



Design Your Angel Investing Strategy

“Women who qualify as accredited investors need to get off the investment sidelines and start investing in early-stage ventures. In the U.S. women applaud themselves for controlling or influencing approximately \$7 trillion in household and business purchasing decisions. But if we’re not intentional in directing that spending power toward effecting the change we want to see in the business world, why the applause?”

— Kelly Hoey, Angel Investor and CMO of Cuurio¹

Be on the Side of the Angels

Through angel investing, small businesses can access both the capital to finance their plan for growth and the expert guidance to help them make it a success. As an angel, you could make an impact on the prospects of a growing business, all the while providing assistance ranging from guidance in its day-to-day operations to serving on the board of directors² while potentially earning a significant return on the money you put in.³ If you’re motivated to become an angel investor, aware of the potential for both investment rewards and risks, and qualified to be an **accredited investor**, you’re ready to jump in and start making your angel plan.

Instructions: In the following three sections, reflect on your investment goals and start outlining your approach to angel investing.

PART 1: UNDERSTAND YOUR GOAL

Motivations to get involved in angel investing can include some or all of the following: getting a return on your investment, learning about an industry, building your business network, making a difference in the growth of a small business, and/or passing on your knowledge as an entrepreneur. Answer the following questions:

What are you hoping to achieve with your angel investment?

1. _____
2. _____
3. _____

PART 2: DECIDE IF YOU WILL INVEST ALONE OR WITH OTHERS

There are many factors to consider when deciding whether to be a lone angel or to invest with others. Remember—you don't have to go out into the world of angel investing alone. Here are some other options to think about:

- **Join Groups:** Trying to get into angel investing on your own can be risky. Instead, as a first step, consider joining angel groups that can help you decide whether angel investing is right for you. The Angel Capital Association (ACA) is a professional association with **more than 400 groups** that you can explore. It's a great way to learn the best practices of angel investing from the insights and expertise of other members. Angel groups meet regularly to review business proposals, view presentations from entrepreneurs, and conduct due diligence to evaluate potential investment opportunities. Investors in angel groups can even pool their capital to make larger investments.⁴ In one sample of over 1,500 angel investors, 89 percent reported that they use angel groups to identify prospective investments.⁵
- **Attend Workshops and Events:** Meet fellow entrepreneurs, watch pitches, and get your feet wet at angel investing **workshops and events**. For example, the ACA Summit is the largest angel professional development event in the world (**you can see past summits here**). There, you can network, participate in roundtable discussions and hear speakers that are diverse across gender, race, location, age and geography.

PART 3: TAKE STEPS TO GET THERE

Reference the checklist below for steps to take to prepare to start angel investing. Some items also have blanks for you to fill in to help you generate your plan.

1. Make sure you meet the criteria for being an “**accredited investor**.”

- Ensure you have an annual income of \$200,000 or a net worth of at least \$1 million (not including your primary home).
- Prepare to do the paperwork that shows you are accredited by getting access to documentation of your income.

- Optional: To save time when joining an angel group, get verified by the ACA with an **Established Angel Group (EAG) Certification.**

2. Understand the risks—With angel investing, you could lose all your investment. What is your risk tolerance level?

- Decide how much you can afford to lose.

3. Talk to experienced angels.

- Build up your angel network.
- Attend educational sessions such as the ACA Angel Summit.
- Volunteer to be on a due diligence committee (a team that gathers information on a company for investors to look over through reference checks, document checks and site visits).⁶

4. Participate in Q&As—Don't just listen, probe.

- Prepare a list of questions to ask experienced angel investors.

5. Decide on key aspects of your plan.

- Time—amount of time you can dedicate

- Range of dollars—how much you want to invest (and in one or more ventures?)

- Industry—where you already have expertise

- Industry—where you have an interest in building expertise

- Stage—seed or start-up for later growth

- Geography—somewhere near you so you can meet F2F, or somewhere where geography is irrelevant
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- Return expectations
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6. Finally ...

- Write the first check!

Learn More:

There is a treasure trove of materials out there written for angels by angels. Check out the ACA for [angel investing FAQ](#) as well as [articles](#), [videos](#), [books](#) and [blogs](#) on how to grow your skills as an angel investor. [Springboard Enterprises](#), [Golden Seeds](#), [Angel Network](#), [Belle Capital](#) and [Portfolia](#) are a few examples of networks that bring angels like you together.



DID YOU KNOW?

According to the American Angel Campaign, a project to create a profile of angel investors in the United States, female angels are twice as likely as male angels to say the social impact of a business makes a difference in their decision.⁷

¹ GGGele, *Angel Investing: Full Interview with Kelly Hoey, Gender Gap Grader* (Oct. 23, 2014), <http://gendergapgrader.com/2014/10/angel-investing-full-interview-with-kelly-hoey/> (accessed March 1, 2019).

² Caron Beesley, *How to Find the Right Private Investor for Your Small Business*, U.S. Small Business Administration (May 16, 2016), <https://www.sba.gov/blogs/how-find-right-private-investor-your-small-business-0> (accessed March 1, 2019).

³ Robert E. Wiltbank & Wade T. Brooks, *Tracking Angel Returns*, *Angel Resource Institute* (2016), <https://angelresourceinstitute.org/reports/angel-returns-full-version-2016.pdf> (accessed Feb. 14, 2019).

⁴ *FAQs About Angel Investors*, Angel Capital Association, https://www.angelcapitalassociation.org/faqs/#What_are_angel_groups_ (accessed Jan. 29, 2019).

⁵ Laura Huang, et al., *The American Angel*, Wharton Entrepreneurship and Angel Capital Association (Nov. 2017), http://docs.wixstatic.com/ugd/ecd9be_5855a9b21a8c4fc1abc89a3293abff96.pdf (accessed Jan. 29, 2019).

⁶ *Conduct Due Diligence Like The Pros*, Angel Capital Association (Feb. 23, 2016), <https://www.angelcapitalassociation.org/data/Webinars/2016%20Slide%20Presentations/DueDiligenceLikethePros02-23-16.pdf> (accessed March 1, 2019).

⁷ Laura Huang, et al., *The American Angel*, Wharton Entrepreneurship and Angel Capital Association (November 2017), http://docs.wixstatic.com/ugd/ecd9be_5855a9b21a8c4fc1abc89a3293abff96.pdf (accessed Jan. 29, 2019).