ANGEL INVESTORS

Who angels are, what they look for, how they invest, and how to find them without a big network.

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AT A GLANCE

- **Angel investors** are individuals who invest their own money in young companies, usually in exchange for ownership or a SAFE.
- Typical checks range from a few thousand to around $100,000 per angel, sometimes more. Many invest alongside others in **angel groups**.
- Angels invest in **people** as much as ideas. They want a clear story, early proof, and a founder they trust.

Why it matters

Angels often fund the stage between friends and family and larger investors. Beyond money, good angels bring advice, connections and credibility. The right angel can open doors to your next investors.

Who angels are

- Successful founders and business owners
- Executives and professionals, like doctors, lawyers or engineers
- People from your industry, culture or community who want to help

Most angels must be **accredited investors**. In the US, that generally means income over $200,000 a year ($300,000 with a spouse) for the past two years, or net worth over $1 million not counting their home, among other qualifying paths.

What angels look for

They want to see	What helps
A founder they trust	Clear thinking, honesty, coachability, commitment
A real problem and customer	Customer stories, interviews, early sales
Early proof	Sales, users, growth, pilots, letters of intent
A big enough opportunity	A market that can support a strong return
A sensible plan for the money	A clear use-of-funds and milestones. See **R-25 Use-of-Funds Plan**.
A path to a return	How they might get their money back, usually a sale of the company

How angels usually invest

- **SAFEs** or **convertible notes**, which turn into ownership later. See **R-14 SAFEs and Convertible Notes Explained**.
- **Priced equity**: buying shares at an agreed valuation. See **R-15 Valuation: What Your Business Is Worth to Investors**.
- **Revenue-sharing notes**, sometimes, for main-street businesses.

Finding angels without a big network

1. **Start with your customers, mentors and industry contacts.** Ask, "Who do you know who invests in businesses like mine?"
2. **Join angel networks and pitch events.** Many cities have angel groups that accept online applications.
3. **Look for angels who focus on underrepresented founders**, immigrant founders or your industry.
4. **Use warm introductions** whenever you can. See **S-08 Finding Mentors and Building a Network From Zero**.
5. **Keep a list** and track every conversation. See **R-28 Investor Tracker**.

> EXAMPLE
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> **Sofia** raised $250,000 for her clinic-scheduling app from 7 angels. Her first angel was a clinic owner who used the product. He introduced her to two doctors in his network, and she met the rest through a local angel group's pitch night. All invested on the same SAFE terms.

Common mistakes

- **Taking money from anyone.** Choose angels who help, and whose values match yours.
- **Accepting very unusual terms** without a lawyer.
- **Pitching too early**, with no proof yet.
- **Not following up.** Most investment decisions take several conversations.

Your checklist

- ☐ Write your one-paragraph investor summary
- ☐ List 30 possible angels from your network and local groups
- ☐ Prepare your pitch deck and use-of-funds plan
- ☐ Ask for warm introductions
- ☐ Track every conversation and next step

Key words, explained

Word	What it means
Angel investor	An individual who invests their own money in young companies.
Accredited investor	Someone who meets income or net worth tests under securities rules.
Angel group	Angels who review and invest together.
Lead investor	The investor who sets terms that others follow.

Where to go next

- **R-14 SAFEs and Convertible Notes Explained**
- **R-18 Building a Pitch Deck**
- **R-28 Investor Tracker**

IMPORTANT
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