How to Become a Business Angel by Petr Skrla

* You need to have money, patience, take liking in helping people and many other things
* Out of 10 investments, only one will be a home run, 3 will return 1x-5x and the others will not profit/fail and return nothing, from these statistics we can say that if you intend on making only 2-3 investments you will probably lose your money, so portfolio planning is crucial
* Average USA Business Angel returns were 12% in 2020
* If you want to really plan your investments and make good returns, plan on making at least 10 investments over 3 years, to make one quality investment plan for it to take at least 160 hours
* Being a Business Angel is kind of like being a parent, you need to be there for them, but also need to give them free will, otherwise you will impair the start-up’s to “take care of themselves”
* While being a Business Angel you will keep on learning new things
* When thinking of becoming a Business Angel, you need to expect to put money, time, your knowledge, and your heart into it, although too much emotion can impair your ability to think clearly
* If you are not willing to commit to your start-up, you cannot be as successful
* Mainly invest in companies that, other of money, you have added value for, i.e., in fields you have knowledge in
* If you do not have enough money to “fly solo” as an Angel Investor, consider joining a club of smaller investor
* The earlier you invest – smaller the valuation, the bigger will be your reward, but the risk scales as well, think about what an acceptable risk for you is!
* The percentage you have in a company and what you get for your money (and knowledge!) cannot be a set amount, if you understand the field, decide case by case
* If you know the value of your knowledge you offer to the start-up, do not be afraid of asking for more! It is important to sell yourself.
* Before starting with investing, join a local investment club, get involved in your country’s Business Angel Network and learn from others at least for half a year, then, and only then, you should start making decisions and investments with that bound. Make the commitment to not rush into anything, else you might fail before really starting. And we do not want that!
* Main thing to focus on in a start-up is not their vision, but their ability to turn the idea into a sellable product, do a reality check and if need be, consult other investors who might have a bit more knowledge in the field, if you put in the work, your returns will be better!
* A good reality check for investment returns is comparing it to a real estate investment, which is probably the most risk-free investment available. Can you make more money, risk-adjusted, with the start-up?
* Personal recommendation from our speaker is watching not only the field but also the type of market, winner-take-all field will not be a good investment for a starting BA. It is better to watch for markets where your start-up can get a share, even though it will probably not take over, this type of market lowers the risks involved and better justifies the cost/returns.
* Convincing customers that they really need your product/yours is the best is a crucial skill you should learn/acquire, because selling the product is as important as actually making it. Do not price too low, understand the value of your product!

How to Become a Business Angel by Martin F. Herrmann

* As a Business Angel, you do not only offer money, but you are also mainly offering you expertise, contacts, and knowledge either in the field or in developing a working and a successful company.
* Take the time to analyse your possibilities and different types of participation structures (convertible, SAFE, direct stake) as well as very important protection clauses you might have to use. (tag-along, drag-along, liquidation preference)
* Other than searching for companies to invest in, do not be afraid to communicate that you are active as a Business Angel, they can also come to you, if they are interested in your experience.
* When investing, focus not only on the product, but also on how the founders work as a team and if they will be able the possible roadblocks, that lie ahead. Other than that, a scalable product is a good product, you might want to go international one day.
* For starting out, consider making your first investment via an accelerator, to learn the ways a bit more safely.
* Diversify your portfolio, it is not a good idea to put all your money into one company, yes, you might win, but you might also lose. Spray ‘n Pray!
* Preparing yourself for maybe a total loss of your funds is always a good idea, be it mentally or financially, better be prepared and not need it, than to not be prepared and get affected by the downfall a lot more.
* After investing do not distance yourself, work closely with the start-up on fighting your way to the top! Commit your money, time, and contacts to the start-ups you believe in.
* Before investing, do ask the company their business plan and try to criticise it, work with them on these possible holes and improve the outcome of your investment.