

Business Angel Investors

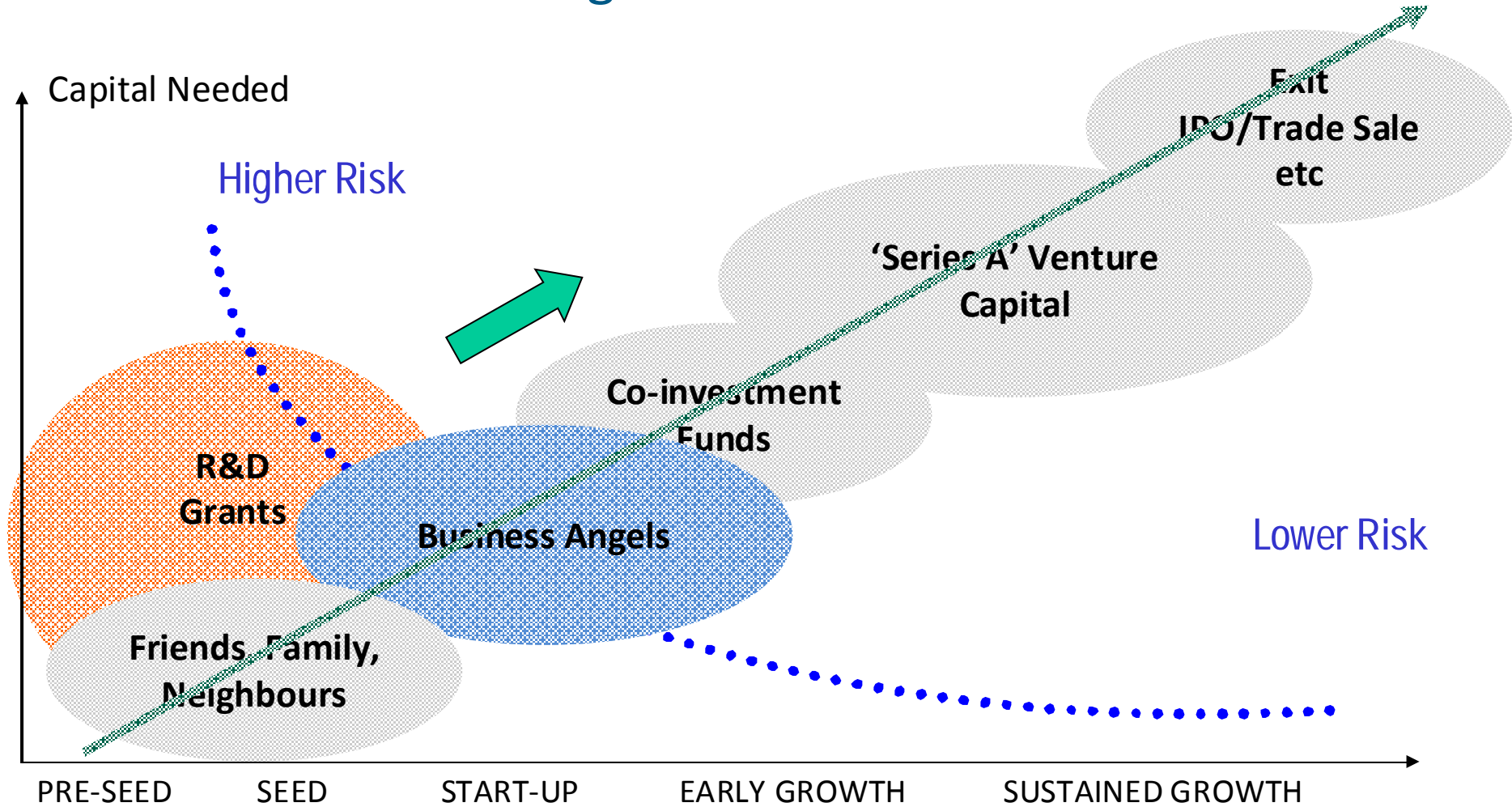
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Chairman – Yorkshire Association of Business Angels

Contents

- Angels and how to find them
- What angels look for when investing
- Sector/size preferences
- Exit planning/Follow-on investment
- Angel support beyond the finance
- Case Study

Where do Business Angels fit?



What is a Business Angel?

- Typically successful in business:
 - Cashed-out entrepreneur
 - High net worth professional
 - Business owner
 - Retired corporate director
- Willing to invest:
 - Cash
 - Expertise
 - Time



Yorkshire Association of Business Angels

- Founded 1995
- 180 Angels and Associates
- Members of the BBAA
- >100 opportunities p.a.
- Bi-monthly Forums
- £1.0m upwards p.a. invested
- Master classes for Angels
- Mentor register



What do Angels want?

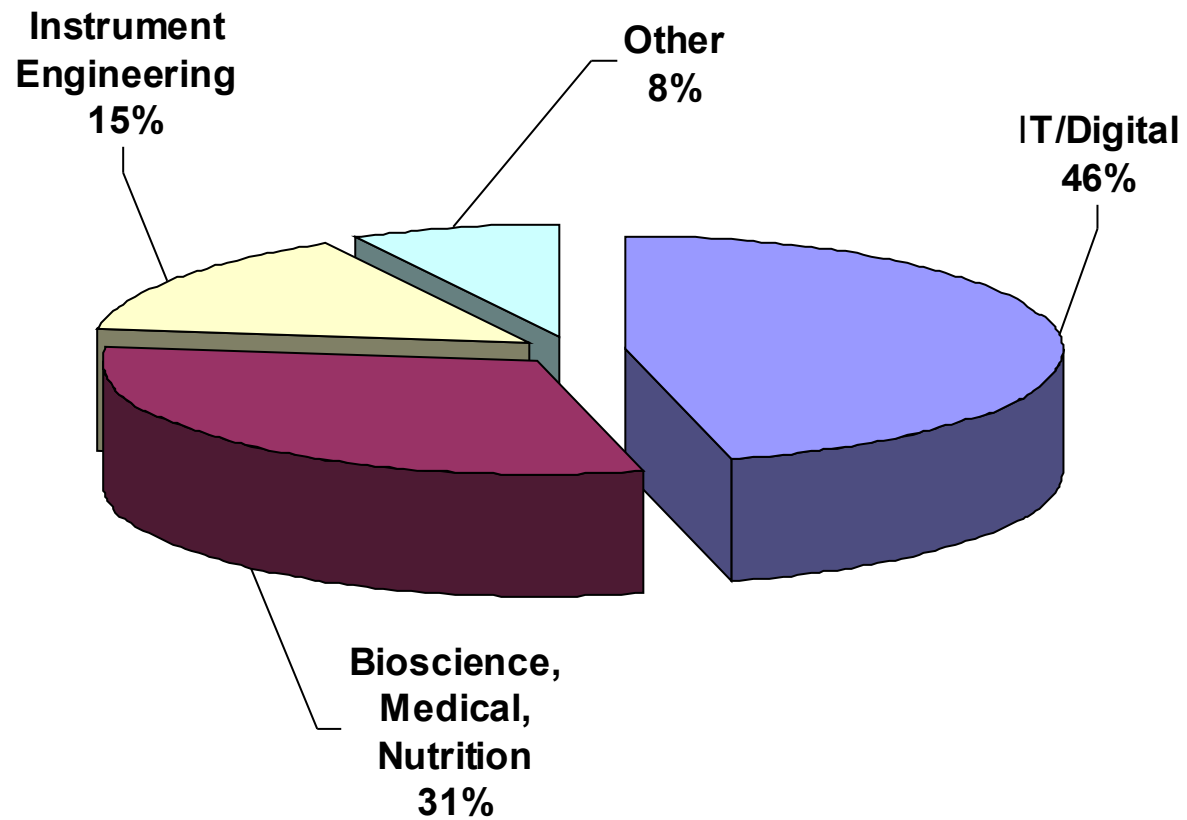
- Financial return
 - as high as possible, for the risk
- An exit route
 - they think before they commit
- Successful business
 - growth, awards, bragging rights
- Fun!
 - must enjoy being part of it



Business Angel investment

- Ranges from £10k - £250k per angel, per deal
 - UK average c.£70k
- Some factors which affect amounts invested
 - risk appetite and portfolio timing
 - level of wealth, ability to follow on
 - Valuation, percentage available, EIS tax relief
 - industry knowledge and value they bring
- Syndication (who else is investing, and amounts)

Viking Business Angels Club



What else can Business Angels bring?

- Time
 - Nearly always part-time, often very flexible
- Input
 - Usually as non-executive director, or mentor
- Skills and experience
 - Credibility, fill gaps, add market knowledge
 - Technical skills – e.g. sales, finance, law, etc
 - Strategy, governance, fund-raising
- “Putting something back”
 - Feel-good factor can be a motivator

Involvement?

What they want



Often what they get



What a typical Angel expects to see first:

- Good people, good mix (but no 'one-size-fits-all'!)
- Industry/market know-how & good insights
- Customers buying, using or having a propensity
- Competitor knowledge – who, where, how, what
- Solid case for exploitation (i.e. great numbers)

i.e. 'Is this a compelling opportunity?'

What a typical Angel wants to see next:

- Detailed tactics, prospects pipeline, pricing, etc.
- Defensible IP or strong USP
- Gaps and risks, milestones, possible Plan B
- Founders investment or discounted salaries
- ‘Right’ level of investment with headroom
- ‘Sensible’ share being offered
- Realistic prospects for exit

‘i.e. Do they know what they’re doing?’

The trouble with business plans!



What's promised



Often what's delivered



- Lab. instrumentation
- ex-University of York
- First invested Jul-05
- Several rounds of equity and loans
- Life sciences market
- Exporting worldwide
- Licensing to major OEMs



Yorkshire Association
of Business Angels



- Dispersions for inks for inkjet printers
- Sheffield-based manufacturers
- Equity from Angels and Viking Fund 2009
- Exporting to Asia, Europe, USA
- Sales growing >50% pa
- Asset finance and working capital



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YABA helped me realise my potential

We're really pleased that our investors are now on board, as they bring with them expertise, as well as helping us with our finance. *Kim Johnson, Little Helper*

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27th April 2010
- » Green technologies forum
11th May 2010
- » Exit Strategies
18th May 2010
- » June Angel members lunch
8th June 2010
- » June investment forum
15th June 2010
- » Healthcare investment forum
13th July 2010
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Who We Are

YABA is a non-profit making organisation set up in 1995 to help introduce its membership of over 120 Business Angel investors to entrepreneurs seeking finance.

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Deals Done

A Yorkshire-made energy saving device looks set to go global, thanks to support by angel investors, Dr Chris Ilett and Alan Needle of YABA.

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