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FOREWORD

KEITH MORGAN,
CEO, BRITISH BUSINESS BANK

The British Business Bank, the UK's economic development bank, has a mission to improve finance markets for smaller UK businesses. As part of that mission, it works to enhance the business angel eco-system across the country.

This report provides fresh insight into business angel investors in the UK. The right funding at the right time, coupled with the expertise that external angel investors can bring, is often the key to unlocking rapid growth for companies wanting to expand, diversify, or enter new markets. A vibrant and healthy business angel market is therefore a key ingredient for a successful national economy.

Business angel investments tend to be of a private nature. This has meant that data on this part of the market has often been hard to collate from conventional sources. For this research, the British Business Bank and the UK Business Angels Association undertook a direct survey of angels across the UK.

Our research gathered details of factors such as the background, expertise, portfolio composition and decision-making of over 650 individuals, creating a multi-faceted picture of the UK business angel population. This has enabled us to produce an in-depth analysis of the overall market.

It is clear from this report that angel investors play a vital role in the economy, bringing patient capital, business experience and skills to support the growth of smaller businesses. Encouragingly, the business angel market has been maturing, with the experience of the investors and the volume and value of investments made increasing in recent years.

The British Business Bank-supported Angel CoFund has played an important role in catalysing those angel finance markets, enabling over £228m of investment in growing businesses since November 2011.

Our research finds, however, that regional imbalances exist in the location of angels and the investments they make. To address these imbalances, we are establishing a new commercial programme to support developing clusters of business angels outside London.

Alongside our existing programmes, we expect this new initiative to deliver further improvements in the UK's business angel finance market, making it more dynamic and diverse.

I look forward to working with our partners to deliver these improvements, and to helping our smaller UK businesses to fulfil their growth potential.



JENNY TOOTH OBE
CHIEF EXECUTIVE
UK BUSINESS ANGELS
ASSOCIATION

UK Business Angels Association is the trade body for angel and early-stage investing for the UK, working with over 15,000 angel investors, as well as VC funds, crowdfunding platforms, accelerators and the advisory community to build a connected entrepreneurial finance ecosystem.

Business Angel Investment is the most significant source of risk capital to support the early growth and scale-up of small businesses here in the UK, whilst it remains a challenge to understand the trends and developments in the angel market. I should thus like to express our great appreciation to the British Business Bank for supporting UKBAA with this vital new study of the investment behaviour and perspectives of angel investors here in the UK.

With 658 Angel investors participating in the research, this is the largest sample of angel investors ever researched in the market to date and we are very grateful to all of those in our angel community who supported this survey. As may be seen in the findings below, there are hugely positive signs of continuing growth in the angel market, with 41% of angel investors having increased their level of investing in the 2016-17 tax year. With 69% identifying strong growth and scale-up of their investee businesses, exceeding their expectations. In addition, this research shows the continuing importance to the angel community of the EIS/SEIS scheme to support their investments and we welcome the new enhanced EIS scheme made available by the government to support investment in Knowledge Intensive Businesses.

Nevertheless, despite these positive signs of growth, the survey reveals ongoing challenges for the market, with over 57% of angel investors based in London and the South East, whilst many regions continue to have an underserved level of angel investment. At the same time there remains an untapped pool of women angel investment. We therefore welcome

the British Business Bank's implementation of a major new financial instrument to leverage new regional angel groups, as well as the launch of a major new digital information hub to help companies around the UK to understand their finance options for growth and scale-up.

At UKBAA, we are complementing these important initiatives with capacity building actions, including opening new Angel Hubs in key locations around the regions to provide a focal point for connectivity, awareness and education¹. Our recently launched new national e-learning programme will also enable individuals to increase their knowledge and skills on how to be an effective angel investor². In addition, we have implemented a major campaign to increase the level of women investors across the UK, including important research of women's perspectives on angel investing.

We look forward to working with the British Business Bank and all of the major players in the financial ecosystem to enable the angel and early-stage market to continue to grow and thrive across the UK in backing the nation's entrepreneurs.

EXECUTIVE SUMMARY

The angel investor community in the UK is a growing and vibrant sector that brings together investors and entrepreneurs to help develop and grow businesses. Compared to other European nations the UK has the most mature business angel eco-system³, but in comparison to the US, there is still much ground to make up.

Business angels invest their own money into privately owned businesses with high-growth potential. Angel investors are also often referred to as 'smart capital' because, alongside the equity finance they provide, they bring business experience, strategic advice and networking opportunities. The angel investors surveyed for this report make a significant time commitment to the businesses in which they invest. Business angels are increasingly investing through networks or syndicates and may also co-invest alongside other types of finance.

This report presents the findings of a new survey of business angels commissioned by the British Business Bank with support from UK Business Angels Association and run by IFF Research. The findings reflect the responses of over 650 business angels, making this one of the most comprehensive surveys of angels in the UK to date.

The report highlights several key themes:

The UK business angel market is maturing

The survey findings indicate that the business angel market is maturing, both regarding the experience of investors and the volume and value of investments the investors are making. More than half of angels have more than five years' experience as an investor and over 600 business angels made more than 2,500 equity investments in 2016-17, although many of those were part of a syndicate investment. The high level of respondents using business angel syndicates as an investment vehicle is another indication of the maturity of the angel market eco-system. Almost four out of five business angels invested as part of a syndicate.

Angels continue to offer patient capital to smaller businesses

In 2017 the Patient Capital Consultation identified and quantified the lack of funding for scaling-up companies in Britain.⁴ This research demonstrates that angels are a source of patient capital⁵ and help provide finance for scale-up companies. The average duration of an angel's investments is six years. This helps align entrepreneurs' and angels' incentives to secure the long-term success of the business.

Angels invest in future entrepreneurs beyond the business plan

Many entrepreneurs with an unproven business plan struggle to finance their ideas. Angels assist these entrepreneurs and help them to flourish with initial and follow-on capital to further finance the entrepreneur's business. The survey findings confirms angel's investment decisions are based on their assessment of the individuals running the business, as well as the business plan. Almost all of the investors (93%) think it is essential that entrepreneurs have relevant skills and experience, with a similar number (89%) emphasising the importance of the potential of the business to achieve growth and scale.

Business angels and the businesses supported are concentrated in London and the South East

The so-called golden triangle between London-Cambridge-Oxford is where most UK angels are located, and where they tend to invest. Over half (57%) of angels are based in London and the South East, with the majority (80%) of London based angels making at least one investment in London. But angels elsewhere are also attracted to investing in London with 63% of non-London based investors making at least one London based investment.

These themes highlight the important role of angel investment in the UK economy. Since its inception, the British Business Bank has been active in supporting angel finance. Through the Angel CoFund, investment is provided alongside syndicates of business angels to support business with strong growth potential. On the demand side, we raise awareness of business angel investment through the Business Finance Guide.

As part of the Patient Capital Consultation, the government consulted on potential barriers to accessing finance and the means to overcome them. In last year's Budget 2017, the Chancellor announced an action plan to unlock over £20 billion to finance growth in innovative firms over 10 years. This plan allocated additional resources to the British Business Bank in response to the Patient Capital Review. The British Business Bank will be launching a commercial investment programme to support developing clusters of business angels outside London.

CHAPTER 1

Introduction

This chapter provides a high level overview of business angels and their contribution to the economy (section 1.1). It then introduces the new survey that gives insight into angel activity in the UK (section 1.2).

1.1 Who and what are business angels?

Business angels are individuals who make equity investments in businesses with growth potential. These can either be businesses in the early stages of development or in established companies looking for expansion capital. Angels can invest on their own, or through an angel group/syndicate. Most commonly, angels invest in these syndicates via a lead angel. Angels can provide multiple rounds of finance and frequently co-invest with other sources of equity.

Business angels provide two key assets. One is 'smart capital' where they offer their business experience and networks to pivot early-stage businesses to a higher growth trajectory. For example, they will often take a non-executive board position in the company. The second is 'patient capital' because to develop the business in this way takes time. Therefore, by acting as long-term investors, angels can play a significant role in getting innovative businesses ideas off the ground. For a growing business, this combination of expertise and capital can be crucial for success.

The angel investment market tends to be less sensitive to economic cycles⁶, and they tend to invest locally, resulting in potentially broader regional coverage of investment compared with venture capital⁷.

Business angels make a significant contribution to the UK economy. For example, Oxford Economics have estimated the economic impact on the UK of firms using venture capital or business angel finance or both. This analysis identified 15,000 angel-backed businesses over five years to 2015. It estimated that angel supported businesses had a turnover of over £9bn, contributed £4.5bn to GDP and created 69,700 full-time equivalent jobs in the UK economy.⁸

This report draws on a new business angel survey, commissioned by the British Business Bank and the UK Business Angel Association. It provides a comprehensive update on business angel market developments since the publication of the Nation of Angels report.²⁸

What is the profile of the typical business angel?

- The typical business angel in the UK is male, white and are most likely to live in London.
- The average age of respondents to the survey is 52 years old.
- Business angels are highly experienced with 8 years of investment experience.
- The median initial investment is £25,000, and the median follow-on investment is £7,500.
- On average this typical angel spends 1.6 days a week in the new business they invest in and holds their investment for 6 years.
- Typically, this angel makes effective use of the EIS and SEIS scheme.

1.2 Survey methodology

The survey was promoted extensively by the UK Business Angels Association and the British Business Bank, via direct telephone and email contact with the UK Business Angels Association's contact list, as well as via social media. Emails were sent to individual angels, leads for existing angel syndicates and over 70 business angel networks.

Screening questions ensured that respondents were limited to current, active business angels that made one or more investments over the last three financial years. The online survey contained 12 questions, consisting mostly of multiple-choice questions.

All 658 online respondents were invited to opt-in to take part in a more detailed telephone interview, by sharing their contact information at the end of the online questionnaire. As a result, 159 follow-up telephone interviews were conducted by IFF Research. Responses were linked for those individuals that completed both the online and telephone questionnaires.

Every effort was made to reach as wide an audience of active angel investors as possible. However, as there is no comprehensive database of business angels, we cannot be sure that the results are perfectly reflective of the overall population. These results, therefore, require careful interpretation and direct comparisons with previous studies, including Nation of Angels⁹ need to be treated with caution. That said, this research represents a detail snapshot offering insights into the attitudes, motivations and activities of business angel investors and the companies they invest in.

CHAPTER 2

The UK business angel market is maturing

The survey findings suggest that the UK business angel market is maturing, in terms of the experience of investors and the volume and value of investments those investors make. This chapter reviews the basic demographics of the angels surveyed (section 2.1), before considering the experience of angels (section 2.2). Turning to the scale of angel activity, section 2.3 reviews the volume and regional distribution of those investments. Finally, this chapter highlights the extensive use of syndicates as an investment vehicle (section 2.4).

2.1 Basic demographics: gender, ethnicity, age

A majority (91%) of the survey respondents are male (figure 2.1). However, it is important to note that just prior to this survey the UK Business Angels Association participated in an European-funded programme, Women Business Angels for Europe's Entrepreneurs (WA4E) – The Barriers and Opportunities for Women Angel Investing in Europe¹⁰. This may have skewed the data due to survey fatigue amongst female angels. It is noteworthy that the WA4E women angel survey has a higher number of female respondents in the UK than our survey.¹¹ Nevertheless, these results are consistent with prior research in showing gender differences in participation in angel investment.¹²

Gender differences in angel investment are likely to be tied to broader contextual or structural factors such as social norms and labour market structures. The survey results suggest female angels can be concentrated in London, with around half of the total number of such respondents being London-based. The survey also shows that female angels have made less investments with the majority (51%) having made five or fewer investments in total, compared with 41% of men.

Out of the 658 angels, only 45 (7%) identified themselves as any other ethnic group. In contrast, the UK 2011 Census reports that 13% of the population can be grouped as any other ethnicity (figure 2.2).¹³

FIG 2.1

Business angels by gender

Source: B2. How would you best describe your gender? (online survey, n=650)

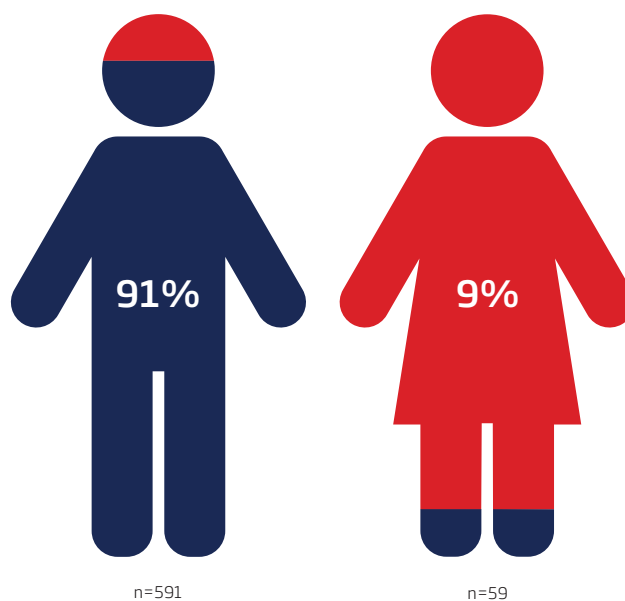
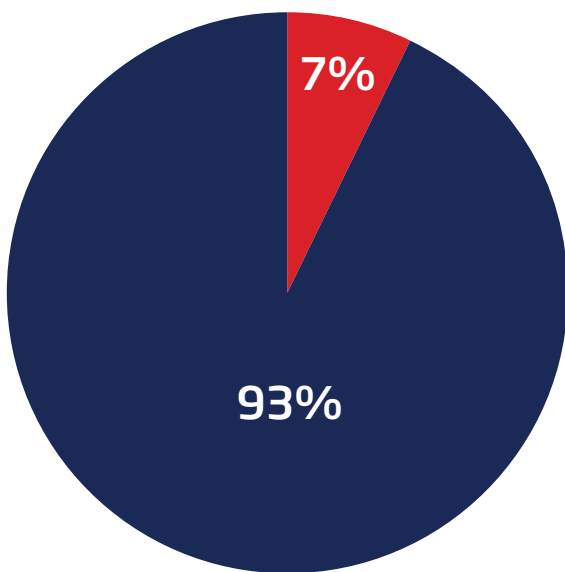


FIG 2.2
Business angels by ethnicity

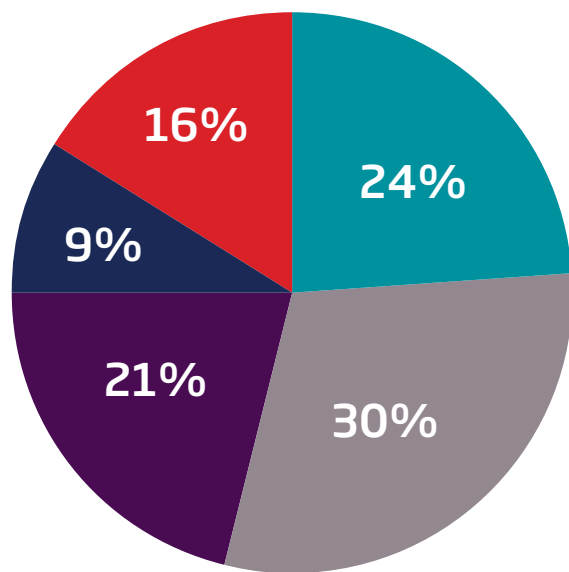
Source: B3. What is your ethnic group? (online survey, n=635)



■ White ■ Other ethnic group

FIG 2.3
Business angels by age

Source: B1. Please indicate your age (online survey, n=653)



■ 18-34 ■ 35-44 ■ 45-54 ■ 55-64 ■ 65+

The lack of gender and ethnic diversity amongst UK angels may have an impact on the entrepreneurs receiving funding. Evidence from the United States suggests that individuals tend to invest in “people like them”¹⁴. The WA4E female investor survey found that female angels are more likely to invest in female founders. Therefore, the positive effect of a more diverse angel investor community could help broaden the range of entrepreneurs receiving equity finance into their businesses.

A typical angel has amassed some wealth over the years by achieving a successful business-oriented career, but there are also individuals who have inherited capital. Angels are represented across all age bands, but most are concentrated in middle and older age brackets. 75% of angels are between the age of 45 and 64 where most free investable net wealth would be expected, whilst 25% are between the age of 18 and 44 which shows an emerging cohort of younger angel investors (figure 2.3).

2.2 Experience of investors

The maturity of the business angel is demonstrated by the finding that more than half (56%) have five or more years of experience as an angel investor. However, the business angel market has also seen a steady flow of new investors entering in recent years, with 17% of the surveyed angels entered the market in the last two years, alongside the more experienced investors (figure 2.4).

Angels in the survey have on average around 8 years of investing experience, with the majority of angel investors holding a portfolio of investment in more than 5 companies (figure 2.5).

The allocation of assets to angel investment varies between angels, accounting for a mean score of around a fifth (19%) of their total investable assets (figure 2.6).

FIG 2.4

Business angels by experience

Source: A1a. How long have you been investing as a business angel? (telephone survey, n=159)

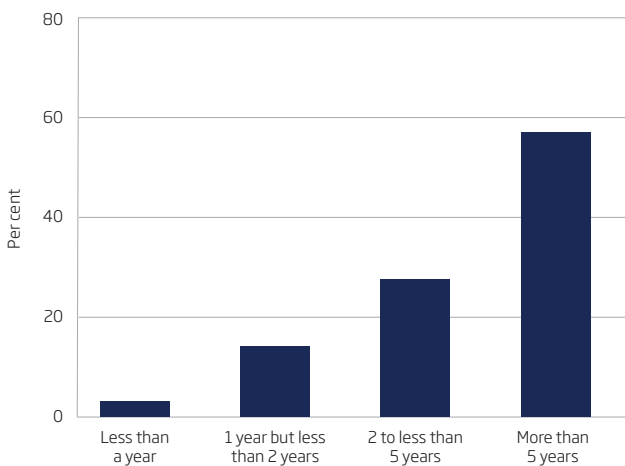


FIG 2.5

Total number of investments ever held

Source: A1. Total number of investments ever held (online survey, n=658)

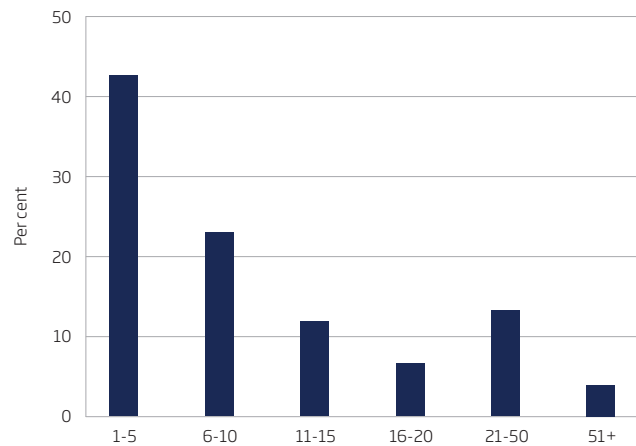
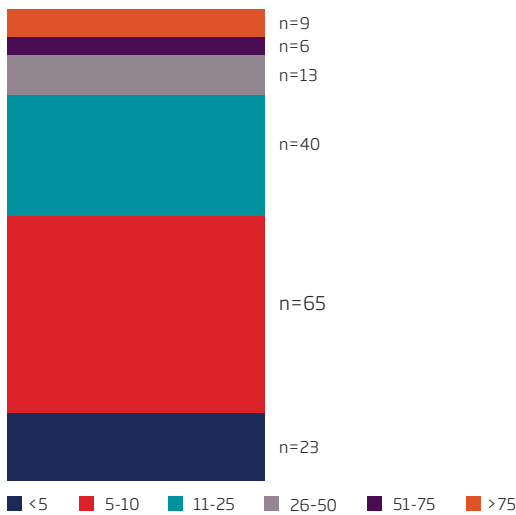


FIG 2.6

Investable assets allocated to business angel investment

Source: A2. Approximately what percentage of your investable assets do you allocate to business angel investment? (telephone survey, n=159)

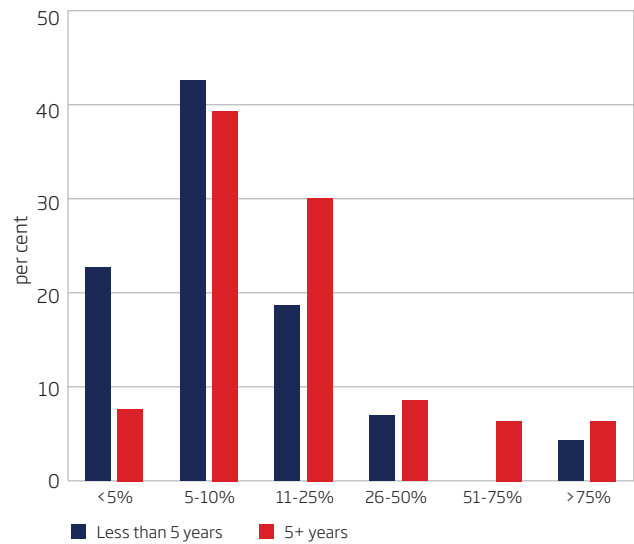


Dividing the survey respondents into two groups by experience of more than five years and less than five years demonstrates the extent to which angels allocation to angel investment increases over time. The more experienced angels invest 22% of their investible assets while the less experienced ones invest 14% (figure 2.7).

FIG 2.7

Investable assets allocated to business angel investment by experience

Source: A2. Approximately what percentage of your investable assets do you allocate to business angel investment? (telephone survey, n=159)



The survey finds a positive relationship between angel's experience and the volume of investment. Compared to the findings in the previous Nation of Angels study¹⁵, this group of angels is more experienced in both the number of investments made and in the number of years' operating as an angel, demonstrating the increasing maturity of the business angel population.

2.3 Volume and regional distribution of investment

This section investigates the amount of investment made by each angel investor during the year and the regional breakdown of investments.

In the 2016-17 financial year, 69% of angels invested in between 1 and 5 companies, with a median number of two investments. Only 9% made no investments over this period but had invested in the previous two years, while a small group (7%) made more than 10 investments. In total the 643 investors have made more than 2,500 investments, although the total number of businesses receiving investment is unclear as many investors work together in syndicates.

The survey asked business angels to share the approximate total value of investments made during the 2016-17 financial year (across all deals). As shown in figure 2.8, just over half (53%) of angels invested less than £50,000 over the year, while 28% invested more than £100,000.

Figure 2.9 presents the number of investors grouped by the value of their initial investments. This demonstrates the very wide range of investment commitments, from less than £10,000 to over £1million. The average angel investor invests a median of £25,000, however the aggregate amount received by the business will often be higher as angels invest in syndicates.

FIG 2.8 Value of angel investments made

Source: A7 Summary. What was the total approximate value of the angel investments you made? (online survey, n=564)

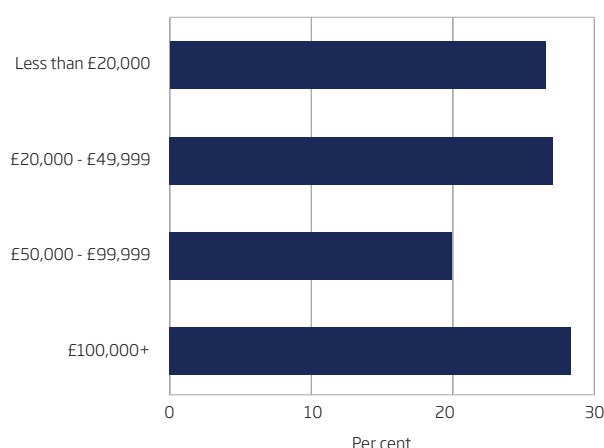


FIG 2.9 Value of angel investments made as initial investment

Source: A7_1. What was the total approximate value of the angel investments you made as initial investments? (online survey, n=586)

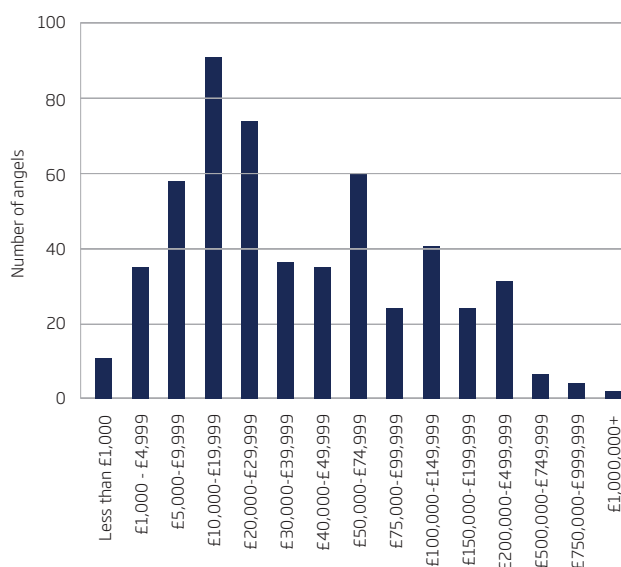
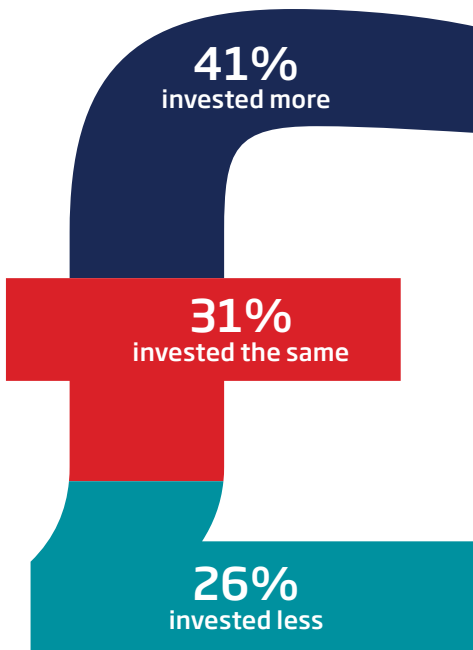


FIG 2.10

Volume (in £) of angel investment in the 2016-17 tax year compare to the previous tax year

Source: A8. How does the volume (in £) of your angel investments in the 2016-17 tax year compare to the previous tax year? (online survey, n=586)



The survey also asked each angel how their volume of investment in the 2016-17 tax year compared to the previous year. Most angels invested at least as much in 2016-17 as the previous year, with 41% reporting that they invested more (figure 2.10).

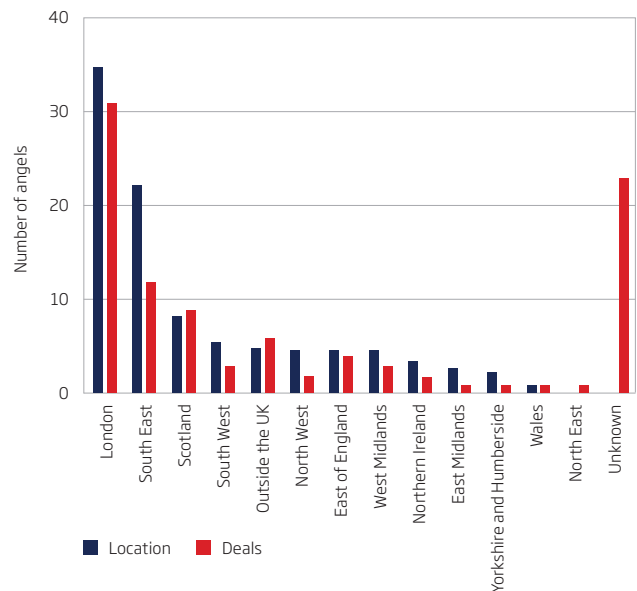
Taken together, these results present a positive picture of growth in number and value of investments made to support small and growing businesses.

Moving on to the regional distribution of angels (figure 2.11), the survey results suggest that there is a lack of angel investment outside the so-called golden triangle of London-Cambridge-Oxford. 57% of angels are based in London and the South East, with only 7% of angels responding to the survey being based in the Midlands, and 7% in the North of England. Scotland accounted for a greater share of respondents (8%) than the North or the Midlands. 80% of London based UK angels made at least one investment in London, compared with 63% of non-London based angels in 2016-17.

FIG 2.11

Number of companies invested in for each location and location of business angels

Source: A11a. Total number of companies invested in for each location during the tax year ended 5th April 2017 (online survey, n= 2568 deals) and B4. Where do you live? (online survey, n=658)



In terms of deals, 23% were reported to be in an 'unknown' region, of which 4% of angels didn't know the region of at least one of their investments in the most recent tax year. A possible interpretation for this is that individual angels in a network may not have been able to recall the location of every investment in which they participate when they completed the survey.

The concentration of angels in London is a constraint for companies across the UK being able to access investment opportunities. To increase the opportunities for entrepreneurs across the UK to access angel finance, the British Business Bank will be launching a commercial investment programme to support developing clusters of business angels outside London.

2.4 Use of syndicates

Syndicates are an increasingly common route to investment for angels in the UK. The survey reveals that 79% of angel investment take place as part of a syndicate. A syndicate enables angel investors to pool their risks, knowledge and skills. The use of a syndicate also helps companies to gather a greater level of funding than what they could have achieved otherwise. This, therefore, widens the portfolio of potential deals for an angel. More difficult investments, due to financial size or screening process, can be undertaken by a larger syndicate. Moreover, syndicated angels can invest a smaller share of their wealth into any individual start-up, thus mitigating risk through diversification.

The survey asked angels how many investments during the 2016/17 financial year they made as part of a syndicate. The survey shows that a quarter of angels invested in 3 to 5 companies via a syndicate and only 21% didn't participate in any syndicate. This high rate of syndicate participation should be read with caution as the survey was distributed around some syndicate groups. It is less likely that those angels investing on their own will have been reached by this survey.

“Ideally, I'd like to see fellow angels coming in, I don't like investing on my own, but have done it.”

FIG 2.12

Percentage of companies invested in as part of a syndicate

Source: A5. How many of the companies that you have invested in were made as part of a syndicate? (online survey, n=574)

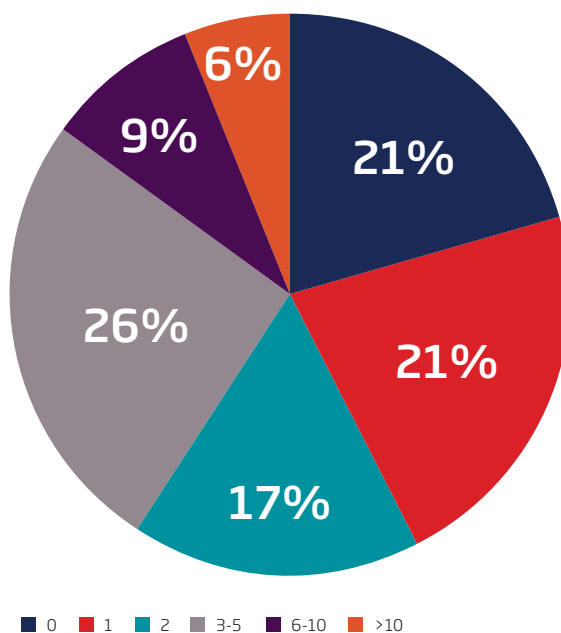
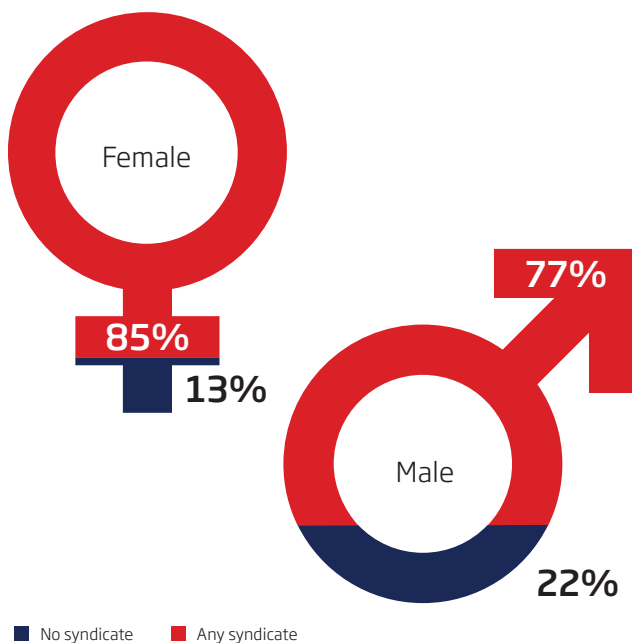


FIG 2.13

Investment as part of a syndicate by gender

Source: A5. How many of the companies that you have invested in were made as part of a syndicate? (online survey, n=579)



In many ways this move towards syndicate investments is unsurprising. The angel syndicate provides a wide spectrum of indirect advantages such as receiving views and ideas from more experienced angels, advice on deal valuation and structure, shared resources to undertake due diligence and shared costs for services.¹⁶

The survey shows that 74% of angels in London and the South East who made an equity investment are part of a syndicate compared to 82% outside the two regions. In addition, investors outside of London are more likely to take up the lead angel role in a syndicate.

Syndicate lead angels are experienced angel investors with a track record of successful investments. The survey shows that the majority are 45 to 64 years old. Business angels acting as lead investors had greater day to day contact with the businesses they have invested in compared to the co-investors, who take on a more passive role.

Angel syndicates may also provide an accessible pathway into investing for younger, less experienced angels, and an increasing number of young investors use this to develop their angel portfolio. Over 75% of investments made by angels under 35 years old were made through syndicates. It is also notable that 85% of women angels invest through syndicates and 10 out of 46 women who did so took up the role of a lead angel (figure 2.13).

In conclusion, syndicates play a crucial role in the UK angel eco-system allowing new investors to learn from experienced ones and offering them a path to be the lead angels of the future.

CHAPTER 3

Angels continue to offer patient and smart capital

Last year the government published its response to the Patient Capital Consultation.¹⁷ The consultation defined patient capital as “long-term investment in innovative firms led by ambitious entrepreneurs who want to build large-scale businesses.”¹⁸ The latest Small Business Finance Markets Report¹⁹ shows evidence that the lack of funding for scaling up companies in Britain has been problematic. Over time, the measures are expected to boost UK productivity by helping firms with the scale-up ambitions access the capital they need to grow.

This chapter reviews the role of angels in providing patient capital (3.1) and ‘smart capital’ (3.2). The last section focuses on factors that influence angels investment decisions (3.3).

3.1 Patient Capital

Consistent with a range of surveys, the results demonstrate that angel investment provides patient capital money.^{20,21,22} The reason for this is that angel investors are naturally aligned with the company’s long-term success and are less likely to seek an early exit. Angels are prepared to spend several years in the deal and recognise that exits will take time.

“I’m not interested in 6-12-month business”

Figure 3.1 shows 20% of angels expect to stay with their venture for 6-7 years and a further 20% plan to stay for more than 7 years. Only 1% of investors expect to hold their investment for less than 2 years.

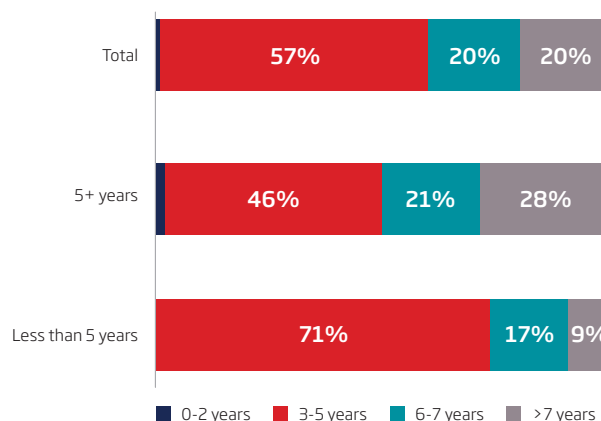
In the sample, the split between experienced and non-experienced investors is apparent in terms of their intended investment holding periods. A more experienced angel is more likely to keep its stake for more than 7 years while younger ones indicate that they are more likely to seek an exit in less than 5 years.

The reason for this relationship between of investment experience and expected duration of investment might be that more mature angels understand the challenges of a successful exit. Young angels haven’t lived through an entire investment cycle from investment to exit, so they, therefore, have less experience to judge the optimum length of time they prefer to hold their investment.

FIG 3.1

Angel’s experience and expectations of holding their investment

Source: B7. When you initially make an angel investment, how long, approximately, do you generally expect to hold it for? (telephone survey, n=159)



3.2 Smart Capital

‘Smart capital’ is the term for investors who bring extensive business experience, alongside financial capital, to support the successful growth of small businesses in the UK. Business angel investment represents ‘smart capital’, as the value of the investment to the business extends beyond the finance. Having an angel who has relevant business experience helps entrepreneurs achieve their business growth plans. In the survey, we find that almost 76% of angels said they give strategic advice, followed by providing a sounding board (68%) and access to customers/suppliers/markets (64%) for the businesses they invest in. In addition, 3 out of 5 angels give operational advice or help with accessing further investment rounds or both.

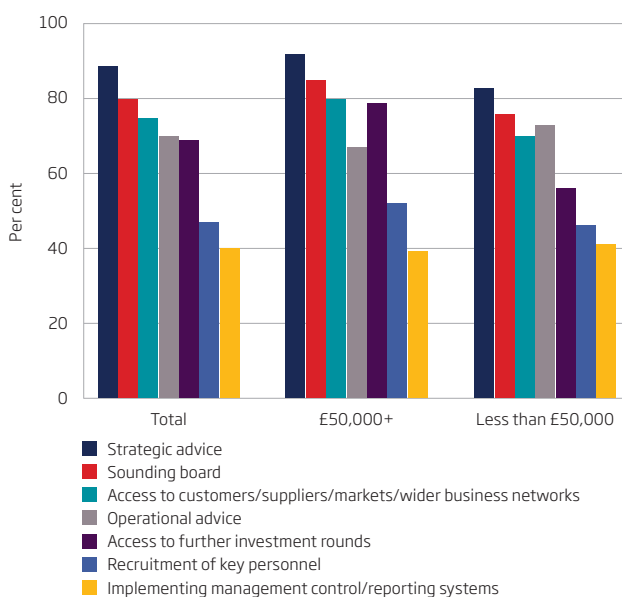
The survey results have been analysed to see if investment behaviour varies by investment size. In general, the larger the investment, the more likely the investors are to become involved. The survey suggests that as investment amount increases, provision of operational advice and the implementation of management control/reporting systems declines, see (figure 3.2). This indicates that an investor with a smaller stake focus more on operational issues, while those with larger investments are more likely to focus on strategic advice. In addition, angels who invest £50k+ are more likely to provide further investment rounds (79% versus 56%).

“It’s a personal thing; it’s really about the personal enjoyment of helping people. The one thing that impacts me is the time; I would need time to impact the business otherwise it would be too rushed. I pass on ones which would need the time on them due to my time constraints, I could take one more but would be rushing. It’s about personal satisfaction, not just about the money, the joy I can add to it, you need to add value to the investment, it’s not just about the money, I wouldn’t do it otherwise.”

FIG 3.2

Type of experience angels share with the businesses that they invest in by total value of investments

Source: B5. What type of experience do you share with the businesses that you invest in? (telephone survey, n=125)



The average angel spends 1.6 days²³ per week on their angel activities, with a small group (4%) spending upwards of five days. The amount of time devoted to angel activity increases with both the total number of investments and the age of the angel. Angels with more than average investments, i.e. above £50k investments show a difference in their patterns of activity; the more money they invest in, the more time they spend on the businesses they invest in.

Women appear to spend less time (mean 0.8 days) with the invested businesses than men (mean 1.7 days). The likely explanation is that more women in the survey invest as part of a syndicate and hence play a less active day-to-day role.

Investigating the background and time that angels allocate to a business corroborates previous findings that more experienced angels not only invest more capital but also spend more time with their business investments.

FIG 3.4

Time spend per week on angel invested activities

Source: B6. How much time do you spend per week on angel investing activities? (telephone survey, n=159)

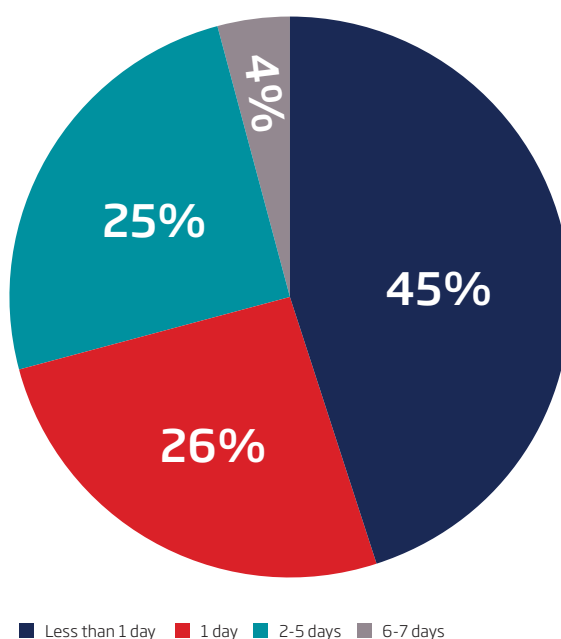
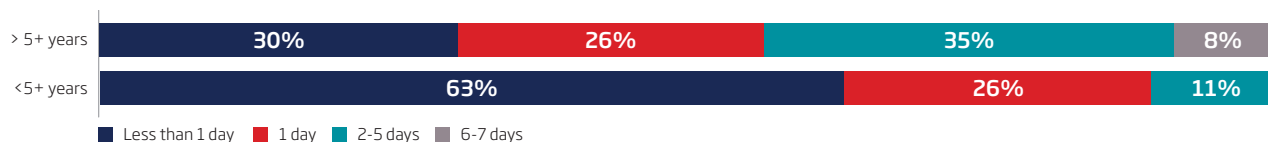


FIG 3.6

Time spend per week on angel invested activities by experience

Source: B6. How much time do you spend per week on angel investing activities? (telephone survey, n=159)



3.3 Angels investment decision making

For entrepreneurs seeking funding for their company, it is important to understand what characteristics angel investors look for when assessing investment opportunities. The survey asked business angels what they look for and what motivates them to make an investment ((figure 3.7).

“For me, it’s the people, a whole mix of skills, passion and drive. They need to have a passion for the organisation and meeting customer needs”

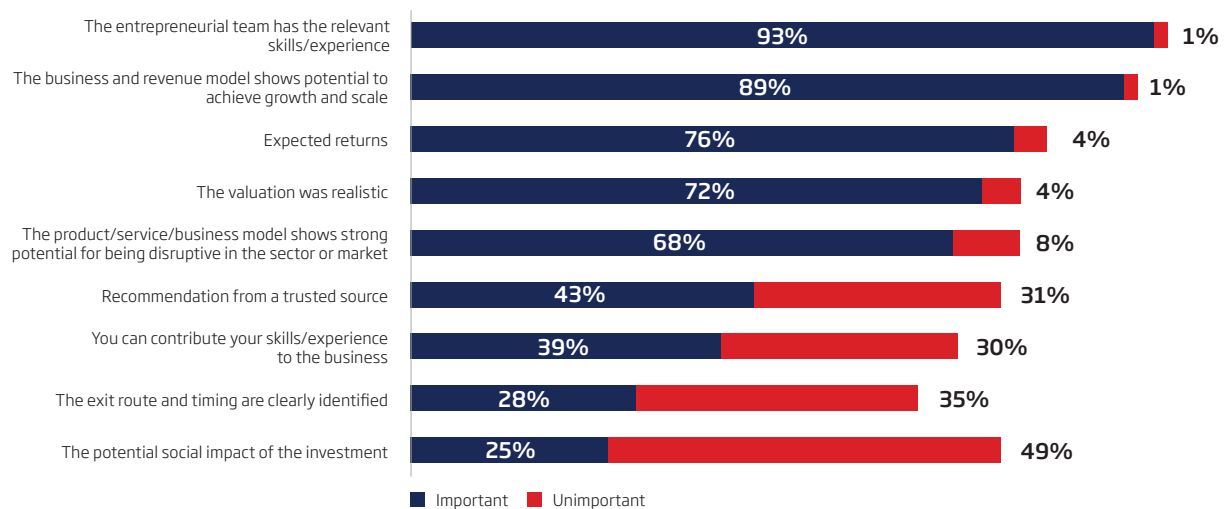
For most angels, it is essential that the entrepreneurial team demonstrate the relevant skills and experience. The vast majority of the surveyed angels (93%) said that the entrepreneurial team having the right experience or skills is important, of which 65% rating it very important. In the open-ended comments on factors influencing investment, many angels emphasised the character, connection and relationship with the founders as vital.

Unsurprisingly, the potential for growth was also seen as core to the investment decision, with 89% viewing that as important. Around two-third of respondents said expected returns (76%) and realistic valuation (72%) are important in their decision making.

“It is an art, not science!”

FIG 3.7
Factors that influence business angel's decision to invest in a business

Source: B1. Summary Table. Thinking about the factors that influence your decision to invest in a business, how do you rate the importance of the following factors in influencing your decision? (telephone survey, n=159)



Angels want to see the traditional attributes of skills, business model and growth plan. Nonetheless, 68% of angels think it is important to invest in product/business models which show strong potential to disrupt the sector.

In figure 3.7, 25% of angels focus on making a social impact. They also are unlikely to seek a clearly defined exit route ex-ante, which corroborates the view that angels invest for the longer run. Another important factor is a recommendation from trusted sources.

In the telephone interviews, the recurring comment on what is critical for an angel to invest in a company was that the management and business feel like a good fit. Figure 3.8 shows a word bubble from the interview survey asking the factors that angels consider important.

“The management is absolute key; they need to have a clear vision, the right balance of team, good track record, to be impressive, they’ve got to have the X-factor, they have it or not, can’t put it in words. The business is solving a problem.”

In conclusion, these factors provide some insight into the investment decision making of angel investors. This may be useful for entrepreneurs who are considering what aspects of their business proposals they need cover when planning their pitch to potential investors.

FIG 3.8

Factors that business angels consider important on their decision to invest in a business

Source: B2. Are there any other factors that you consider to have a very important influence on your decision to invest in a business? IF YES: What are these factors? (telephone survey, n=124)



CHAPTER 4

What are the characteristics of recent investments?

This chapter focuses on the investments made and the portfolios accumulated, by angels. Section 4.1 considers the extent to which angels invest alongside other types of finance, to give insight into the range of other funding used by businesses who obtain angel investment. Section 4.2 looks at angels' initial and follow-on investment patterns. The wide range of sectors in which angels invest is explored in Section 4.3.

Section 4.4 demonstrates the extent to which angel investment is associated with increased turnover and employment. Section 4.5 investigates how the tax schemes, EIS and SEIS, contribute to the angel market eco-system. The last section (4.6) reviews the survey evidence on the ability of angels to exit from their investment and their view of the angel market in general.

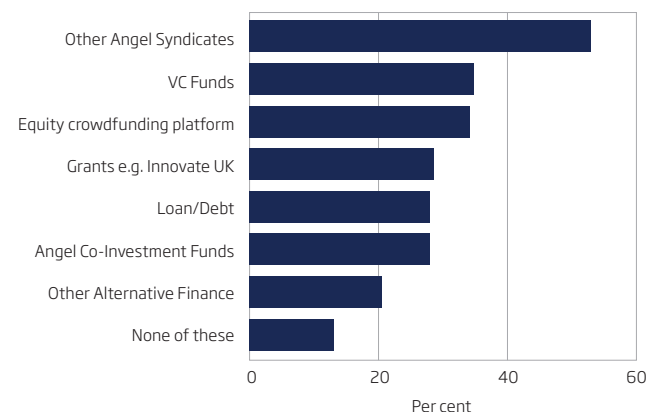
4.1 Deal structure

Co-investment with other sources of finance is an extremely common practice amongst UK angels and helps businesses receive the blend of finance best suited to their business plans. Only 13% of angels said that they did not co-invest with any other type of finance providers. Comparing the other types of finance, the survey evidence suggests that angels are more likely to invest alongside other syndicates than they are with equity platforms or VC funds. There is little difference between investment alongside grants, loan/debt and angel co-investment funds with around one-in-three angels investing alongside those products (figure 4.1). The British Business Bank's own analysis of Beauhurst data, supports the survey results. It shows that 57% of angel network deals between 2011 and 2017 co-invest alongside other financial providers.

FIG 4.1

Finance providers that business angels have co-invested with

Source: A3. Which, if any, of the following finance providers have you co-invested with in the tax year ended 5th April 2017? (telephone survey, n=159)



Many traditional debt finance products are collateral based and thus not easy for start-ups to obtain, however, the provision of equity finance may make it easier for those businesses to also obtain debt finance.

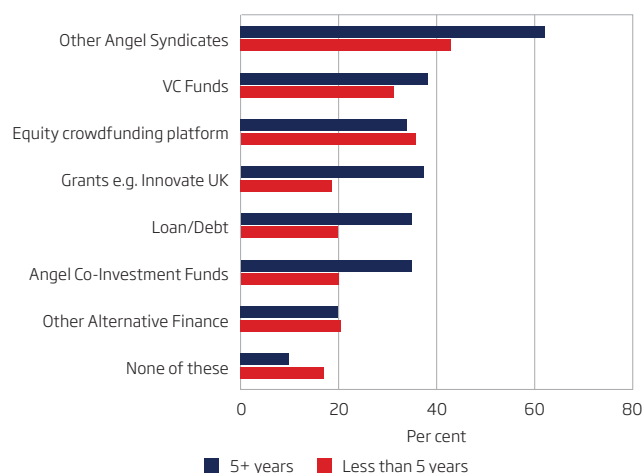
This question was included in the telephone survey, so the smaller sample size limits the analysis that the extent that strong conclusions can be drawn on the patterns of co-investment broken down by angel characteristics.

However, focusing on angels who have been in the market for more than five years, the survey finds that 62% invest alongside other angel syndicates, 37% alongside grants and 35% alongside loans or debt. Figure 4.2 indicates that more experienced angels invest alongside a wider range of finance providers than those who have been angel investing for less than five years.

FIG 4.2

Finance providers that business angels have co-invested with by experience

Source: A3. Which, if any, of the following finance providers have you co-invested with in the tax year ended 5th April 2017? (telephone survey, n=159)



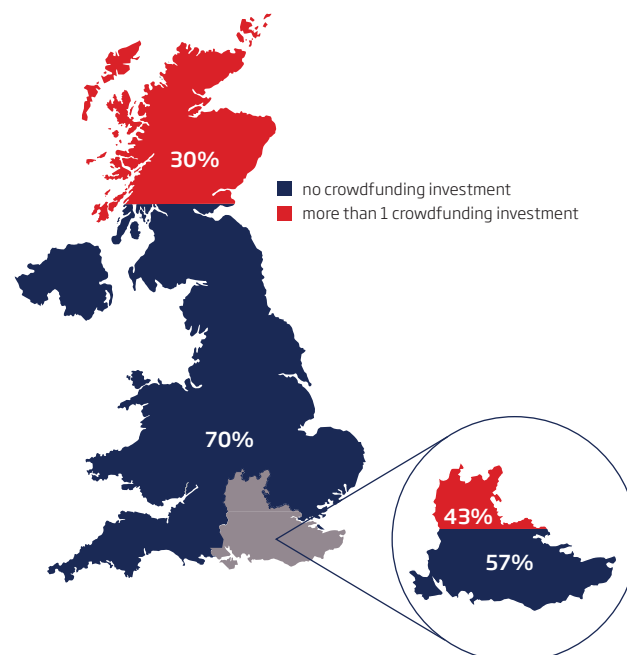
In terms of the regional co-investment patterns, there is a greater preponderance of angels investing alongside crowdfunding in London and the South East. In these two regions, 43% of the investors have co-invested with an equity crowdfunding platform compared to 30% of the rest of UK. This may, however, reflect the greater use of crowdfunding by entrepreneurs in London and the South East, rather than a preference amongst angels to invest alongside crowdfunding (figure 4.3).

In summary, it is clear that angel investors are often investing in businesses who use more than one type of finance, demonstrating that angel investment is an important part of the finance mix for many businesses.

FIG 4.3

Business angels investment through an equity crowdfunding platform by location

Source: A4. In addition to any business angel activity, how many companies have you invested in through an equity crowdfunding platform during the tax year 6th April 2016 - 5th April 2017? (telephone survey, n=157)



4.2 Initial and follow-on investment

As discussed in the previous chapters, angel investment is a key source of capital in the early stages of business and product development. Therefore, once the entrepreneur's own capital and money provided by family or friends have been used, external equity finance is often required. Angels are a key supplier of seed stage investment that helps put the business on a growth trajectory, however the initial equity investment may not be sufficient and over time follow-on funding is required.^{24,25} This section therefore looks at the patterns of initial and follow-on funding provided by angels.

Across all the survey respondents, 34% of angels made an initial investment of less than £20k. Nearly 1 in 5 angels made investments worth over £100k+. Only a 6% had not made an investment in 2016-17 (figure 4.4).

FIG 4.4

Value of the angel investments made as initial investment

Source: A7_1. What was the total approximate value of the angel investments you made as initial investments? (online survey, n=586)

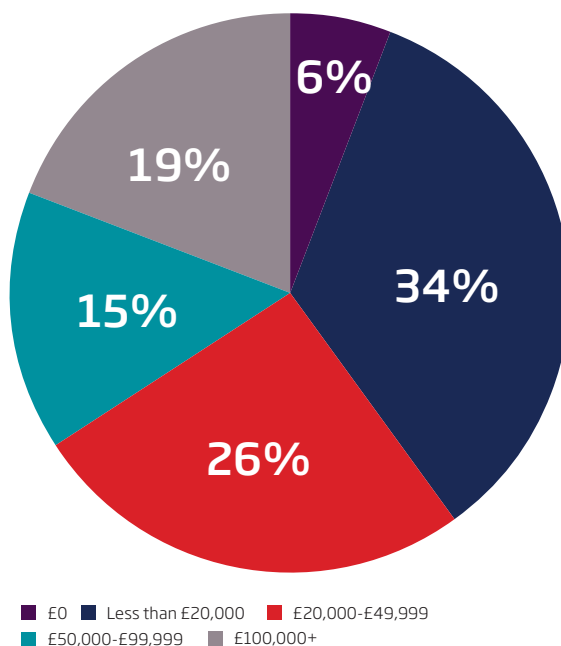


Figure 4.5 presents data on the total value of initial investments made by angels and the number of companies in which they invested in 2016-17. Of those that invested less than £20k, they are most likely to have made only one investment (44%). In the largest investment bracket (£100k+), only 12% make one investment, with nearly two thirds of those investors making between 3 and 10 investments.

Exploring the age groups of the respondents, the survey shows that young angel investors invest on average less than older ones. Two-thirds (66%) of those under 35 invest less than £20k. Over the age of 35 the pattern of initial investment is similar across all age groups (figure 4.6).

“I prefer to invest a certain amount in each company and I still want to have influence in that company, I shy away from investments which require large sums of money to sustain them.”

FIG 4.5
Value of the angel investments made by number of companies invested

Source: A7_1. What was the total approximate value of the angel investments you made as initial investments? (online survey, n=586)

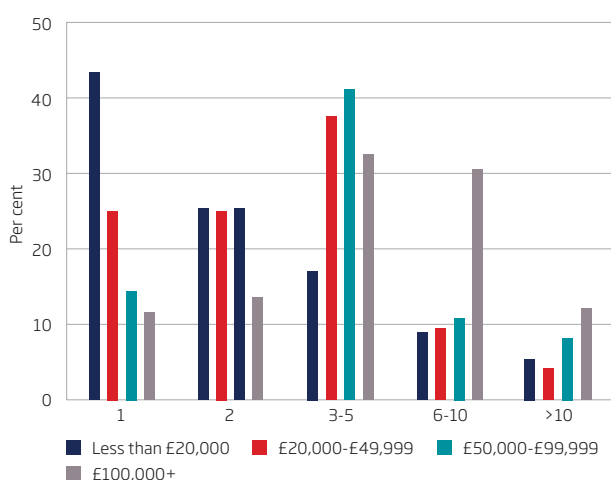


FIG 4.6
Value of the angel investments made as initial investment by age groups

Source: A7_1. What was the total approximate value of the angel investments you made as initial investments? By age groups (online survey, n=586)

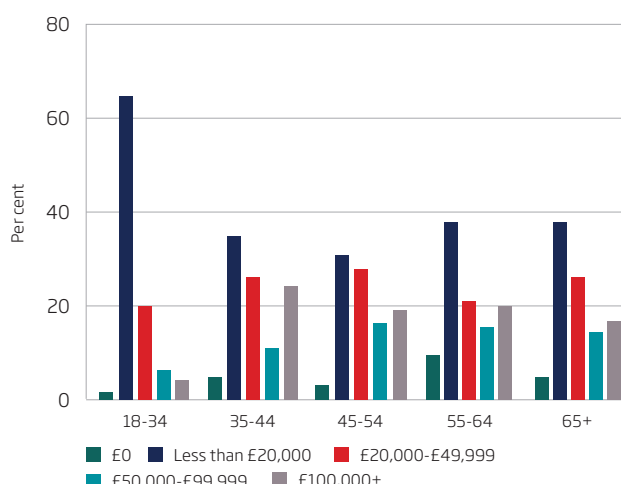
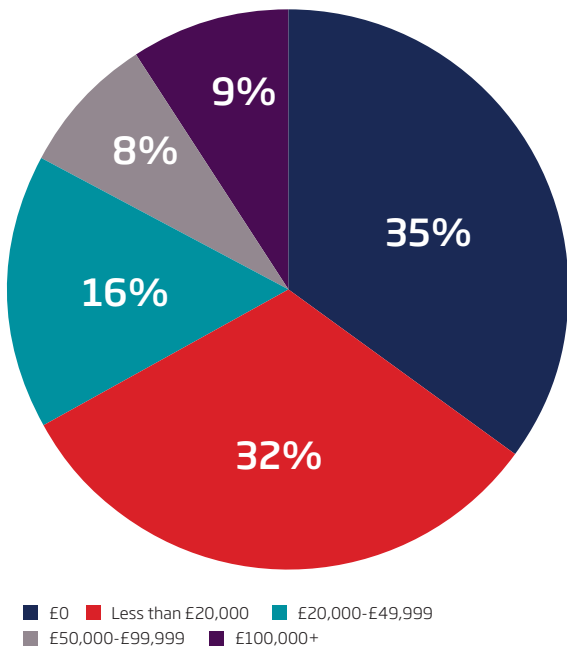


FIG 4.7

Value of angel investments made as follow-on investment

Source: A7_1. (online survey, n=569) and A7_2. What was the total approximate value of the angel investments you made as follow-on investments? (online survey, n=565)

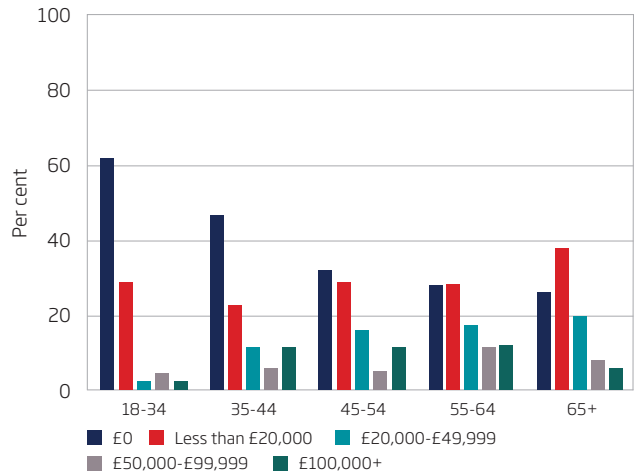


The survey also gave us some insight into the pattern of follow-on investments. Young angels may have less finance available to them to make follow-on investments. Overall, a third (35%) of the survey pool says that they didn't make a follow-on investment, with two-thirds (62%) of the under 35 year olds not making an investment. However, the number of follow-on investors increases by each age group.

FIG 4.8

Value of the angel investments made as follow-on investment by age group

Source: A7_2. What was the total approximate value of the angel investments you made as follow-on investments? (online survey, n=581)



A lack of follow on funding may arise for several reasons. On the demand side, the business may not require further funding, either because it has become self sufficient or it has ceased trading. Alternatively, on the supply side it may be that the business receives funding from another source, or that the angel is unwilling or unable to provide the follow-on funding.

4.3 Investment by sector

This section focuses on business angels' investment by sector and region. The sectors have been divided into technology intensive and non-technology intensive industries, see table 1.

As figure 4.9 shows, the top five sectors business angels invest in are Healthcare, BioTech, Fintech, Software as a Service (SaaS) and E-commerce, all of which are tech-intensive sectors. But it is also noteworthy that there is a wide range of sectors in which angel investors are active, demonstrating the wide-ranging potential for angel investors to have impact.

One caveat to bear in mind when looking at sector breakdowns is that some businesses are hard to assign clearly into one sector only. The survey relies on the assessment of the angel investor to classify the sectors of the companies in which they invest.

TABLE 1

Tech and non-tech sectors

Technology-intensive sector

Aerospace, Defence and Space Tech
BioTech and Pharmaceuticals ('life sciences')
Digital Media and Content
E-commerce
Education Technology
Energy, Environment and Clean Tech
Financial Technology ('fintech')
Gaming
Healthcare and Digital Health
Mobile and Telecoms
Security and Cyber Security
Software as a Service ('SaaS')

Non-technology intensive sectors

Advertising and Publishing
Electronics and Hardware
Fashion and Design
Film, Theatre and Entertainment
Financial and Professional Services
Fast-moving consumer goods (FMCG)
Leisure, Hospitality and Tourism
Manufacturing and Engineering
Property and Construction
Transport and Logistics

FIG 4.9

Sectorial distribution of business angel investment

Source: A12. In which sectors were these companies operating? (online survey, n=586)

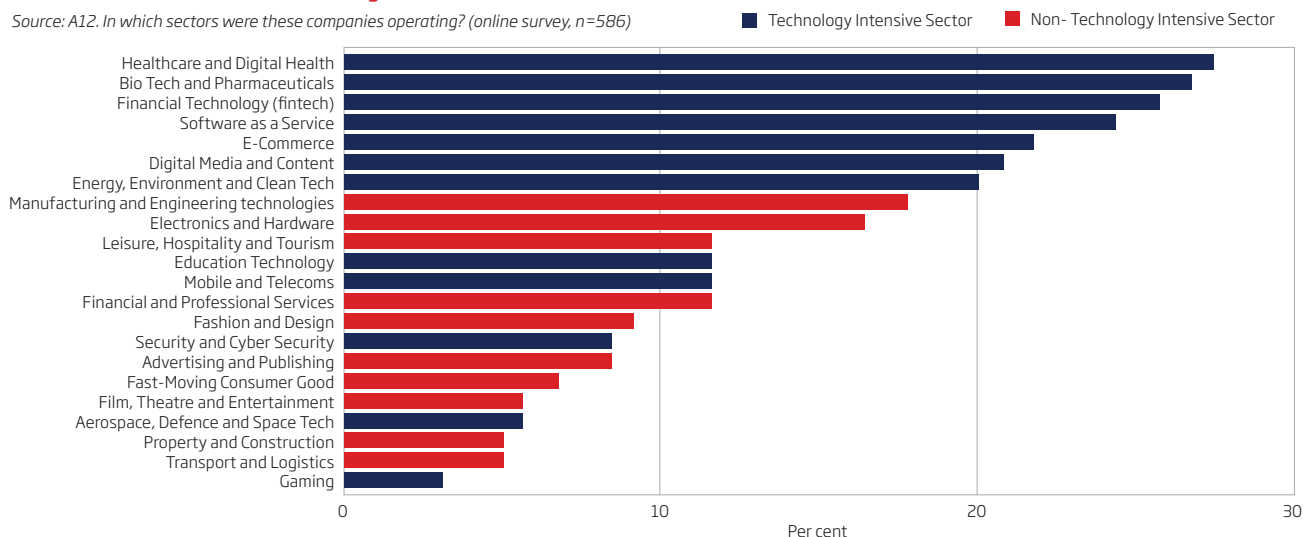
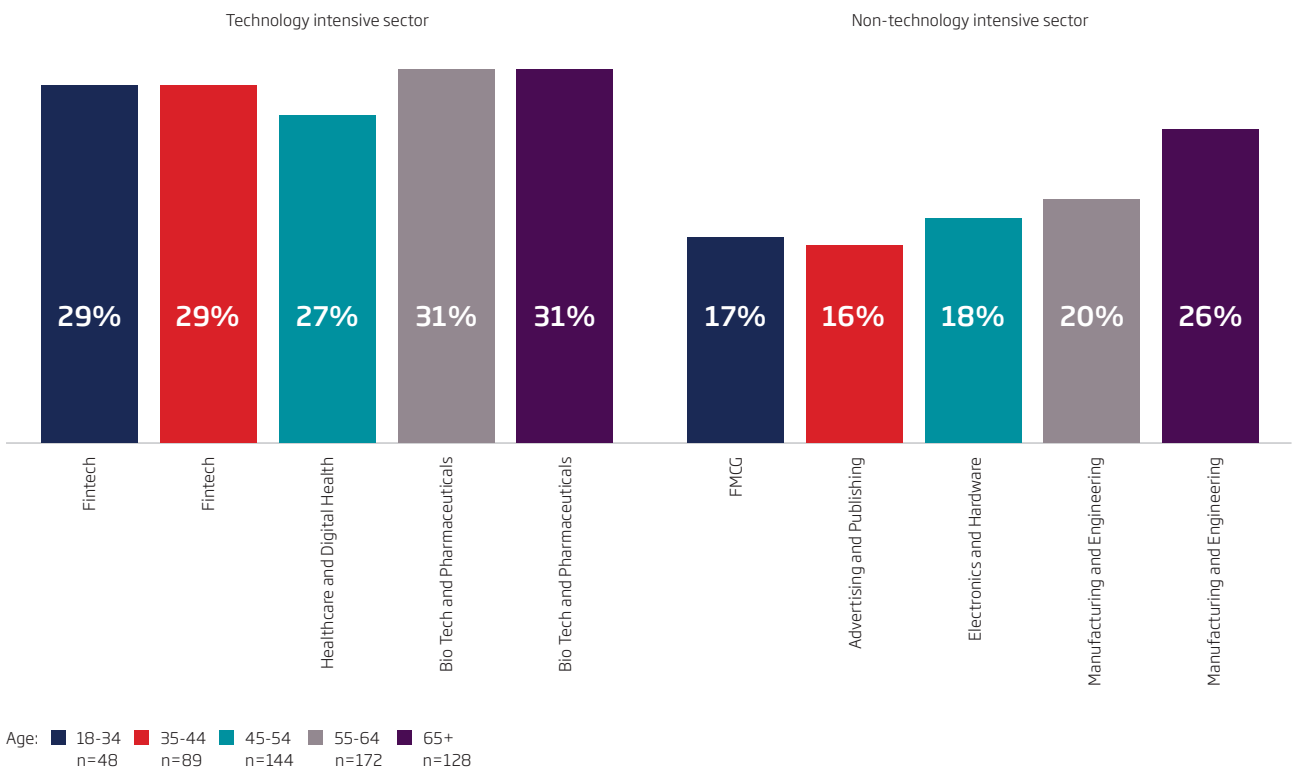


FIG 4.10
Most invested tech and non-tech sectors by age of business angels

Source: A12. In which sectors were these companies operating? (online survey, n=586)



In the survey results, there is some variation by age groups in the most popular tech and non-tech sectors for investment (figure 4.10). The younger age groups (18-34, 35-44) are more likely to have invested in Fintech, whereas the older age groups more often invest in BioTech and Pharmaceuticals. For relatively non-tech sectors, younger investors more often invest in FMCG and advertising, whereas the older investors are more likely to have invested in Manufacturing and Engineering.

In London and the South East, the top five sectors are the same five tech sectors as for the UK as a whole (figure 4.11), although the ranking within the top 5 is different, with Fintech receiving investment from most angel investors.

FIG 4.11

Top 5 sectors invested in London and the South East

Source: A12. In which sectors were these companies operating? (online survey, n=334)

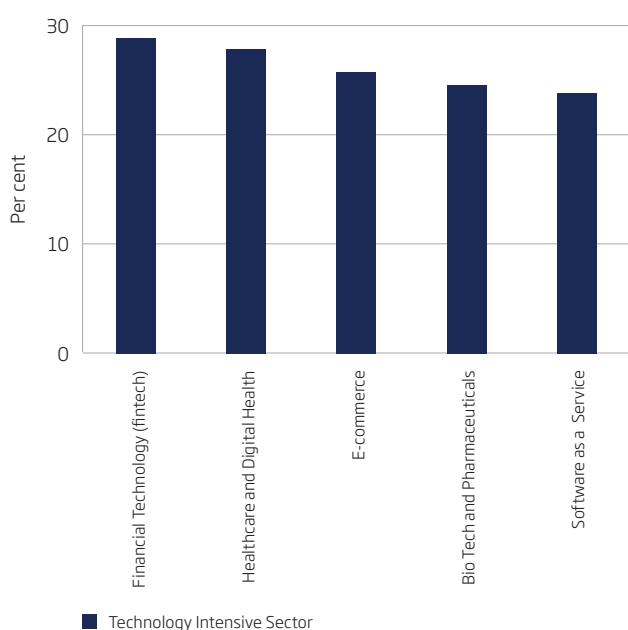
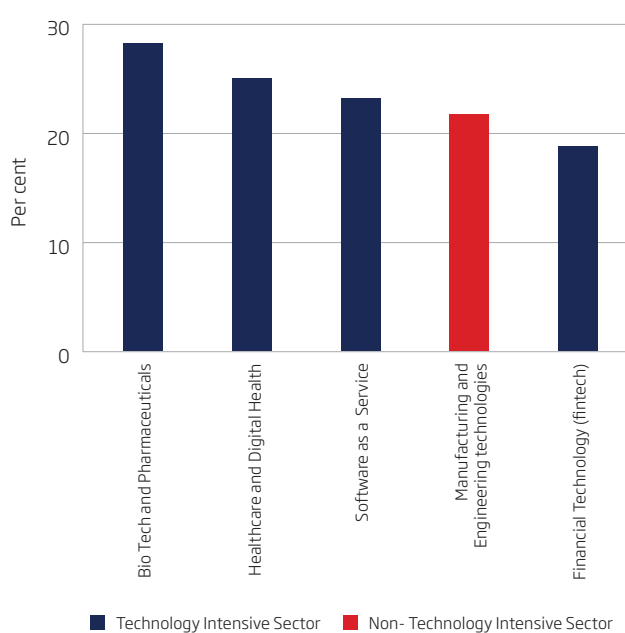


FIG 4.12

Top 5 sectors invested outside London and the South East

Source: A12. In which sectors were these companies operating? (online survey, n=222)



Outside London and the South East, four of the top five sectors match the top five for the UK (Figure 4.12). Fintech features less frequently, with 19% of angels having a Fintech investment compared to 29% in London. The only difference to the UK top five is that E-commerce drops out, to be replaced by Manufacturing and Engineering.

Overall, the survey results demonstrate that angels are investing in a wide range of sectors, and that the investment that takes place outside London the South East includes tech sectors.

4.4 Turnover and employment growth

This section examines the self-reported data from respondents on the performance of their portfolio in terms of turnover and employment growth.

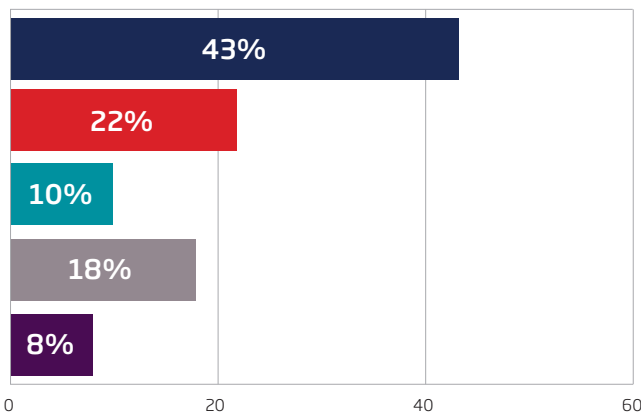
Looking first at turnover, two-thirds of angels have seen growth in their investments of more than 5%. Only a quarter saw no growth or negative growth of turnover in their portfolio investments (figure 4.13).

Angels also provided information on the employment growth of their business invested portfolio. Almost half of the surveyed angels said that they saw their investment growing by employees significantly by more than 20%.

FIG 4.13

Performance of investment portfolio by growth in turnover

Source: A9. Thinking about the performance of your current portfolio, what proportion have experienced growth in turnover...?

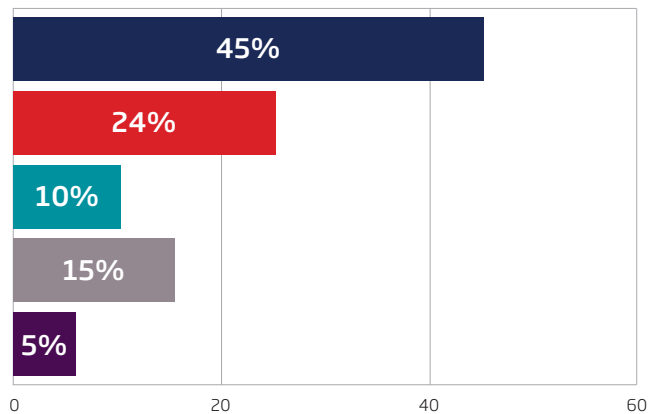


■ Significant growth of more than 20% ■ Modest growth of 5 to 20%
 ■ Low growth of up to 5% ■ No growth ■ Negative growth

FIG 4.14

Performance of investment portfolio by growth in employment

Source: A10. Thinking about the performance of your current portfolio, what proportion have experienced growth in employment ...? Source:s shown are in percentages (online survey, n=476)



Total: 476

■ Significant growth of more than 20% ■ Modest growth of 5 to 20%
 ■ Low growth of up to 5% ■ No growth ■ Negative growth

In the survey, business angels were asked about their portfolio expectations. In the telephone interview, slightly more than half (53%) thought that their investments met their expectations. Only one in five thought that their investment had underperformed against their expectations. On the other hand, 16% of the angels said that their portfolio exceeded their expectations.

Dividing the survey into two samples - into a 18-54 year olds and over 55 years olds - yields interesting results. The survey finds for the older group of business angels that a fifth said their portfolio exceeded their expectations and almost half said that it met their expectations. 13% of the younger angel group said that their portfolio fell short of their expectations (figure 4.16).

FIG 4.15

Business angel portfolio performance against their expectations

Source: A5. How well is your current angel portfolio performing against your expectations? (telephone survey, n=159)

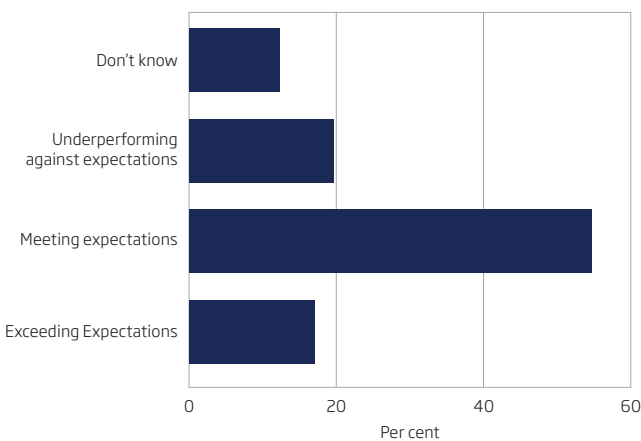


FIG 4.16

Business angel portfolio performance against their expectations by age group

Source: A5. How well is your current angel portfolio performing against your expectations? (telephone survey, n=159)

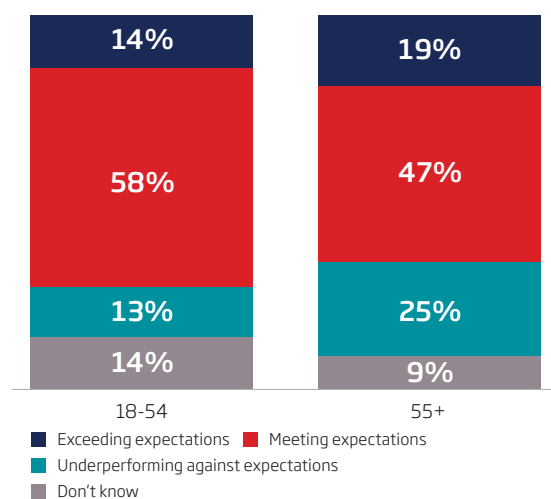
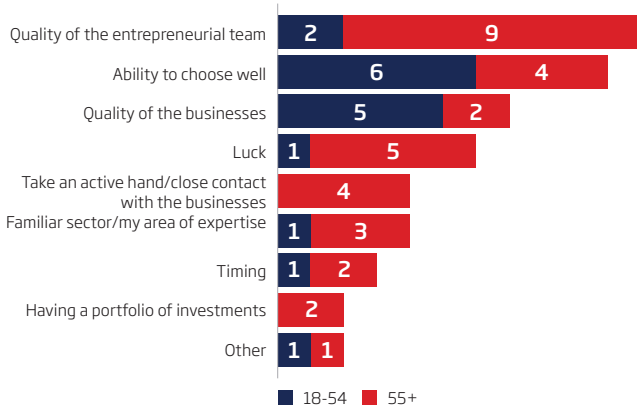


FIG 4.17

Reason why business angels think performance went above their expectations

Source: A6. What would you say is the main reason for this performance above your expectations so far? (telephone survey, n=26)



Business angels were asked why they think their portfolio performed above expectations. The three most frequent reasons are the quality of the entrepreneurial team, the ability of the investor to choose well and the quality of the business. The quality of the entrepreneurial team corroborates angel’s key factors for assessing investment in entrepreneurs in section 3.3.

Although the sample is very small (26 respondents), dividing respondents into two age groups provides us with several insights. Older investors, 55+ years of age, give more credit to the quality of the entrepreneurial team, luck and their active involvement as the reasons for high portfolio performance. In contrast, the younger cohort, under 55 years, believes that the exceptional performance lies in their ability to choose well and also the quality of businesses (figure 4.17).

FIG 4.18

Reason why business angels think performance went below their expectations

Source: A7. What would you say is the main reason this performance is below your expectations so far? (telephone survey, n=30)



When asked why an angel’s portfolio performed below their expectations, the two most frequent reasons given are poor management skills, with 10 respondents, and the need for more time/money than expected with nine respondents. These reasons are followed by a lack of sales/profit with six respondents (figure 4.18).

4.5 Use of tax schemes – EIS and SEIS

The UK government offers tax efficient benefits to UK tax payers for their equity investment in higher-risk early stage start-ups and small companies. These are the Enterprise Investment Scheme (EIS) and the Seed Enterprise Investment Scheme (SEIS). EIS is designed so that a company can raise money to help grow their business and SEIS is designed to help companies raise money when it is starting to trade.

Since the launch of the EIS in 1993, 27,905 companies have received investment and over £18 billion of funds have been raised. Since SEIS was launched in 2012, 8,440 individual companies have received investment and £799 million in investment has been raised.

In 2016-17, 3,470 companies raised a total of £1,797 million of funds under the EIS scheme and 2,260 companies received investment through the SEIS. London and the South East accounted for the largest proportion of investment with companies registered in these regions receiving 67% of the EIS investment and 63% of SEIS investment in 2016-17.²⁶

In the 2017 Autumn Budget, the Chancellor announced a significant new enhanced level of finance that could be committed to knowledge-intensive businesses, offering the opportunity to commit a further £1 million from individual personal wealth to knowledge-intensive businesses.²⁷

FIG 4.19

How business angels rate each of the following EIS and SEIS statements

Source: A4 Summary. How would you rate each of the following statements? (online survey, n=509)

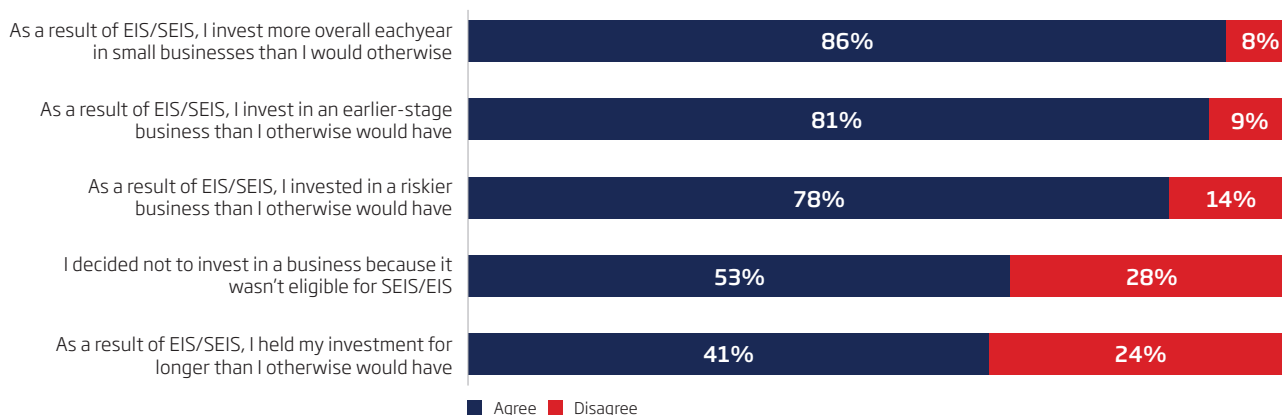
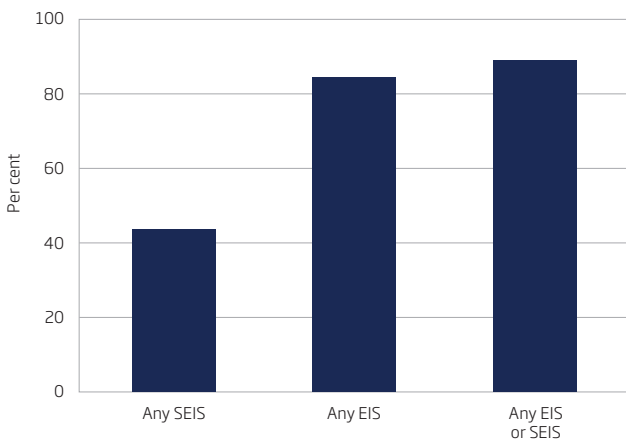


FIG 4.20

Business angels use of the EIS and SEIS schemes

Source: A3_1. For how many investments did you use the EIS Scheme? and A3_2. For how many investments did you use the SEIS Scheme? (online survey, n=586)

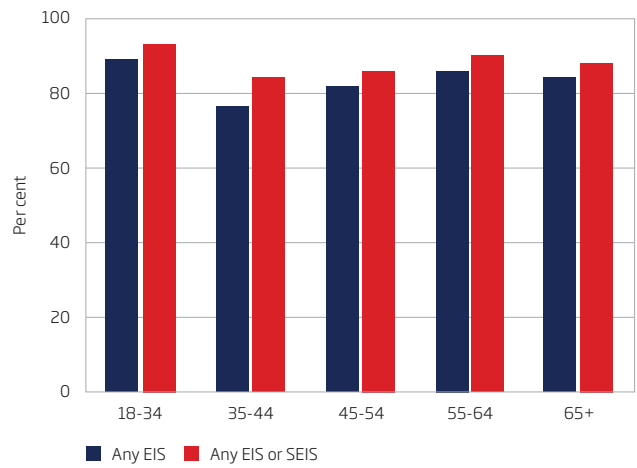


The survey provides evidence that EIS and SEIS have an impact on the investment behaviour of angels. A clear majority of angels report that they invest more in small businesses because of the EIS and SEIS schemes (86%). Both schemes encourage investment, with 81% of angels saying that they invest in earlier-stage businesses and 78% saying that they invest in riskier businesses because of it. Around half of the angels (53%) say they do not invest in businesses because they are not eligible for the EIS and SEIS schemes (figure 4.19).

FIG 4.21

Business angels use of EIS scheme or SEIS scheme by age group

Source: A3_1. For how many investments did you use the EIS Scheme? (online survey, n=581)

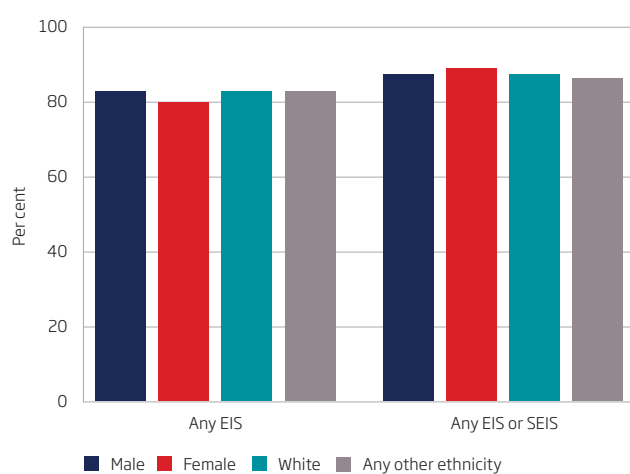


Both schemes are heavily used with 87% of angels using EIS or SEIS for at least one of their investments (figure 4.20). 83% of business angels who made an equity investment in the most recent tax year used the EIS scheme for one or more investments. EIS appears to be used for most of the investments; on average, each angel used EIS scheme 3.4 times in 2016-17. This compares to an average of 4.4 investments (EIS and non-EIS) per angel over the same period.

FIG 4.22

Business angels use of EIS scheme by gender and ethnicity

Source: A3_1. For how many investments did you use the EIS Scheme?
(online survey, gender n=579 and ethnicity n=565)



To make full use of the EIS and SEIS schemes, business angels must hold their investment for at least three years. There is a divide in the survey respondents as to whether angels hold their investment for longer as a result. A quarter of the respondents said that EIS does not cause them to hold their investment for longer (24%) while more than a third (41%) said that they are doing so because of the scheme rule.

The EIS and SEIS are widely used across age groups, with at least 83% of investors in each age group using EIS or SEIS for at least one deal (figure 4.21).

Use of the EIS and SEIS schemes is also widely used across both genders and ethnicity (figure 4.22).

4.6

Exit and challenges

A successful business angel investment requires an exit with a positive return. This section first looks at the number of exits, and then considers the rate of return achieved, before discussing the challenges faced by angels.

On exits, the survey data shows that whilst over 90% of angels made a new investment in 2016-17, only 30% experienced an exit from an investment within their portfolio (figure 4.23). Of those that had an exit, half of them had one exit, 9% had two exits and the remaining 6% had three or more exits. For those that had recently begun

angel investing it is not surprising that they had not yet experienced an exit. However, for the 57% of respondents who have been active for more than five years, many had still not exited in 2016-17.

The survey also sought information on the rate of return achieved. A third of angels made 1 to 5 times their initial investment with 14% achieving a multiple above 5 (figure 4.24).

However, reflecting the higher risk nature of angel investment, almost half have been written off.

FIG 4.23

Business angel exits

Source: C1. Have you exited any investments in the financial year ended 5th April 2017? If yes, how many? (online survey, n=159)

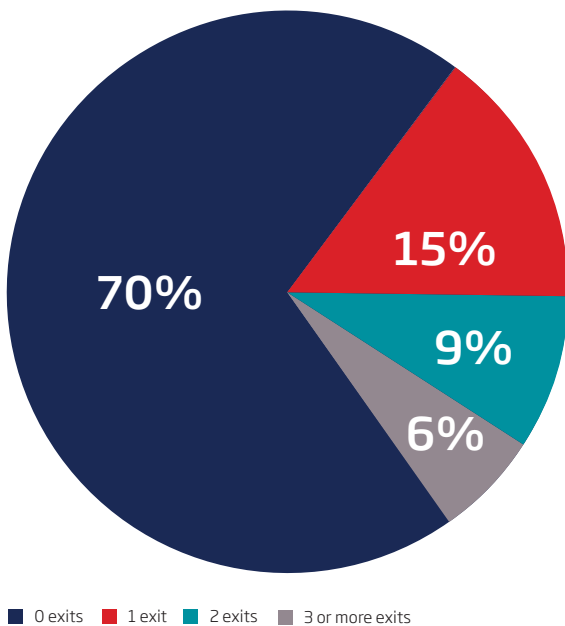
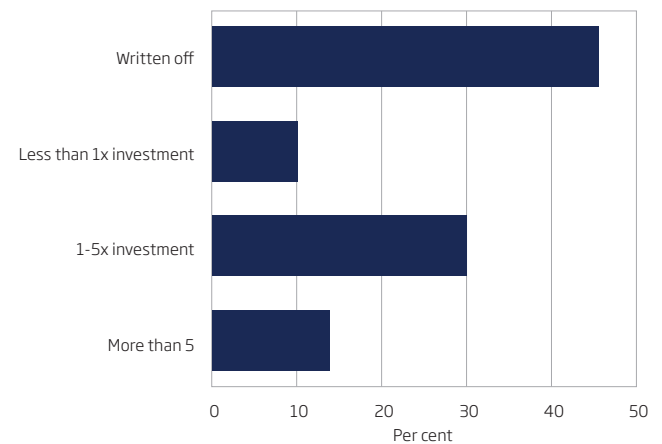


FIG 4.24

Business angel multiple for each exit

Source: C2. For each exit, please specify the approximate multiple for each one (telephone survey, n=88)



For those where a sale has taken place, by far the most common route is exit by trade sale at 33% of all exits (figure 4.25).

Considering the number of exits and an angel's experience, there is evidence that there is often a lengthy period of time before angels achieve an exit from any of their investments. The survey figures suggest that only when 10-15 years' have passed since their first investment, do the majority of angels experience an exit (figure 4.26).

Even then, 1 in 3 angels have not experienced any exit. This does not necessarily indicate that all investments had a lengthy expected duration, but rather that an exit opportunity has not yet arisen.

"All business angels seek a heavenly exit route for their businesses."

FIG 4.25

Exit route for each business angel exit

Source: C3. For each of these exits, what was the exit route? (telephone survey, n=88)

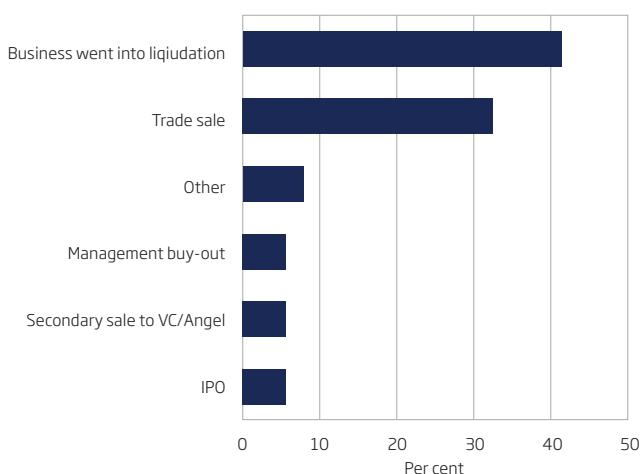
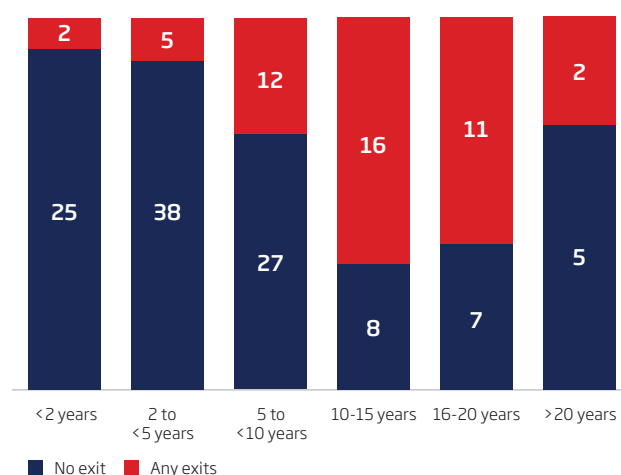


FIG 4.26

Business angel exits by experience

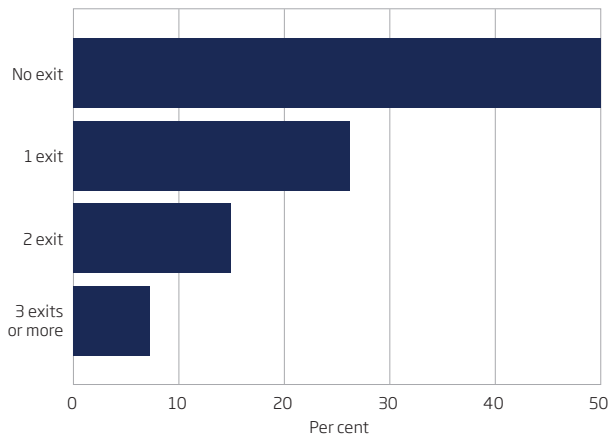
Source: C1. Have you exited any investments in the financial year ended 5th April 2017? If yes, how many? (online survey, n=159)



However, investors remain positive about the potential for exits. When considering the current portfolio, half of the angels expect to have the opportunity to make at least one exit in the next year. A quarter believes that they will have one opportunity to exit in the next 12 months, with the rest hopeful of multiple exit opportunities (figure 4.27).

FIG 4.27
Number of investments business angels think their portfolio will offer an opportunity for an exit or liquidity in the next 12 months?

Source: C4. How many investments in your current portfolio do you think will offer you an opportunity for exit or liquidity in the next 12 months? (telephone survey, n=159)

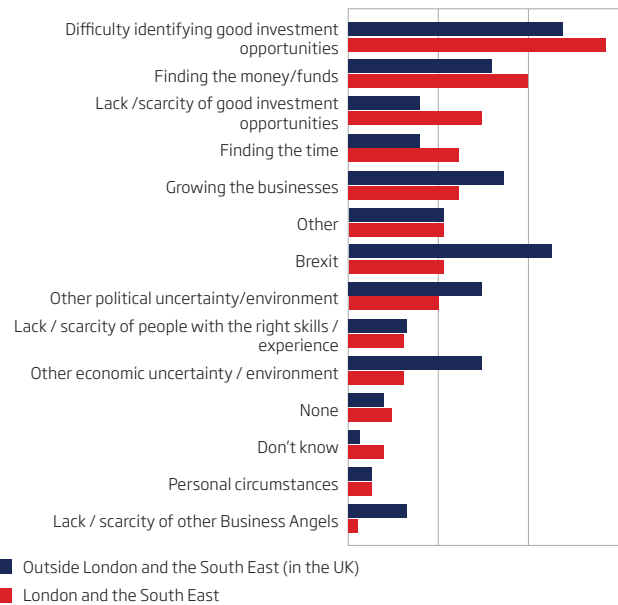


The survey also asked about angels future investment intentions. Almost 90% of angels said that they would reinvest their gains in further angel investments, suggesting that those who receive at least some return from their initial investments have sufficient confidence to seek further investment opportunities (figure 4.29).

The survey also identified the main challenges for the business angel investors in the next 12 months. The most common response is the difficulty of identifying good investment opportunities. Angels across the UK see this as a major challenge (figure 4.30).

FIG 4.28
Main challenges that business angels foresee in their role as a business angel in the next 12 months by location

Source: D1. What are the main challenges that you foresee in your role as a business angel in the next 12 months? (telephone survey, n=159)



However, economic uncertainty, whether from the wider economic environment or Brexit, is also seen a challenge, more so outside London and the South East.

Business angel investors would like to see more promotion of their activities to encourage more people to become angels. They also find it would be helpful if there were better guidance and education for business angels themselves.

A third of angels (25%) who started investing less than two years ago emphasise the need to improve the business angel community. While the UK has the most established tax scheme in Europe for business angels, almost 23% would like to see some improvements to the current arrangement. 17% are happy with maintaining the current scheme (Figure 4.30).

FIG 4.29 Asking business angels whether they reinvest some or all of their exit gains in further angel investments

Source: C5. When you have a successful exit or achieve some liquidity, do you normally go on to reinvest some or all of your gains in further angel investments? (telephone survey, n=159)



FIG 4.30 Asking business angels what should be done to support their role

Source: D2 What do you feel should be done to support the role of business angel investors here in the UK and potentially encourage more individuals to become angels? (telephone survey, n=144)

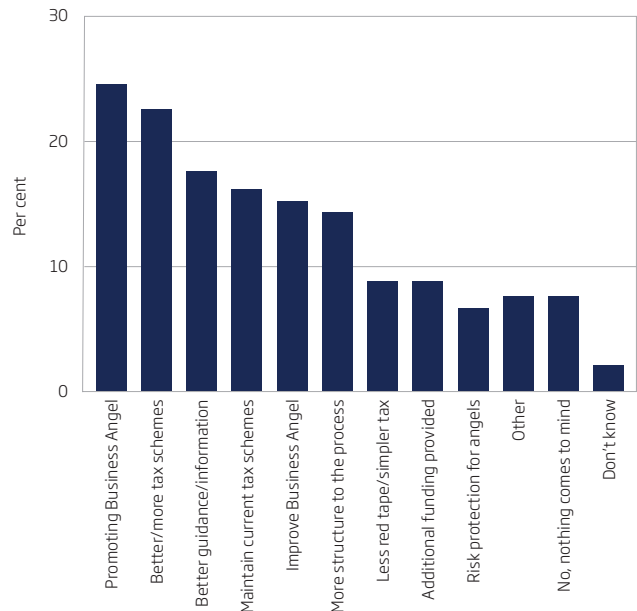


FIG 4.31 Asking business angels what should be done to support their roles

Source: D2 What do you feel should be done to support the role of business angel investors here in the UK and potentially encourage more individuals to become angels? (telephone survey, n=144)



About Us

British Business Bank

The British Business Bank is a government-owned economic development bank. Our mission is to help drive economic growth by making finance markets work better for smaller businesses – wherever they are in the UK and wherever they are on their business journey – enabling them to prosper and grow.

We don't lend or invest directly. Instead we work with over 100 partners such as banks, leasing companies, venture capital funds and web-based platforms.

Businesses apply for finance through our partners who, because they work with us, can lend and invest more, especially to younger and faster growing companies.

Our aim is to make finance markets work better for small businesses in the UK at all stages of their development: starting up, scaling up and staying ahead.

Our Objectives

- We increase the supply of finance available to smaller businesses where markets don't work well.
- We create a more diverse and vibrant finance market for smaller businesses, with a greater choice of options and providers.
- We encourage and enable SMEs to seek the finance best suited to their needs.
- We achieve this whilst managing taxpayer resources efficiently and within a robust risk management framework.
- We identify and help to reduce imbalances in access to finance for smaller businesses across the UK.
- We will be the centre of expertise on smaller business finance in the UK, providing advice and support to Government.

The UK Business Angels Association

The UK Business Angels Association (UKBAA) is the national trade association for angel and early-stage investment, representing over 170-member organisations and around 18,000 investors. Business angels in the UK collectively invest an estimated £1.5 billion per annum and are therefore the UK's largest source of investment for start-ups and early-stage businesses seeking to grow.

UKBAA's members include angel networks, syndicates, individual investors, early-stage VCs, equity crowdfunding platforms, accelerators, professional advisers and intermediaries. UKBAA acts as the voice of the angel investment community and strives to build and connect the angel investment ecosystem so as to ensure a coherent landscape for financing high potential entrepreneurs.

Our key activities are:

ACTING AS THE VOICE OF THE ANGEL INVESTMENT COMMUNITY UKBAA represents the views and interests of the angel investment community to government, opinion formers and business leaders at national, European and international levels, with a view to raising awareness about the asset class and ensuring a supportive fiscal and technical environment that enables investors to continue to back great businesses.

BUILDING AND CONNECTING THE ANGEL ECOSYSTEM UKBAA enables opportunities for all members of the angel and early-stage community to meet and share knowledge and experiences. Our programme of flagship events includes large thought leadership summits, an annual angel investment awards, plus sector-specific and regional events, offering the opportunity for interaction among all players in the community.

INFORMATION PROVISION AND ANALYSIS UKBAA provides market intelligence on key trends and new developments in the angel investment landscape. We provide access to information and advice for investors and entrepreneurs, as well as an online directory of investors, via our website. We disseminate regular market updates via our regular e-newsletter and social media.

PROVIDING ACCESS TO QUALITY INVESTMENT OPPORTUNITIES UKBAA facilitates and supports investors' access to opportunities for investment. This includes the DealShare platform, an exclusive UKBAA members-only online marketplace for the sharing and referral of deals. We also provide support for third party investment events and connecting entrepreneurs to investors.

PROMOTING GOOD PRACTICE AND QUALITY STANDARDS UKBAA offers access to skills and training for new angels to enable them to become competent and effective investors. This includes a new nationally accredited angel investing qualification and e-learning programme. We also promote angel syndication and encourage those with capacity to become lead angels.

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