for this kind of work?*

FB: Well, I didn't have a lot of experience. I was more on the sell side as a banker/broker type guy, but I did know something about the business.

CK: *You seemed to have established a large network.*

FB: I had a network of contacts in the venture business.

CK: *So tell me about how you and Chuck and then Dick Kramlich—*

FB: Well, how that happened was Chuck and I knew each other. He was on the buy side for New Horizons. I was on the sell side for Alex. Brown. We knew each other in that capacity from a business point of view. We knew each other socially, outside of work. He was married at the time to Marci. Anyway, when the market went south and I couldn't do any IPOs and Chuck's portfolio was languishing because of the market, we talked about trying to do our own venture capital firm. And so we went to our respective employers. I went to Ben Griswold and he went to Don Bowman and Cub Harvey at T. Rowe Price. Ben Griswold said, "Well, it's probably a good idea, but we can't do anything because we're running a brokerage firm and we need to keep our capital liquid. I'm interested in building our retail and our bond capability, and venture capital is not in our short-term horizon." On the other hand, Don Bowman said, yes, they would back us. They were our first limited partner. But they said that, In order for us to do that, we think you should have a West Coast partner. And the reason is that the center of venture capital activity was in San Francisco and the Bay area.

And so Chuck and I both knew Dick Kramlich, because he had been in Boston with an investment counseling firm, and we had done business with him. We'd worked on a particular project called Scope, Incorporated, which was a public company. I forget the name of it, but what happened was that Dick had to leave Boston for personal reasons, and he answered an ad in *The Wall Street Journal* that ended up being Arthur Rock, and so he joined Arthur Rock. And he'd been with Arthur Rock for about ten years, doing venture deals. So Dick had a really good network and a track record. We asked him to join as an equal partner. He did so because he felt that he would have more opportunity as a partner with us than he would with Arthur, because Arthur was never going to do anything more than what he always did, which was run his family office. And he maintained an office at 235 Montgomery Street with Arthur Rock for the first eight years of our existence, from '78 to mid '80s. So with Dick joining us, Chuck and I had a real good story to tell to potential investors.

Our first visit was on a Sunday, out in Muncie, Indiana, with the Ball Corporation. And I'll never forget it. It's a hard place to get to, but we arrived and we were ushered into the board room of the bank where we had this meeting, and there was no heat. It was in the middle of the winter. And everybody apologized. Jim Goodbody, who was married to Barbara Ball, was a friend of Dick's, and Jim Goodbody orchestrated this meeting. And we went in there and various members of the Ball family were there to listen to what we had to say, and they were the first family office to commit to NEA. T. Rowe Price was the first institution. And then a group in New York, Landmark, who was run by Peter Berg, who was a lawyer who ran a family office for the Deere family, for relatives of the Deere family, they were our lead investor. They put up four-and-a-half million in the first partnership, NEA 1, which was $16.4 million; and T. Rowe put up a million; and the Ball family put up a couple of million. And then we started to have other meetings and we finally got it together. So by June of '78 we closed on NEA 1. And that's how it all came about.

CK: *So was there a division of labor between you and Chuck and Dick? How did that work?*

FB: Well, I think Dick more or less had carte blanche on the West Coast and Chuck and I on the East Coast. Chuck was really responsible for the administration of the partnership. So he hired the lawyers and the accountants and built the back office, because it's not my strength nor was it Dick's. Chuck was really responsible for putting all that together. And then all three of us would make investment decisions.

CK: *Was there an original vision for NEA?*

FB: We just wanted to invest in pioneering entrepreneurs with good ideas. And when we started, we said we weren't going to do startups because we wanted to hit the ground running, so we invested in companies that we knew something about, like Chomerics, for example, which Dick had been on the board of. Bob Jasse ran it. It was up in Woburn, Massachusetts. We invested in a private placement for Chomerics. That was one that did extremely well. In three years, we had doubled the money for the investors. That gave us the platform to go out and raise another fund. I guess that was in 1981, when we raised NEA II. I think it was thirty-five million. Then that's when we went out and we got our first institutional partner, which was the INA Insurance Company from Philadelphia. John Riddell was our proponent, and he was on our investment committee along with Cub Harvey from T. Rowe Price and— I forget who else.

CK: *Frank, you said "investment committee." What was the role of the investment committee?*

FB: To oversee the activities of the partnership.

CK: Our lawyer was Dick Testa of Testa, Hurwitz, and he was really a tremendous help to us because he really knew the venture business, and he told us what we needed to do in order to run our affairs properly. And part of that was to create an investment committee of the limited partners that would meet on a quarterly basis and go over everything that we had done. They did not make investment decisions, obviously, but we would tell them why we were doing what we were doing, and they'd ask questions, and they'd make comments. They would also approve of our budgets, because we were running a management company, which we called NEA Development. We had to answer to the investment committee as it related to the amount of money that we were paying ourselves and the amount of money that we were spending in our activities. I think our original budget was about a million-and-a-half dollars. So the investment committee was an oversight committee.

CK: *That's interesting. Is that unusual for a venture capital firm?*

FB: No, it's pretty standard, standard practice.

CK: *Then NEA starts really taking off and growing.*

FB: In the '80s it started to grow, because NEA II was about '81; I think NEA III was about '83 or '84, that was over a hundred million. And then we brought in Neal Bond who was at T. Rowe Price at the time. And he had been attending investment committee meetings, and he was most familiar with what we were doing. He stepped up at a time when really we had a crisis because Dick Kramlich lost his second wife — Lynn Shamburger was her name — because she had had a valve replacement by Shumway at Stanford, and she went into shock and she never recovered, and died at a very young age. They had one daughter together, Christina, and it was a devastating blow to Dick. And so Neal Bond came in as a partner on the West Coast. He and his wife lived in Annapolis, but they moved out to California, bought a place in San Francisco. That was very helpful to the partnership, because Dick had somebody to talk to, because we was by himself out there. Anyway, Neal I think was with us for about ten years before he retired. I'm not sure just when he came in or when he left, but it was in the mid '80s when he came in, and I think he left in the mid '90s.

CK: *As you said, NEA continues to grow. I think I have it up to — well, '98 was fifty-six million.*

FB: My last partnership with NEA was NEA X.

CK: *Is this 2.5M?*

FB: Something like that. We just gradually expanded the partnership in numbers of partners and in total assets under management according to the number of partners who we brought on. We brought in Art Marks. Again, he's a Harvard Business School graduate. We had made quite a few investments in the software business. One was Soft-Switch and another was SADE Software, another was Data Language, that became Progress Software. I was sort of the point person on all of those. My partners, rightly so, knew I didn't know a hell of a lot about the software business, so they suggested that we bring in someone that had industry experience that could help us in our efforts to invest in software companies. And Chuck had known Art Marks at the Harvard Business School. And he at the time was with GEIS Co., General Electric Information Services, up in Rockville. So we asked him to come talk to us and he joined us. I forget the year, but it was in the mid '80s. And so he took over those projects from me, Soft-Switch and Progress Software, and they both worked out very well. They were deals that I had originated, then we transferred over to Art as a partner of NEA on the board.

CK: *Did this expansion or growth affect the incentives for general partners in any way?*

FB: No, we just shared the carry. We split the carry three ways initially. And then when Neal came in, he had a piece. And then when Art came in, he had a piece. And then we brought in Woody Ray on the West Coast to add to the West Coast capability. And then on the health care side, which was really Chuck Newhall's expertise, we got involved with Steve Turner at Restriction Enzyme Company, and that got in trouble. Then we got Fred Adler to come in and help turn it around. And they brought in Jim Barrett from SmithKline to run the business that then became Invitrogen and then Life Technologies. So Jim Barrett had industry experience in health care, with his experience at SmithKline, and he came into this company that Steve Turner started, and we turned it around and took it public and then merged it with Life Technologies, and it worked out. And Jim Barrett and Chuck then ran the health care practice. I was a generalist, Dick Kramlich was a generalist, but Chuck was more focused on health care.

CK: *So was it a problem recruiting general partners?*

FB: Not really because by the time we were in a position to bring in partners in the mid '80s, we had established a track record, and we had consultants like Cambridge Associates knocking on the door on behalf of their clients, trying to put money with us. And so we were clearly in a growth mode, and we were in a position to selectively look at bringing in new partners.

CK: *NEA is kind of known as an innovator, from what I've read.*

FB: We were the first new bicoastal firm in the business. In the old days, there were the family offices, the Rockefellers, the Whitneys, and then there was the banks — Citibank and the Bank of America, Continental Illinois, Wells Fargo. They were the primary players in the venture business. There was Draper, Gaither & Anderson on the West Coast. Some of those guys, namely Paul Wythes, started Sutter Hill. And so there was the so-called "West Coast Mafia" and there was the East Coast. East Coast was mainly in Boston, because you had the First National Bank of Boston, you had American Research and Development, and they were the predecessors to all the companies like Greylock that got established like we did. Greylock was established before us. But there is a firm that was established at about the same time as we were, called Oak, up in Connecticut, Ed Glassmeyer and Stu Greenfield. And they came out of Citibank. And they worked for Bill Kemper and Citicorp Ventures. And they spun out and formed Oak at about the same time as NEA. In fact, I talked to Ed yesterday. Stu, like me, had left Oak maybe about the same time I left NEA, but Ed is still there, still very much there. They've grown to be a very substantial firm. But I think that NEA has grown even more and have more professionals and more assets under management than Oak does.

CK: *If you had to characterize NEA as distinctive from other venture firms, what does distinguish NEA?*

FB: Well, the general partners were basically what made us distinctive. The people. It all comes down to people. And then we established "the brand" for venture capital. NEA is sort of a brand. And we became recognized by people like Cambridge Associates. When we first started, no ERISA clients would invest in venture capital. There was no retirement systems, no pension funds. But it changed in the '80s and these ERISA investors came in, in big ways, CALPERS and that kind of thing, and they came in with a lot of money. We had the good fortune to have some of them come in, in the late '80s. That's when we really started to expand. So from the late '80s through the '90s we were probably the fastest growing venture firm in the country, even more than Kleiner Perkins or Sequoia or Accel. These are all top firms. I guess the reason was the people — Dick, Chuck and I and the other partners that came in were very excited and focused and we just did what we did, that's all.

CK: *And obviously did it well.*

FB: Yeah, well, we had some good success. We had our share of disappointments as well, as many do in the business.

CK: *Is there a company that you worked with that kept you up at night, or a story about some —*

FB: Many, many. It's sort of hard for me to remember many of them because it's so long ago.

TN: *There was a laptop manufacturer that—*

FB: Yeah, that was a West Coast company. Dick was on the board. And I went to one of these industry — what was the name of it? Anyway, I was able to sort of get under the covers and find out that things weren't exactly as we had hoped they would be. So we sorta blew the whistle on that one. It failed. I forget the name of it, but it was a West Coast company. But we had Convex, which was a computer company in Texas, and that did very well. We did the affiliated fund strategy. We were one of the first to do that.

CK: *What is that?*

FB: We created these affiliates. We had SEA, which meant Southeast Venture Partners, which Vin Protho ran, and it was a fund out of Dallas. We had CMEA, which was Chemicals and Materials Enterprise Associates. And actually, 3M Corp got us to do that, because 3M was a long-time limited partner of ours, probably our largest corporate limited partner. And they wanted us to run a fund dedicated to the materials business. And so we hired Tom Baruch, who had worked at Exxon. He and Don — somebody from Cleveland, ran it for us. And then we had Spectra, which was a defense-oriented fund that we started with Cub Harvey and Jim Cole. And Jim Cole we knew because we bought into a company called Amplica, which he and Chuck Abronson had run. It was a power amplifier business. It was in Westlake Village, California. I had sourced it because I was on the board of Materials Research Corporation, and we sold them a lot of ceramic substrates. So I looked into it, went to see him and learned about the company, and then we bought into it. We ended up selling it to COMSAT for a very handsome price. And then Jim Cole came available, and Cub Harvey came out of T. Rowe Price and we formed Spectra. That was not as successful as some of the others.

We had a Seattle-based firm as well. I forget what that was called. So we had about four or five affiliated funds in the late '80s that we created, where we were the managing partner, NEA Development at the time. And that was probably something that we might well not have done. We wanted to have more people in the field, kicking up new deals. And that we did, but it also took away a lot of our focus. We terminated that affiliated fund strategy in the late '90s, and none of those firms, except CMEA, today still exist, and it's on the West Coast.

CK: *When you're vetting a company, what specifically are you looking for*

FB: Looking for people who have vision and experience to build an enterprise. For me, it's all people that matter. You're looking for visionaries with experience. You want to avoid the people with visions with no experience.

CK: *What's more important, the management or the technology?*

FB: Management. If the management is wrong, you're in big trouble. If the technology is wrong and if you have good management, you can fix it. So the management is the most critical part of it, as far as I'm concerned.

CK: *Do you think there's anything that gives you, because you've been successful, that foresight to anticipate the future when you're committing to an investment?*

FB: I can read people really well. I can tell you what the probability is by spending time with entrepreneurs. I can't tell you about the technology or the markets because it's new territory. And we try to get people to help us with that. We had the misfortune to pass on Home Depot in the early days. Ken Langone said, "You've got to go to Atlanta to visit Bernie Marcus and Arthur Blank." We did, Chuck and I. They had opened three stores. They had the fourth opening in Atlanta. We spent the day. We came back. We got people at T. Rowe Price — Patricia Goodyear — and Dick had somebody who had experience in the retail sector. And we concluded that the concept was not scalable, and so we said we could not invest. So that was a real mistake. And we've had others. We did the same thing with Tom Stemberg at Staples. We didn't think that was going to work. We were wrong. Part of the reason we were wrong, we didn't really understand the retail business. It wasn't our bag.

CK: *Are there certain partners you would go to as routine out of NEA, other venture firms that you worked with on a regular basis? You mentioned Oak.*

FB: Yeah, we would go to people we knew, like Greylock, like Oak, like Fidelity, like Sutter Hill. But we weren't wedded. We weren't part of anybody's syndicate, per se. We were pretty independent.

CK: *You talked about Chuck's connections when NEA started and certainly yours. Were these networks important to your early success?*

FB: Yeah, they definitely were. I knew a good many of the venture players, having been a banker, calling on them for IPO business for Alex. Brown. And Chuck new them because he was investing in public companies that were backed by VCs. So he had, from the buy side, some knowledge of the VC world. And I had it from the sale side, as a banker. So we came together and we had a pretty good network. But we were not established. We were the new guys on the block, so we had to prove ourselves before we got accepted.

CK: *Once you were accepted, do you see this in any way, as Chuck might describe it, as a band of brothers?*

FB: Well, I wouldn't go that far, no.

CK: *Tell me what excited you about venture capital.*

FB: Just the interaction with exciting people, mainly the entrepreneurs and the other VCs that we would co-invest with. You'd go to board meetings and there'd be very lively discussions about the business, and sometimes there'd be some differences of opinion, but more often than not you'd always work it out and move on. Basically what excites me about the business is being able to interact with very unusual people.

CK: *How emotionally did you get involved?*

FB: Well, that's the problem. You fall in love with your companies and that's a problem. You've got to be objective. Many VCs, Chuck included, myself included, fall in love with your companies; they become one of your babies, so to speak. You're in trouble, because you never should do that. You always should be loyal and supportive, but you should never go overboard emotionally with your involvement in a company. You've got to maintain your objectivity.

CK: *Did some of these companies keep you up at night?*

FB: Yeah.

CK: *Did you get any three o'clock in the morning phone calls?*

FB: I never did, no.

CK: *What was your relationship with the entrepreneurs?*

FB: Well, we were partners. As investors and board members, you're partners with the management team. But you're also representing your limited partners, and you've got to be cognizant of the fact that you have other people's money that you're investing in these high-risk companies, and you've got to work for your limited partners, not the management. It's a balance. You've got to be balanced.

CK: *And that's a challenge. So was there any tension in NEA just in the way of doing things? Did you always agree?*

FB: We obviously would have some disagreements along the way, but we worked them out for the most part. We never had any issues that were so monumental that they would cause the partnership to blow up, so to speak. We never went there. Now, I retired in 2003, mainly because I'd been there twenty-five years, and I felt that was long enough, and I didn't feel like I was up to doing what needed to be done going forward. But also that the firm had changed because it had gotten so big. And I wasn't as comfortable being part of that big a firm. So it didn't feel right for me.

CK: *Can you talk a little bit about that change from the time you all started in the late '70s to your retirement, and how VC had changed?*

FB: It's part of being successful; you grow. You grow in terms of numbers of people and amount of money that you're investing. And it has to grow together. And it's very difficult in the venture business, because you're investing initially a small amount of money and then follow-on amounts of money. If you're in the buy-out business, the LBO business, you're dealing with larger sums of money and fewer transactions. In the venture business, you're dealing with a larger number of transactions and smaller money. But it's very time consuming. And that's why a lot of people in the private equity world, which includes both sides, venture and buy-out, are sometimes more inclined. And many venture firms have morphed into the buy-out business. A firm like Summit Partners — mainly because they found it was too difficult to be a venture investor. And it is.

CK: *Why?*

FB: Because there are so many moving parts you're dealing with. So the magnitude of the investment, the number of companies we had started and we had to be on top of, it was a monumental job. So we had to build a huge back office here in Baltimore. And part of NEA's success is having this back-office capability that gave us the support that we needed to be in the business. Without that, it wouldn't have worked. So everybody — Gene Trainer was the last one in charge. He's left and gone to foundation, and I'm not sure who's in charge now. But the back office here in Timonium is a major part of NEA's success. And if you're going to do a history of NEA, you need to make sure you include that and focus on that, because without that we would not have been successful. I'll give Chuck Newhall due credit. He was really the one that made that happen. Now, he had help from people like Art Marx and other partners. He didn't have much help from me because that's not my expertise. I was very much supportive of it, but I didn't want to get involved in something I didn't know anything about. Nancy Dorman was our managing administrative partner. She played a huge role in the '80s and the '90s. And she retired a little before I did. If you're going to do a history of NEA, you definitely need to talk to Nancy Dorman. She lives here in Baltimore.

CK: *You mentioned board membership. How much time does that take?*

FB: A lot of time. Obviously, you've got to be available 24/7 if you're a board member. You've got quarterly meetings, but you're talking to management all the time. You're making trips to visit people that you need to talk to, because you're involved with the hiring and the firing process and all the M&A work. So it takes a lot of time. It's very time intensive. The venture business is very time intensive.

CK: *Would you say fifty percent of your time was board work?*

FB: In my case, probably not that much because I didn't go on as many boards as Dick. In Dick's case, more than that. In Chuck's case, probably at least half of his time. And when you get involved with boards, you take— I wanted to stay free to source deals. My forte is sourcing deals, so I didn't want to be bogged down with boards when that would take away time from my trying to source deals. And you source deals in many different ways.

CK: *In the '90s and the bubble, how did NEA fare? You were still there then.*

FB: I was on the board of Corvis, which we were the first investors in, and the market cap of Corvis went to forty billion at one time, bigger than General Motors. That was in the optical fiber networking business. It's right here in Maryland. We had missed out on Sienna, which was founded by the same fellow, Dave Huber. We passed on Sienna. Bessemer got in when we passed. When Dave Huber was forced out of Sienna and started Corbis, he called me and said, "Frank, I know you were disappointed to miss Sienna, but how about trying it this time?" I said, "Thank you. I would love to give it a shot." So we did it. I hate to think what our investment was worth at the height, but we were fortunate enough to distribute and sell some shares, and we made a very decent return. But that was a bubble. It was worth forty billion, and it probably, at the end of the day, wasn't worth more than four million.

CK: *So what were the lessons?*

FB: Like anything else, you don't want to get caught up in your own bathwater. You don't want to drink your own bath water. When times are good, it's time to start scaling back. When things are bad, it's time to go in. And a lot of times we get carried away with the ebullience of what's happening and we continue to think we were going to make more and more and more money, when we really should be backing away and trying to reduce our exposure. But it's harder to do.

CK: *Human nature?*

FB: When you think you've got a good thing, you want to stick with it. But on the other hand, if it gets overdone, you want to make sure you have the objectivity to not get carried away.

CK: *So how did this change venture capital, or did it change venture capital, from your point of view?*

FB: I'm sure it has changed, because a lot of firms have disappeared. A lot more are going to disappear because they can't raise money and they don't have the track record. If you don't have a track record, you can't raise money. If you don't have a brand, you can't raise money. And it's hard to get a brand. NEA's got a brand and has a track record, that's why they've been so successful.

CK: *How were you able to brand NEA?*

FB: NEA is like IBM; it's just a name in the venture business. Kleiner Perkins, you say "KP," that's a brand. Sequoia is a brand. Accel is a brand. Greylock's a brand.

CK: *How did you choose NEA, the name?*

FB: Chuck did it. He was with New Horizons, so he came up with New Enterprise. So it really was an extension of Chuck's involvement with New Horizon, and we were going to be New Enterprise. So NEA was New Enterprise Associates.

CK: *There was never talk of it being—*

FB: We never wanted to use our own names, no. We wanted to be generic.

CK: *Has the romance gone out of the venture business?*

FB: I don't think so, no. I think that getting large brings with it a lot of challenges, which are sometimes not all that much fun. I'm talking about the administrative part of it. I'm still involving myself in early stage companies as a private investor. I'm working mostly with local entrepreneurs, and it's pretty exciting.

CK: *What still excites you?*

FB: Dealing with entrepreneurs, building value in companies. It's the same thing. Nothing's changed.

CK: *Tom [Nicholas, HBS], since you're focused on NEA's history, is there something that you would like to ask Frank?*

Tom Nicholas: *Yes, there are a few. You mentioned about the challenges of scaling. I want to get to what those challenges were, but also there was a decision that you all made to grow big. You didn't need to be big. Presumably you could've just stayed small by limiting the amount of capital that you took on board, but you made this decision to grow. So, first of all, why grow? And second of all, what were the big challenges in doing that?*

FB: Well, when you're on a roller coaster, it's pretty hard to put on the brakes. When things are going so well and you're growing, you're successful, you continue to hire, you continue to raise more money. And to be honest with you, I think we made a mistake by not putting on the brakes and cutting back.

TN: *When? At which point?*

FB: Probably in the mid '90s. When you start raising over a billion dollars for a venture fund, you've got to raise the red flag. It is too much money. It's easy to put the money out maybe, but it's not easy to manage it. It's one thing to raise the money. It's another thing to put it out; and yet another thing to manage it, which includes the exit process. I think for a venture firm like NEA it's very difficult to manage the number of companies they now have. You're physically limited in how many boards you can serve on. I wouldn't want to be on any more than four or six boards. I think Dick was on, I don't know, almost fifteen to twenty boards. You can't physically look after that many companies. And you need to be on boards because you've got to know what's going on. You can't be in the venture business and just get the papers. You've got to be online with the management. So why we grew is just like the bubble. It got to be so good, we went with it. I think with hindsight being 20/20, when it got to be going so well, we should've started putting the brakes on. But it's hard to do.

TN: *So in the first fund, you got a hundred percent of the carry, the three of you.*

FB: We shared the carry with Landmark and with T. Rowe Price.

TN: *But as you grew and gave out carry to general partners, you were even giving out carry to associates.*

FB: Yeah. NEA partners became the GP and everybody had a piece of the carry.

TN: *So that gets to my question about: Why grow again? You could've kept a big share of a small pie or had a smaller share of a bigger pie. Did that ever occur to you?*

FB: We thought a smaller share of a bigger pie was going to be a better outcome.

TN: *And a better outcome in terms of financial returns for you all as partners, or a better outcome in terms of this bigger mission of creating value by supporting entrepreneurship?*

FB: Both. Now, to be honest with you, I think we made a mistake. It probably got too big. And so by getting so big we probably were not doing ourselves a favor. But we didn't know it at the time. You just do the best you can day by day.

TN: *There was another extension to a question that Carole asked at the very beginning, which is: What did you all bring to the table? Because it seems to me that you have three very, very different skill sets. You've mentioned several times that you were a deal sourcer.*

FB: Yeah, I was good on the finding and the exiting. And Dick Kramlich was really good on the operations side, the day to day. And Chuck really was good on the administrative side.

TN: *Okay, so that's the complementary part. Then, to move into the organizational issue; You had limited partners that were on the boards of all your portfolio companies.*

FB: Some, not many.

TN: *When I first read about this, this seemed to be quite unusual. So 3Com, the limited partners played a very active role.*

FB: Yes and no. It depends. I mean, I'm not sure who was on the board. Dick was on the board of 3Com. Bob Metcalf was the founder. I'm not sure what limited partners went on the board of 3Com. I just don't recall.

TN: *But usually you associate limited partners with passive investors; they just provided money and that's it, whereas in NEA's case, there seems to be a broader network of resources.*

FB: Well, we always want to have non-executive directors on boards. So we would look to industry primarily for those people. And we had good industry connections. We'd try to find people that could add value on boards, whether they were from limited partners or not. We certainly didn't add them because they were an investor to NEA. We added them because they had a particular expertise. Or at least we hoped they did.

TN: *How did you work out communications between the East Coast and the West Coast? Because that must've been a big challenge.*

FB: That's a big challenge. We would talk ever day or as frequently as we could. We had partners' meetings every week. But part of being bicoastal — we were really the first bi-coastal firm to be established in a major way. Most firms were on the East Coast or West Coast and we were both. That presented a lot of challenges. But the benefits far outweighed the challenges, we thought. And I think the proof of the pudding's in the eating. I think T. Rowe Price was right; we needed to have a presence on the West Coast.

TN: *I hadn't realized that that's where the connection with Dick Kramlich had actually come from, that it was T. Rowe Price recommending that you have a dual-coastal presence.*

FB: That's right, yeah. They would not have backed just Chuck and myself. They wanted someone that had the experience in the venture world, and Dick had been ten years with Arthur Rock.

REFLECTIONS

TN: *So again, moving towards the reflections side, would you see the venture capital industry in the '70s, '80s and early '90s, was this the "good old days" of venture capital and now we're seeing a fundamentally different model? You mentioned that there's been a shake-*

out. There'll be an even bigger shake-out. Given where the industry has been, where is it kind of going?

FB: Well, I'm not sure I'm a good one to ask because I'm somewhat removed from it. But from a distance I would say it's like anything else that's grown very rapidly. It's shaking the trees and the number of firms are declining; the number of people in the business is declining; the amount of money going into the business has plateaued; and it'll probably be overdone the other way. It'll probably contract too much. But that's the nature of the beast. It's either feast or famine. There's no such thing as middle of the road.

TN: *But if you look back at all the companies that were established through this nascent industry in the '70s, '80s and '90s, you could argue that that's going to disappear. In other words, this was a real kick-start to entrepreneurship. Whereas, now do you see the lack of provision of venture capital in all but the top quartile firms as being an issue?*

FB: Well, there's always money for a good idea. There's no lack of money. Face it: There were too many companies started, and the failure rate has been much higher than it should be. The other part of the business is that that we've become global. And I foresaw that because I traveled to India twenty-five years ago. My first introduction was through Bill Draper, and Bill Draper was the founder of Sutter Hill. And he and Robert Richards did Draper International. And I invested in that and we made fifteen times our money on the first fund. And as a result of all that, I spent a fair amount of time in India, looking at what was going on over there. And a lot of venture money has been committed to the global — particularly China.

NEA — this was after my time — had made a substantial commitment both in China and in India. They opened up offices in Shanghai and Beijing and Mumbai, and they raised affiliated funds and the whole nine yards, none of which I was part of. My involvement was really through Bill Draper in India and then Lip-Bu Tan at Walden [Venture Capital]. I've been in a few of his funds. And I'm involved with Amadeus Capital in Europe, in England primarily. I felt that what had happened in the United States might happen in Europe. It has and it hasn't. There has not been the success in Europe, or in Asia for that matter, with some exceptions — the Baidu, the Skype, those kinds of things. But the reason why is that they don't have the reservoir of management and marketing people that the U.S. has. They have the technologists, but they don't have the management and the marketing people. I've done Israel — tremendous technology. But unless you can build a bridge to North America, you're not going to be successful. A lot of firms went — not a lot but a few firms went to places like Israel. The success was not that great.

TN: *But the globalization of venture capital is a relatively recent phenomenon. So why did this all happen in the U.S., because on the face of it this could've happened anywhere in the world? There's investment capital in other countries, but it happens here.*

FB: Well, it's the university system. It's the Harvards and the Stanfords and the MITs. It's because of our university system that venture capital exists; I'm sure of it.

TN: *Can you elaborate on what that means?*

FB: It means you've trained people to think, to become entrepreneurs and to become visionaries, much more so than any other part of the world. Of course, being at Harvard Business School, you'd understand that.

TN: *So does that mean you get a supply of entrepreneurs that then creates a demand for venture capital? Or do you get a supply of venture capital—*

FB: It goes both ways.

TN: *So if the entrepreneurial talent is a function of universities and that creates a supply, what then created the pool of capital, if you just see this as two sides.*

FB: Well, the success that occurred in backing entrepreneurs. Success breeds success. When you have Intels and Apples and Microsofts and now Googles and Facebook and Twitter, and Christ knows what. And it's a shifting universe. New York City used to be a wasteland. Nobody spent time in New York City. Now it's a hotbed for venture deals. There are a lot of venture startups in Manhattan. Why? I don't know why. Social media has something to do with it. The Internet has changed everything. Baltimore was a wasteland. It's much more fertile now. There's a lot of things happening here that never happened when I was—

TN: *Why didn't you move to Boston?*

FB: Because I like living here. This is my home.

TN: *I should've known the answer to that question. You mentioned the center of venture capital on the East Coast was very Boston based, and you made a commitment to stay in Baltimore. That was just personal reasons?*

FB: I was on the plane every week to Boston. I'd get on a plane, I'd get in a rental car, I'd go Route 128 to all those industrial parks. I'd go up and I'd knock on the door, and they'd say, "Who's calling?" And I'd say, "I want to see the head man." They'd say, "Who's calling?" I'd say, "The money man." I'd always get the CEO. They would come out and say, "Who the hell are you?" Then I'd explain. They'd say, "Well, thanks for coming. Come on in." Cold calling, that is. (laughs)

CK: *So that's how you got started. So what has given you your confidence?*

FB: I guess you've got to feel confident in yourself. You have to have self-confidence to get up in the morning and go do it. If you don't have that ability to go do it, it won't happen.

CK: *Is there anything you think you would've enjoyed doing, other than venture capital? Did you ever stop and think, I could've/should've?*

FB: No. I have no regrets. It's been a lot of fun. The good news is that it'll help pay for a lot of tuitions of grandkids. (laughter) I didn't do it to get rich. I did it just to have fun, because I enjoyed doing it, and I knew that there might be some financial reward. The financial reward will not be a reward for me; it'll be a reward for my children and my grandkids. All my carried interest was put in a trust and they are the beneficiaries.

TN: *What if carried interest had been taxed at a higher rate?*

FB: It will be.

TN: *Would that have changed things?*

FB: It wouldn't have changed things for me. It probably is going to change things for people going forward. I do it because I like to do it and I'm good at it, and it just so happens that there is a financial reward, or can be, but that isn't necessarily why I did it. And that's not necessarily the same for others, but that's what it is for me.

CK: *You've worked with a lot of venture capitalists over the years. Are there any that you particularly admire, that just stand out?*

FB: Oh, there are a lot of wonderful guys in the business. Bill Draper is a giant. Paul Wythes was a giant. General Doriot, in his day, was a giant.

CK: *Are the reasons that you cite these?*

FB: Because they're people I knew that I thought were exceptionally wonderful people. Benno Schmidt at J.H. Whitney, he was an oil man but he was good. I sat on a board with him with Vertex Pharmaceutical. And that was one of our better successes in the biotech arena. It was just an ironic thing. I was in San Diego, calling on a public company, Agouron Pharmaceutical, and they were public, and I was interested in what they were doing in this rational drug design. And so they said, "Well, what's your competition?" We said, we didn't have any at the time, but there was a startup and Kevin Kinsella at Avalon Ventures was doing it. And I knew Kevin, so I went to see him and I said, "What are you doing in rational drug design?" He said, "I can't tell you." I said, "What do you mean you can't tell me? I'm your friend. You can tell me." "Well, no, I can't tell you." I said, "Well, who are you doing it with?" "There's a guy out of a major pharmaceutical company." I said, "Which company?" He said, "Merck." And he said, "I can't tell you any more." So it happened to be that Merck was one of our limited partners and the guy that we dealt with was Kirk Maslen. I called him "Kirk the Merck Jerk." So I called him and I said, "Kirk, I need to know who at Merck is a champion of rational drug design. I need to know his name and I need to know his home number." So he called me back. He said, "His name is Josh Boger and his number is so and so."

So that evening I called up. I said, "Dr. Boger, you don't know me, but I am who I am, and I understand you're leaving Merck to form a new rational drug design company." And he said, "Well, that's right." And I said, "Well, I'm in the venture business, and I think we'd like to consider participating." And he said, "Well, that's very nice of you. I'll tell you who I'm working with. I'm working with Greylock and J.H. Whitney." And I said, "Who are you working with?" "Bill Elfers and Benno Schmidt." I said, "Well, I happen to know Benno." I called up Benno. He's a Texan. And I said, "***Benno,*** it's Frank. I understand you got a hot deal." "Oh, I always have a hot deal." "I mean, one particular called Vertex." "Oh yeah. We think that might be pretty interesting." I said, "I want to be in your deal." He said, "Well, I'd love to have you come in our deal, but I think it's already fully subscribed." And I said, "Well, fine, get me in the deal." He said, "Well, Delphi is looking at it, and if they don't pony up in a day or two, I'll call you back." So he called me and he said, "Delphi hasn't committed, so if you want to commit —" I said, "You'll hear from me later today."

I called Dick and Chuck and we got on the phone and committed a million dollars. That's worth fifty times what we put in. I went on the board with Benno and Bill Helman at Greylock, and Josh Boger was CEO, and it's been really a tremendous success. It was just luck. I knew that rational drug design was an interesting place, because it was a tool for pharmaceutical companies to shorten the time for drug discovery, and Agouron was the pioneer. So I go to the pioneer and then try to find out who might be doing something similar, and that's how I found Vertex. All those kinds of things.

BEYOND VENTURE CAPITAL

CK: *So Frank, when you're not thinking venture capital and doing venture capital, what are you doing?*

FB: I'm fox hunting.

TN: *Yeah, I noticed that. I was a friend of yours until I read that. (laughter) You know it's banned in the UK.*

FB: In England. It's still going on, though. Having said that, I know all about that. I've kept horses there. I've fox hunted there. Prince Charles and his family don't hunt, but most everybody else hunts. They go to the meet and they lay a drag to the first wood, and the gendarmes watch all that, this drag hunting. They get to the first wood and then the hounds go out and they hunt. This is normal.

CK: *So how much time are you able to grab for this?*

FB: Well, more time now because I'm retired.

CK: *And your golf game?*

FB: I'm not a big golfer. I like golf. I go with my wife and we play in the South. We play overseas in Scotland and Ireland. But it's a springtime and a summer and fall activity. But I enjoy it.

CK: *And you also like to travel?*

FB: Yeah, I go to places. I like to go to new places and see what's there.

CK: *Do you have a favorite spot, someplace you'd like to go back to?*

FB: Istanbul I think is a great city, where the East and the West meet and all the history there. I really like that place. I've never gone to Russia or China, nor have I ever gone to Africa.

CK: *And since 2003 you've been with Red Abbey? What's your role?*

FB: I came to Red Abbey, which is a family office of two Goelet brothers, Phillip and Christopher, and they have a family office in New York, Goelet LLC. That has been a major private equity investor through the years. These boys came from New York to Baltimore and I got to know them. Phillip is a molecular biologist; he was trained at Cambridge under Sydney Brenner. And so he knows a lot about life science and biotech. And of course I did that for NEA.

So when I retired, I said to Phillip, "Hey, let's do something together." So we did Red Abbey Venture Partners. The Goelet family invested ten million out of a fifty-million-dollar fund. We hired a manager, a guy called Matt Zuga, about seven years ago; he had been at Legg Mason. And we invested in, I don't know, twenty-six companies. And we took down forty-one million. We've returned the forty-one million. We have ten companies left. The residual value is maybe ten million, and we're working to wind that up in the next two years. And now Matt's off and he's working for Syngenta Ventures, which is a seed company in Switzerland. And he's consulting for Red Abbey Venture Partners to help unwind it. And Phillip and I are obviously overseeing that. So that was something that I enjoyed doing. Now the time it took and the amount of money we made; we didn't lose money, but we haven't made the money I had hoped we'd make. But having said that, we did all right.

TN: *That's about seven percent a year, isn't it?*

FB: Something like that, yeah. And I've invested personally in a lot of other venture funds. Some Emerging Managers, for instance, up in Boston. I started Red Abbey Capital Partners. It's a fund of funds. And we've invested in .406, Fair Haven, Borealis, Emergence, New Markets, NeuroVentures, and Kepha Partners up in Boston.

CK: *It doesn't sound like you've retired.*

FB: I did this in order to get exposure to new opportunities, so I look to co-invest as well. I invested with Village Ventures, Bo Peabody and Matt Harris, and they've done some interesting things. Bo's gone now with Alan Patricof at Greycroft. Matt's gone back to Bain. And I'm invested in First Round Capital, which is Josh Kopelman, and he's based in Philadelphia, New York and San Francisco. And they start companies like Uber. Have you heard of Uber?

CK: *Oh yes. (laughter)*

TN: *I like it. It's a great service. I was actually going to use it to get here. Yeah, they're in D.C. It's fantastic.*

FB: They're all over. I invested in a company called RelayRides, which was started out of Harvard Business School, a guy called Shelby Clark.

TN: *It's the fractional ownership of somebody's car.*

FB: That's right. And now it's in San Francisco. And I just talked to the new CEO. I put $25,000 in. The guy came to Baltimore because he was a Harvard Business School grad. He looked in the directory. He thought Baltimore would be a good pilot site. He looked in Baltimore to see who at Harvard Business School, so he called a friend of mine, Jay Wilson. Jay Wilson called me. He said, "Frank, this guy that's coming down to see me from Boston, has this idea, RelayRides." So I met with him and we listened to him. We each invested. He called back. He said, "Well, thanks for your money, but I'm not coming to Baltimore." Next thing you know he said, "I'm moving out to San Francisco because August Capital and Google Ventures are investing in my company." Then he goes out there. They've got a new CEO, and now they've raised fourteen million.

TN: *So your $25,000 is doing well.*

FB: Maybe. The important thing is: Do I now invest in the next round, which is a five million extension? And the answer is probably, probably. Zipcar was quite interesting. There's one in London called WhipCar. And there's one called Getaround. And there's one — this, that and the other.

TN: *They have an Uber clone as well called Halo or maybe Uber is a Halo clone.*

FB: So, you see, there's new ideas all the time. So you've got to sort of get up in the morning and listen. Keep your ears open, your mouth shut, and your money in the bank. (laughter)

CK: *We just have a couple minutes, because I know you have a twelve o'clock appointment. But since this is your story, I don't want to leave out your family. I know you talked about you and Helen got married in 1962, and you have three children, Frank, Adair, and Polly. So what are they up to?*

FB: Well, my son [Frank] was an educator. He went to Vanderbilt Business School and Peabody, got a Masters in Education. He taught for nine years. He has three children of his own. He lives locally. And he's joined a firm called New Markets Venture Partners. They have raised a fund to invest in education companies. He and I have Bonsal Capital. We've been co-investing in these education companies. And we've had some success in companies like Blackboard and American Public Education. And we had one recently called Moodlerooms, that we started here in Baltimore. And we've got

Straighter Line here in Baltimore. We've got Flat World Knowledge. We had Spectrum K12, got acquired. We've got about a dozen education companies that we've invested in, and he's doing that, and I'm sort of tagging along.

I think education is an interesting area because there's such a need for innovation. It's the one part of life— It always was health care. You need to improve your outcomes in health care. Nobody thought about improving your outcomes in education until recently, and now there's a lot of people focused on that. And as a result, there are going to be some interesting new companies. That's something I've been doing with my son, and he's thinking about starting an incubator. I had a company in this morning called Unbound Concepts, which has a new idea for education for publishers. I'm trying to get up to speed and learn something about that. He knows a lot about that.

CK: *And these are three grandchildren?*

FB: And then seven grandkids.

CK: *You have seven all together.*

FB: Yeah. My son Frank has three, thirteen to five. My middle child, Adair, has one who's four. My younger daughter, Polly, has three from seven to three.

CK: *Oh my. That would explain some of your time.*

FB: Yeah. It's great fun trying to keep up with all that.

CK: *And are Adair and Polly on the [East] Coast? Are they local?*

FB: Yes. But my daughter Polly is in New Canaan, Connecticut. And her husband works in Massachusetts for an oil fuel distributor, and he's focusing on the renewable energy field. And I was involved with a company that he worked for called New England Wood Pellet that made wood pellets for wood-fired stoves. It's up in Jaffrey, New Hampshire. But I'm not longer involved there. So, you know, life goes on.

CK: *It looks like it's going along well for you. Thank you for this time. And thank you for Chuck. As I always say, he was the heart and soul of this project. And thank you for Harvard Business School.*