

'Me Too, I can become a Woman Angel Investor!'

*With Marie-Elisabeth Rusling
CEO, Business Angels Europe - BAE*

22nd of January | 1 p.m. – 2 p.m. CET

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***THIS IS NOT LEGAL ADVICE
NOR A SUBSTITUTE FOR
SEEKING ADVICE FROM AN
ATTORNEY***

This webinar is about:

- a journey
- many stories and encounters
- women angels & entrepreneurs
- challenges, some more real than others
- overcoming obstacles...

Taking firm first steps

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- ▶ My inspiration and sources
- ▶ The scene
- ▶ The challenges
- ▶ The obstacles
- ▶ Taking firm first steps
- ▶ More tips



LET'S START



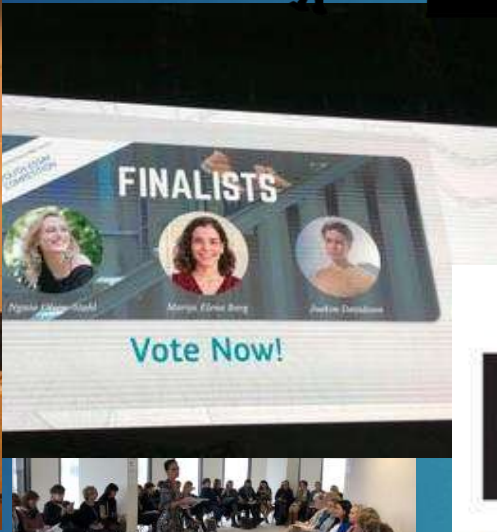
Background



Interactions



Inspiration



Track record in EU programmes

- ▶ Research and innovation
- ▶ Entrepreneurship
- ▶ Internationalisation
- ▶ Early stage investment
- ▶ Helpdesks (e.g. IPR)
- ▶ Capacity building
- ▶ Coaching and advisory services
- ▶ Investment readiness
- ▶ Matchmaking
- ▶ Access to finance
- ▶ WEs, WBAs
- ▶ Platforms and panels

<https://ec.europa.eu/eipp>

<https://www.europeanesil.eu>

https://ec.europa.eu/growth/access-to-finance_en

<https://ec.europa.eu/programmes/horizon2020/en/what-horizon-2020>

http://www.eif.org/what_we_do/equity/eaf/



INVEST HORIZON



EIC SME Instrument

Desk research

- ▶ EU funded programme WA4E (2017-2018) publication on motivation factors and obstacles to women angel investment <https://www.businessangelseurope.com/wa4e>
- ▶ Wharton University Project SAGE 2.0 (2017-2018) on social impact, gender lens private equity and VC funds [Takeaways form project SAGE](#)
- ▶ European Early Stage investment Launchpad (ESIL / 2017-2019)) educational videos and trainings [ESIL knowledge center / check videos](#)
- ▶ European Institute of Innovation and Technology / women entrepreneurship <https://eit.europa.eu/women-entrepreneurship>
- ▶ European Commission / women entrepreneurs https://ec.europa.eu/growth/smes/promoting-entrepreneurship/we-work-for/women_en
- ▶ European Investment Bank Publications and projects <http://www.eib.org/en/projects/initiatives/gender/index.htm>
- ▶ OECD publications <http://www.oecd.org/gender/resources/>
- ▶ Boston Consulting Group publication June 2018 <https://www.bcg.com/publications/2018/why-women-owned-startups-are-better-bet.aspx>
- ▶ Harvard Business Review - various articles including <https://hbr.org/2018/07/the-other-diversity-dividend>; <https://hbr.org/2018/12/what-will-it-take-to-make-finance-more-gender-balanced>
- ▶ Mc Kinsey Quarterly review and publications such as Closing the gender gap in finance: [Mckinsey.com - insights on-promoting-women-in-financial-services](#)
- ▶ Business Angels Europe (BAE) weekly news: <https://www.businessangelseurope.com/newsletter>
- ▶ [European Women in VC - evf.com](#)

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- Definitions
- Where we are today
- Why we need more women angels investing

Definition(s)

- ▶ The angel as a private individual who invests own money and time in young innovative start-ups in exchange for equity and with the view to get a return on his / her investment
 - ❖ Early stage investment
 - ❖ HNWI ready to lose it all
 - ❖ Long term commitment
 - ❖ Working with “strangers” - beyond the 3 F (fools, family and friends)
 - ❖ Alone and / or in syndicates cf. multiple motivation factors and profiles
 - ❖ Can be invisible





Women angels today

- ▶ 5-25 % women in European BANs
- ▶ 40% in the US – 10% ten years ago
- ▶ Growing global trend and tide (Portugal +400%, Armenia +100% in one year FBA150 angels since 2003)
- ▶ Educated, entrepreneurs, investors
- ▶ Reference WA4E research:

- Both women investors and non investors were highly experienced business women
- 69% aged between 31-50 across a range of sectors
- 42% had over 20 years experience;
- 28% over 10 years business experience
- Many running own business- but many investors had a portfolio career (more time and opportunity)
- 54% had founded /co-founded a business- over 70% of these with positive exits
- Strong proportion of women investors had an entrepreneurial career
- Strong level of personal income ; nearly 50% over €100k per annum
- Majority less than €500k in disposable assets
- Some correlation(21%) between higher annual income and being an angel investor



This project is funded
by the European Union

- ▶ Research carried out spring-summer 2017
- ▶ Targeted highly qualified sample: 6000 women HNWI
- ▶ 6 countries: UK France Belgium Italy Portugal Spain
- ▶ 640 valid responses to questionnaires
- ▶ 310 women already investing
- ▶ 340 women not investing
- ▶ 225 face to face interviews
- ▶ Survey design + data analysis by Cass Business School
- ▶ Research led by Jenny Tooth OBE, CEO UKBAA
- ▶ Coordination M-E Rusling, CEO BAE
- ▶ Partners: Belgium Be Angels Italy IBAN Spain IESE France FBA Portugal WomenWinWin UK UKBAA EU BAE



wa4e
Women Business Angels
for Europe's Entrepreneurs

RESEARCH

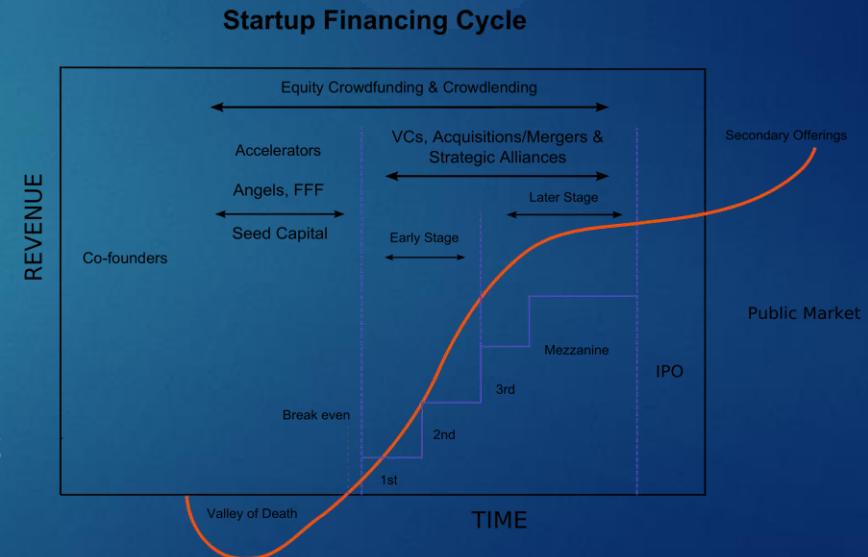


Business Angels
and Family Offices
Network



Why we need more women angels investing

- ▶ Angel investment crucial to innovation ecosystem
 - Financing gap from inception to expansion / crossing Valley of Death
43% of new firms survive 5 years
 - Not so much any more from idea to market but to scale up
 - BAE estimations: angels invest 2.5 bn annually
... imagine impact if women angels double in number
- ▶ Virtuous circles / from affinity to leverage
- ▶ Diversity and efficiency
- ▶ Generating new generations of women entrepreneurs



► Reference:

Report on the shortage of Risk Capital
for Europe's High Growth Businesses

[link AFME Finance for Europe publication](#)

The funding escalator AFME 2017

Virtuous effects

▶ **Basic facts and figures make for a compelling economic case**

- Gender diversity in executive teams = +15% profitability
- Equal participation in the economy = +28trillion US \$ additional GDP (Mc Kinsey 2017)

▶ **Affinity: snowball effects start to be measured**

- Women seeking finance only access 4% of VC funds (BCG) / men secure angel capital 59% more than women and 86% Venture Capital (Lenarduzzi for BAE)
- FBA investment goes to only 15% male led companies
- More women investors attracts more women entrepreneurs (WA4E / Women Win Win /EMPOWA / EC WES meeting SME Assembly 2018)

▶ **Empowerment:** women must take care of their personal finance / now increasingly aware of importance of financial decisions, securing own pension

▶ **Cool heads:** women in-depth approach on the BA side / more realistic financial projection on entrepreneurs' side (BPI Laurence Tassone: men tend to present financial projections 1.5 times higher than those of women)

▶ **Networks: it is about more competences, expertise and investment**

▶ **Demultiplying leverage effects:**

- Angel investment multiplies chances for business to secure other sources of finance min 3-4 (public grants, bank lending, VCs – a unique European situation)
- Changes in the pitching rooms : you need 40% women in the audience (ACA / Marianne Hudson 15 November 2018 WA4E conference) **The topic is on fire / no such thing as gender conspirations!**

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Tips

- Societal
- Financial
- Yourself

Challenges

- ▶ Women seek education, want to do things right before starting
- ▶ Women face closed networks, limited access to deals, have less of a voice in investment panels
- ▶ Women invest smaller tickets
- ▶ Women want to balance more life priorities

Le news de l'économie

Challenge^s

www.challenges.fr

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A rare
occurrence



A long
journey...

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- Key obstacles
- Some misconceptions corrected
- What we lack...

Obstacles to women angel investing



- Angel investing is seen as risky
- Lack of understanding of core angel processes and how to make an investment in an entrepreneur
- 96% had never been advised by their financial adviser about angel investing or the tax breaks to mitigate risks (where available)
- 60% thought investing was for the super wealthy and unaware of the opportunity for building a portfolio of small deals
- Lack of contacts with entrepreneurs and unaware of how to meet entrepreneurs and find investments
- Many felt that life stage and too many other family financial commitments, also lack of time

"My financial adviser assumed as a woman I was risk averse and I should look at safe options . He never mentioned Angel investing or tax break"-
UK Woman non investor

"I didnt know that to be an angel investor you could invest in a small way in a syndicate- I thought you needed alot of capital to invest"
- Portuguese Woman Non Investor

"I was talking about angel investing and everybody was asking why I would take part in such a risky activity "
Belgian Woman Investor

"There are less women angel investors not because we are more risk averse, but simply every minute of our time is worth so much- Spanish woman Investor

"Women can be seen as bad mothers when they make more risky investments, while men who are fathers choose to make risky investments"-French woman non Investor

Issues raised are the same across our 6 countries... from London to Lisbon, Paris to Milan, Brussels to Barcelona! This is also confirmed by testimonials form women angels from all over Europe and beyond (USA, Singapore...)

They said...

- ▶ Ticket size as low as 1-4K€ / syndication
- ▶ 100K net disposable income
- ▶ Fully fledged support programmes
- ▶ Peer to peer advice
- ▶ Financial and tax advice
- ▶ Induction programmes
- ▶ Lead angels
- ▶ Quality labels / professionalisation



Dealing with Misconceptions Misunderstanding & Mitigating risk

More obstacles...

We lag behind because we still lack:

- ▶ Inspiring figures and public stories
- ▶ More history / weight cf. track record
- ▶ Solid pan-EU communication campaigns
- ▶ Tools such as co-investment funds with a bias towards female investment managers / co-angel-funds.

BUT MOMENTUM IS GATHERING
MOVEMENT IS SWELLING ... we have “the perfect storm” (Jenny Tooth)

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- **A**ssess your motivation
- **B**e informed
- **C**ompass

Assess your own motivation

- ▶ Disposable assets / financial means
 - Remember this is high risk asset class and locked investment over many years => are you ready for 7-10 years commitment, 3 year build up
- ▶ Availability (time 2-8 hours / month – securing transaction = months)
- ▶ Expectations (impact investment, sector, giving back, ROI)
- ▶ Commitment to educate yourself (learning path and support)
- ▶ Role (expertise / advice and contacts, board seat, alone or not)



Be informed

- ▶ Where do I turn for advice? Club, group, peers, angel networks
- ▶ How do stay up to date, to keep learning and growing? Time, format, additional costs
- ▶ Incentives and tax breaks
- ▶ More risk mitigation: building portfolio, access to quality deal flow, working with the start-up team
- ▶ Due diligence: companies and other investors
- ▶ Global mapping: trends, radar, events, publications

Map your journey

- ▶ Where to go / whom to turn to to build safety nets ?
- ▶ Investment horizon and other priorities along the line / when? Exit ?
- ▶ Investment rounds per year / follow up rounds / dilution issues
- ▶ Securing access, door openers, induction programmes, BANs
- ▶ Narrowing down opportunities vs diversification
- ▶ Investing partners – types, complementarity, working with them?
- ▶ Red lines and lights – beware of love at first sight! **Build risk profile**
- ▶ **Screening / Valuation / Negotiating terms / Closing min 8 weeks**

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Tips – for BAs

- ▶ Rationalise a fun trip, analyse bumpy road: review, think returns: goal is to succeed over the long-run
- ▶ Start small
- ▶ Start slowly
- ▶ Build your community to seek advice, guidance, goodwill and support all along
- ▶ Keep learning and growing, enriching the experience
- ▶ Speak out, share stories, get new insights and **opportunities**
- ▶ **Check best FIT (strategy, personalities and start-up)**



Tips for entrepreneurs

- ▶ Research your angels
 - ▶ Check profile, means, reputation, value add: expertise, history, contacts
 - ▶ Availability / how smart the money you need? BA vs coach vs Board member
 - ▶ Understand it is about portfolio management at a given time
 - ▶ Trust and transparency of essence
- ▶ Investor relations / road show – dedicated team member?
- ▶ Investment readiness for the company as a whole
- ▶ Select your events, networking / pitching / matchmaking
- ▶ Get your contacts to work out for you

Tips for women entrepreneurs

- ▶ Be bold (financial projections)
- ▶ Question the questions after pitch
- ▶ Do you prefer a woman angel? Why?
- ▶ You too can become a woman angel!



Put on
your
angel's
wings!

Conclusion

- ▶ It is hard work but serious fun
- ▶ An inspiring, enriching journey
- ▶ Nothing is set in stone

THANK YOU

contact

- ▶ me.rusling@businessangelseurope.com
- ▶ +32 476 41 43 60
- ▶ Twitter account Marie-E. Rusling
- ▶ Skype ID Marie-Elisabeth Rusling
- ▶ LinkedIn: www.linkedin.com/in/merusling