

# Membership & Member Expectations

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## Role of the Angel Investor

- Provide early stage funding.
- Act as mentor, coach and facilitator.
- Add business acumen to the venture.
- Connect the venture to professional advisors, other angels and venture capital firms (if needed).
- Contribute sector knowledge, connections to potential customers, suppliers, personnel and buyers.

## Angel Investors

- Most are cashed-up entrepreneurs.
- Many are self-employed and active in a variety of business and social activities.
- They typically allocate 15 to 50% to private equity investments.
- Most have 3 to 10 concurrent investments.
- They do it for interest, to give back and to make money.
- Personal involvement is a dominant characteristic.
- Many participate in Angel Groups.
- They normally invest in sectors they understand and usually close to home.

## Realities

- Angel Investing is a tiny part of overall business funding.
- Very few businesses understand Angel investment or know where to find it.
- Start-ups and early stage have the hardest time finding investments.
- Investments are typically only for 3-6 years.
- 50% of angel investments are written off, most are trade sales and >20% take on VC investment.
- Only about 5% will ever make it to an IPO.

## Impact on YOU

- You will spend a lot of time looking for the 'right' deal.
- Angel Investing is a tiny part of overall business funding.
- Most will require you to do most of the due diligence.
- Ventures are usually early stage with inexperienced managers who lack business acumen.
- You will put in much more time on each one than you expect, some of it will be erratic (crisis mode).
- You will not be able to micro-manage as you have to let them make their own mistakes.
- Get to have fun and work with passionate people.

## Your Personal Situation

- What do you want from your Angel activities?
- Are you prepared to allow management to operate the business?
- Are you able and willing to coach an inexperienced management team?
- Will you work with a Board of Directors?
- Are you prepared to risk your investment or potentially lose it?
- Do you have the time to get involved if the venture needs you?
- Are you willing to co-invest with other Angels, passive private investors, or VC funds?

## What Can YOU Offer & What DO YOU Want?

- Early stage ventures need more than just money to be successful!
- Can you offer industry knowledge, experience and networks?
- Can you work with highly passionate, determined, optimistic people who want to succeed yesterday?
- Are you willing and able to take a hands-off approach?
- A high ROI but can you afford to lose?
- Personal satisfaction, interaction, involvement, fun?
- How much time do you have to undertake deal sourcing, due diligence, negotiation and involvement?
- Are you willing to take control if the deal goes bad?
- Do you want the support of an Angel Group?

**Compliance: at the time of investment, you are deemed compliant with relevant Australian Corporation Act and its regulations with regards to capital raising. See Perth Angels Code of Conduct.**