URL: https://stvp.stanford.edu/blog/videos/flying-with-angel-investors

Taking its name from the early investors of classic Hollywood, Ron Conway and Mike Maples define the angel investor. In addition, they explain the differences between angel investors and venture capitalists, and point out why an angel's smaller dollars might be a better choice, as they're often paired with a broader range of exit strategies and tools to keep start-ups in business.

Transcript

So my first question to you is what actually is an Angel Investor? Who wants to take that one? Someone who loves to take a lot of risks.. And it's a individual hopefully aware of some industry expertise who invest $50k or $100k in raw start-ups.. The term got derived in the 30's when people invested in Hollywood movies down in L.A.. And they got the nickname "Angels" and that just carried it's way on into high tech.. But it's individuals who invest in early, early stage companies.. So why would I want someone to be an Angel Investor in my venture? Or why would any of these folks in this room want to engage an Angel Investor in their start-up? I think there's really three or four main reasons.. The first is just money, which is the obvious one.. I think there's also contacts.. And Ron in particular, I think, knows tons of people all throughout the industry and I'm doing my best to keep up.. I think perspective..

The good angels had some type of accomplishment in business before.. And so usually they have seen a lot of the near death experiences that a start-up will face.. They know when it's time to be calm versus when it's time to have an incredible sense of urgency.. And then I think the other important thing is that the good angels will provide a broader range of exit options.. And so that's a subtle point we may want to talk about some later.. But raising small amounts of money, keeping burn rates low provides the entrepreneur with a wide variety of possible good outcomes.. And so I think it's important as well...