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C. RICHARD KRAMLICH

The Wizard of IPOs

How one of Silicon Valley's most successful venture capitalists has consistently picked the winners

It's a running joke that if you throw a rock in Silicon Valley, you're likely to hit a venture capitalist. Insiders know that if you wrap that rock with a smart business plan, Dick Kramlich, 63, is as likely as anyone to catch it and turn it into a multimillion-dollar enterprise.

Kramlich, co-founder and general partner of the hugely successful venture-capital firm New Enterprise Associates (www.nea.com), has invested more than 21 years and \$1 billion in nearly 400 companies. Of these, 104 have gone pub-

lic, 117 have been acquired, and about 140 are on NEA's in-progress list. Among Kramlich's and NEA's high-profile triumphs are 3Com, Ascend Communications, Silicon Graphics, Dallas Semiconductor and Macromedia.

How does Kramlich do it? First off, he says, he listens closely to personal recommendations from his widespread network of colleagues. He also homes in on companies that show promising new approaches to technology.

In the case of Ascend, what Kramlich

saw was a piece of the Internet's future. In 1990, while working on ISDN-service technologies, the company invented "dynamic bandwidth," a scheme that enables the bandwidth carrying Internet data to expand or contract based on traffic demands. Kramlich and Ascend managers agreed that dynamic bandwidth had larger implications for the Net than ISDN, so the company rapidly refocused and has since had a big influence on the way the Net economizes information delivery. NEA pumped \$2.6 million into the company—an investment that today is worth \$800 million. (In January, Lucent Technologies purchased Ascend for a whopping \$21 billion.)

But ideas are just part of the investment picture. Kramlich claims that a company's management team is the key to creating winners and something you should be attentive to when investigating a start-up. One of his favorite sound bites—"You're only one person away from a successful company"—explains why he works so closely with new companies, sitting on committees, making hiring decisions, seeing the new companies through management changes. For example, he helped Silicon Graphics emerge from a major management transition when he became instrumental in having Richard Belluzzo replace a tapped-out Ed McCracken as the company's chairman and CEO last year.

Kramlich, who holds a Harvard M.B.A., sits on 10 boards, including InfoGear Technologies, Netsolve, Juniper Communications and the San Francisco Art Institute (he and wife Pam are considered the most prominent new-media art collectors in the country.) Kramlich says his involvement won't decline any time soon. "I have a few more massive projects I'd like to complete before I hang my hat," he says. "Besides, nothing in 50 years has made this business jump more than the Internet. And look at biotechnology, at the Human Genome Project, and disease detection and therapy. Why would I get out now?" ■

Sean T. Kelly, a San Francisco-based journalist, reports on technology and business.

“You have to know how to replace exclamation points with question marks.”