

Document 2145

[22145001]

The roller-coaster stock market is making life tougher for small companies trying to raise money .

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In the wake of Friday 's plunge and yesterday 's rebound , some companies are already postponing deals , and others wish they could .

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As in other jittery times , many small businesses expect a particularly rough time raising funds as investors shun risky deals , seeking safety in bigger companies .

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Even if stock prices fully recover from Friday 's sharp decline , the unsettled conditions will frighten many investors .

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" The implication of an unsettled situation is that the thing could drop dramatically , " says Henry Linsert Jr , chairman of Martek Corp . , a four-year-old biotechnology company that is planning a private placement of stock .

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At the time , its shares were selling above their initial offering price of \$ 19 , and bankers believed Staples would sell new stock without a hitch .

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But with the company 's shares standing at \$ 15 yesterday , a new offering seems unlikely , company officials say .

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Business , however , continues to be " robust , " and the stock market has n't affected the concern 's expansion plans , says Todd Krasnow , a senior executive .

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Other companies figure they ca n't avoid the market .

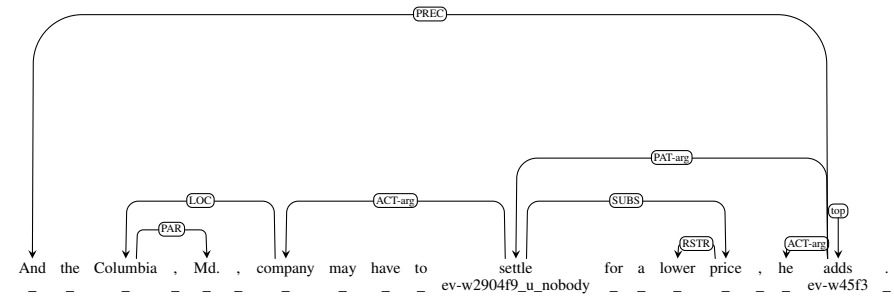
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" We have capital requirements , " says Mr. Linsert , " so we have to go ahead " with a planned \$ 1.5 billion private placement .

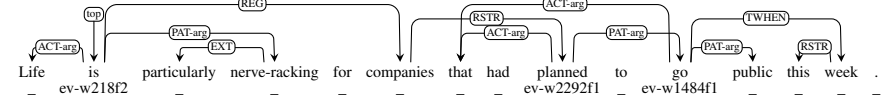
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Unless the market goes right back up , he says , " it may take us six to nine months to find the money , instead of three . "

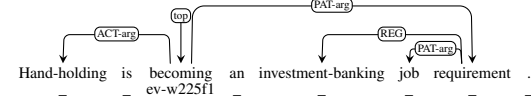
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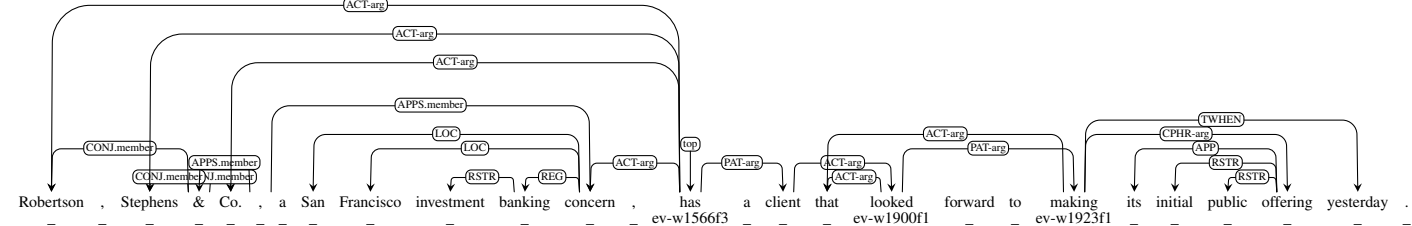
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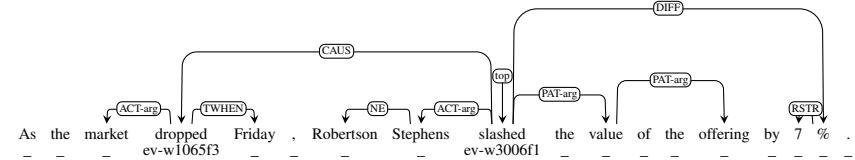
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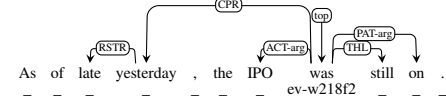
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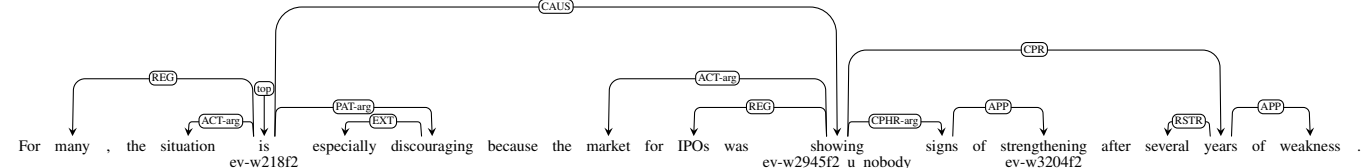
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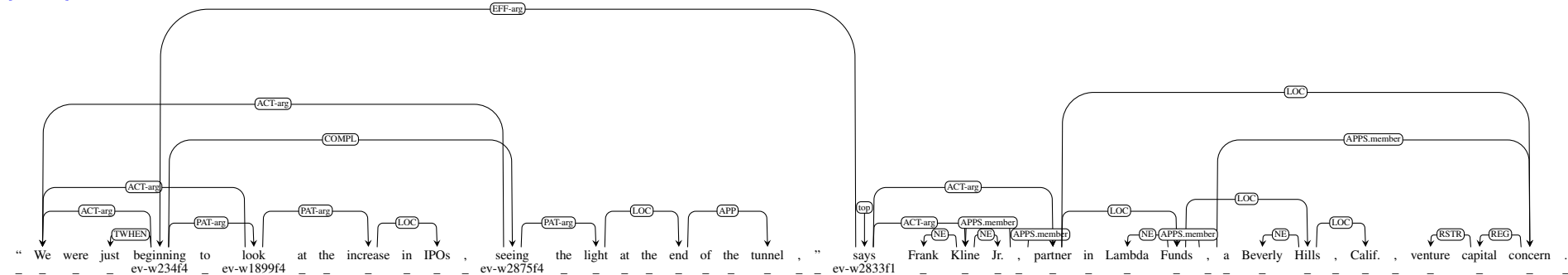
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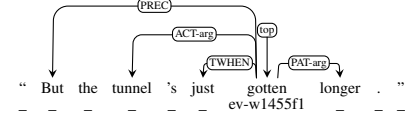
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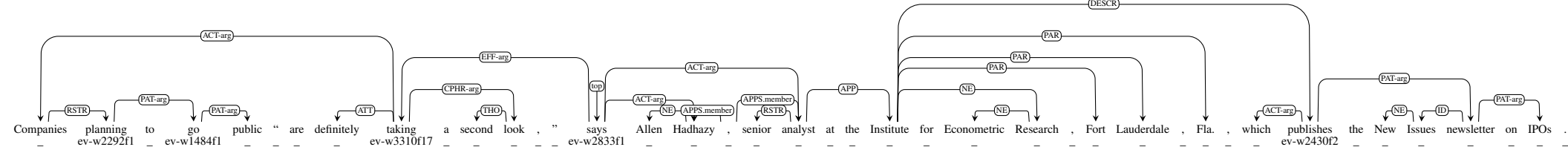
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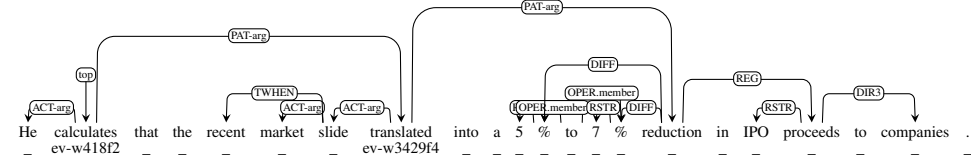
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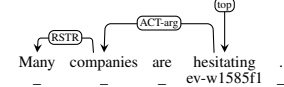
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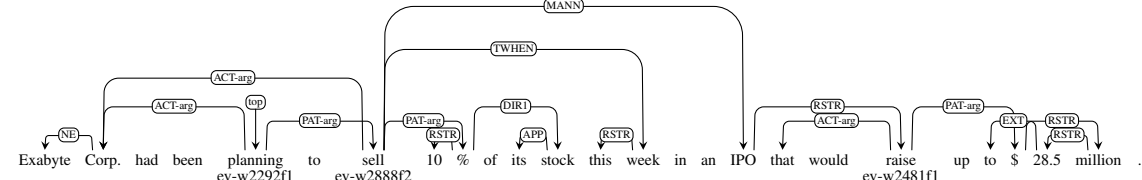
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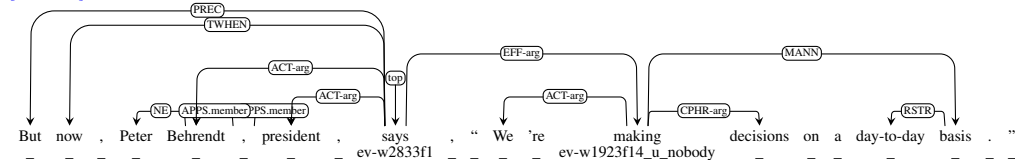
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Debt-free and profitable , the Boulder , Colo. , computer-products concern could borrow funds if it decides against an IPO now , he says .

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KnowledgeWare Inc. , an Atlanta computer-software concern , says it is still planning to go ahead with its IPO this week or next - unless conditions change .

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Delayed financings also would affect the operations of many companies .

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William O'Donnell , president , says he still thinks the IPO will succeed .

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If it does n't , he says , the company would have to change its expansion timetable .

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But the market turmoil could be partially beneficial for some small businesses .

[22145038]

In a sagging market , the Federal Reserve System " might flood the market with funds , and that should bring interest rates down , " says Leonard T. Ancill , vice president of the Bank of New England , Boston .

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James G. Zafris , president of Danvers Savings Bank , Danvers , Mass. , says the market turmoil " is an absolute non-event for small business . "

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Mr. Zafris thinks rates are heading down , helping small companies .

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Peter Drake , biotechnology analyst for Vector Securities International , Chicago , thinks market uncertainty may encourage small companies to form more strategic alliances with big corporations .

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Partly because the 1987 market crash made it harder for them to find financing , many high-technology concerns have made such alliances recently .

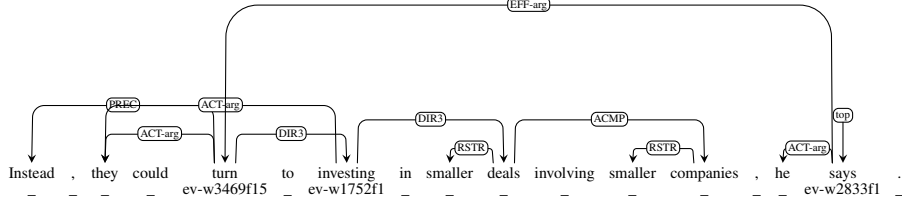
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Some even see a silver lining in the dark clouds .

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Alan Wells , president of Bollinger , Wells , Lett & Co. , a New York merger specialist , thinks panicky investors may lose their enthusiasm for leveraged buy-out and giant takeover deals .

[22145046]



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