

Angel Investing 101

A Primer by Ngozi Bell



ANGEL INVESTING 101

What is an Angel - Me?

Yes you! You don't have to be a millionaire. You just have to be curious.

Angel investing often sounds like something reserved for people sitting in fancy offices in big expensive cities writing \$500,000 checks to the next big startup. There is some of that, but there are plenty of very small checks as well from everyday people to everyday people!

At its simplest, angel investing means putting your own money into an early-stage company that you believe has the potential to become something much bigger. Boom!

You are investing early typically well before the company is widely known, for this “vote of confidence and trust”, in return, you receive an ownership interest in the company or another form of startup investment value.

And here's the part I find exciting:

You aren't just investing in a company. You're investing in an entrepreneur, an idea, and the possibility of what that business could become. Your participation could result in a community, nation or world changer.

WHY DOES THIS MATTER?

Many great businesses and ideas need money and people that believe or see some of what they see and know before a bank is willing to lend it to them and before traditional investors are ready to step in.

That's where angel investors can come in.

Angels provide capital at a very early stage, but they can also bring something just as valuable: **experience, relationships, advice, connections, validation and encouragement.**

As an angel you might know something that a founder desperately needs to know.

As an angel you might know someone who can open a door.

As an angel, you might have built a business yourself.

As an angel, you might simply see something in a founder or an idea that others haven't seen yet.

The engagement is rich, and you will learn so much from the diversity of ideas and possibilities that you will be exposed to.

SO HOW DOES IT WORK?

Let's review some very high level steps:

1. FIND

So you hear about a company that is just starting out - known as an early-stage company -; they are looking for investment. Many times word gets around that there is an angel interested in certain areas and founders will come to you.

2. LEARN

You evaluate the business, the founders, the market, the numbers and the opportunity. You apply the knowledge you have or seek other inputs.

3. ASK QUESTIONS -

You do your due diligence by asking lots of questions, reaching out to people that might know more about the sector. You want to know a number of things but especially: What are they building? Who needs it? How big could it become? What are the risks? How much will it cost? How much will it sell? Who is making similar things? How can they beat competition or is there room for more than one maker? What is the time horizon? What makes them unique? Why is this team the right team? Etc.

4. DECIDE

You decide whether the investment makes sense for you. Is this an investment you can back?

5. INVEST

If you choose to participate, you invest an amount you are comfortable putting at risk. This type of capital investment is patient capital. It might take some time to realize a return.

6. SUPPORT

Depending on the investment, your expertise and your interest, you may simply be an investor or you may become a mentor, connector, advisor or advocate for the company. Because angels typically invest in the communities they know, many offer a little more than their money

7. PATIENTLY WAIT

Yes, that's the next step, you wait.

Some companies will not make it, this happens

Some may do reasonably well, this too happens

And sometimes, one or more can become a tremendous success, this is the blockbuster that changes everything

So angel investing is considered a **high-risk, high-potential-return** investment category, not because of the dollar amount you put in but just because it is not a loan with a guaranteed pay-back contract. On average about 50% of startups do not return the investor capital - this is according to The Angel Capital Association.

As they say, there is risk in the potential to be great, the good thing is an angel invests what they can live without.

THE ELEPHANT IN THE ROOM - DO I HAVE TO BE A MILLIONAIRE?

The simple straightforward answer is No.

This is one of the biggest misconceptions, that keeps many people from exploring this category of investing.

You don't have to be a millionaire to enter this space, certainly not to **learn about angel investing**, participate in an angel investing community, evaluate opportunities, or explore whether it is right for you. Nope you just need to be interested and want to engage.

So let's broach the angel investor classes that can sometimes create the confusion of who can be an angel investor.

The Securities Exchange Commission (SEC), the federal government agency that protects investors, maintains fair and orderly markets and facilitates capital formation to help companies grow, have rules they enforce.

Many private startup investments are limited to people who meet the SEC's definition of an accredited investor with specific criteria for more seasoned investor class called Accredited Investors.

There are also investment structures that allow non-accredited investors also called retail or pedestrian investors basically everyday people invest, using rules and exemptions that the SEC has carved out

To learn the details about these two groupings consider attending Angel 101 Investing

Now that we have established that there are options for different types of people to participate in Angel investing; the natural first step is learning what category to invest in, what you know, like, are curious or have a hunch about. And depending on where you are in your life's journey, maybe perhaps forming or joining an Angel group as an option.

WHY DO IT AS A GROUP?

This is where I think angel investing gets particularly interesting and somewhat differentiated.

You don't have to figure it all out by yourself. You can create an Angel Brigade!

Angel investors often come together in groups or syndicates (an alliance of investors pooling their money and resources together to form a single entity), to hear pitches, ask questions, conduct due diligence and evaluate opportunities together. Pooling knowledge can be just as valuable as pooling money.

Imagine a room full of people with different experiences, from different industries looking at the same company.

One person understands technology.

Another understands marketing.

Someone else understands finance.

Someone has built a company.

Someone knows the industry.

Someone asks the question nobody else thought to ask.

Someone has amazing contacts or access to a variety of resources.

Someone contributes great research by digging deep

That's the superpower of the group.

Angel investing brings together money, judgment, curiosity, relationships and a willingness to learn.

THE BEST PART OR AT LEAST ONE OF IT

For me, the most exciting part is getting a front-row seat to innovation and meeting the people behind them.

You're seeing businesses when they're still being built.

You're meeting founders before everyone knows their names, you can watch the growth and the pivots.

You're potentially helping a business get from “**great idea**” to “**real company.**” **You are building something**

And if you invest in the right opportunity and the company succeeds, you participate in that success.

It's one of the most robust ways to put your experience, network and resources behind entrepreneurs who are trying to solve problems and create something new.

SOME TRUTHS ABOUT ANGEL INVESTING

Angel investing is about putting capital and resource to work with a team you are willing to patiently stand by.

It is risky, whether you are putting in \$1 to \$25,000, you are choosing to get involved without a guarantee of the end, but it's just like any risk we take in life.

The smart rule is - You should only invest money you can afford to lose, and you should learn how to evaluate opportunities before putting your money in. This is part of the reason the government places some oversight and boundaries on investing in general.

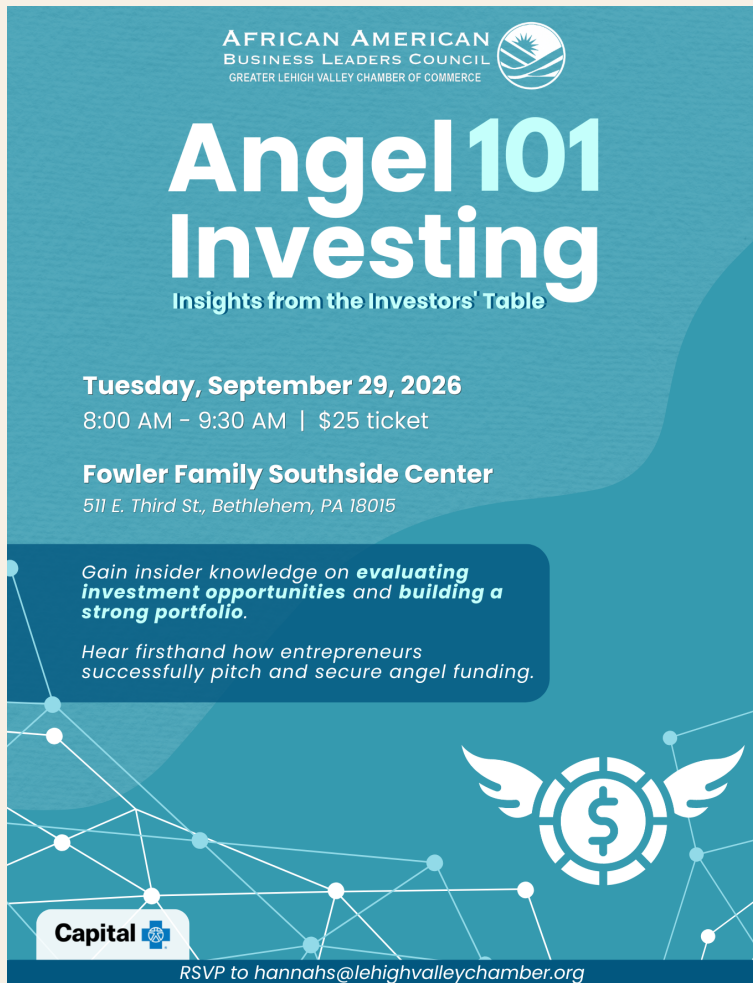
The goal is to become a thoughtful investor who understands the risks, asks good questions, diversifies appropriately and makes informed decisions and leverages the virtue of patience.

SO WHAT NEXT YOU ASK?

Attend the ANGEL INVESTING 101: INSIGHTS FROM THE INVESTORS' TABLE

Tuesday, September 29, 2026 @ Fowler Family South Side Center

8.00 AM - 9.30AM



In this forum you will:

Meet an Angel Investor, Meet an Entrepreneur - hear their stories, learn and answer the following questions and more

Who is an angel - accredited versus non-accredited

What is a startup anyway, are they small businesses, tech companies only?

How do they startups raise money.

How to read a pitch and some pointers on pitching.

What are the key attributes of a good founder.

How are markets evaluated - what an angel looks for.

What due diligence really entails and what it means to the investor and founder.

What of valuation and term sheets, how do they come into play.

All these and more from people who have actually done this before.

Then we can decide individually — and potentially collectively — whether angel investing is something we want to pursue.

Because the opportunity isn't just to invest money.

I started this primer by asking a basic question - What is an Angel, me? The answer is yes it can be if you choose to be one. It is one more opportunity to engage our today in hat could yield many spectacular futures.

Some notables -

Now let's get to some really exciting numbers"

Github started with roughly \$3,000 dollars and was sold for \$7.5B

Reid Hoffman put \$50,000 in LinkedIn, Microsoft acquired it for \$26.2B

Mike Markkula put \$80,000 in Apple, now at \$1T valuation

Paul Buchheit put \$10K to \$25K in justin.tv / Twitch acquired by Amazon for \$970 million

Naval Ravikant invested \$25,000 to twitter which went public to \$31 billion

Dave McClure invested \$15,000 in Mint.com, Intuit acquired item for \$170M

The first investor in Google was an Angel Andy Beltsheim who gave \$100K in 1998

Peter Thiel gave Facebook a personal investment of \$500,000 in 2004

Jeff Bezos parents took \$245,000 of their investment portfolio to give Jeff Bezos at his start in 1995

References:

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