

URL: <https://stvp.stanford.edu/blog/videos/what-does-an-angel-investor-do>

Investors Mike Maples and Ron Conway explain their job like this: They help all lights turn green for the fast-moving car of the Internet start-up. In addition to cutting a check, these angel investors explain the panoramic view of what a good investor offers, including bringing in the right talent and business sensibilities, and building and testing product prototypes.



Transcript

So that's a great segue in the next question which is what do you do for the company? If you end up investing in this new venture that this whole class, we'd all brought to you with this idea, what are you going to do for us? Well, number one write a check which is crucial.. And then find out what the needs of the company are.. And it's always going to be people-needs.. So if the company needs biz dev help then we would find someone to either go work full-time in biz-dev or someone to advise the company in biz-dev.. If the company needs more engineering talent then we'll introduce the company to engineering talent.. So in the early stages, it's staffing up and getting the company such that it has a successful prototype.. That its testing in the market place is getting some metrics.. And then we all go introduce the company to the VC's on the road if it's a capital intensive company.. If not, what's starting to happen now is the angels will do the next round of financing.. Because it doesn't cost a lot of money to build a company today..

You can do your angel round for half a million to a million.. And then do the next round for a couple of million.. And if the product is taking off, you may not need to raise VC funding.. I think you're probably talking a lot about Web 2.0 Ventures For sure.. That can describe as opposed to capital intensive ventures where you've got to build the after how things manufactured.. Right.. Just another observation, when you're a start-up it's like you're a fast-moving car and you don't have time to stop.. That you're going through a busy traffic city, right? And so part of my job I think is to just help all the lights turn green at the right time.. And you'll never know what that's going to be.. You'll never know if that's biz-dev..

You'll never know if that's helping with recruiting.. You just never really know.. But your always trying to work with the entrepreneur and to anticipate.. And that's why you want to have a broad-based Ocean's 11 team.. Because if you have the right mix of people, there's always somebody you can help that light turn green.. Just the right time when the care is flying through the intersection to break next speed.. And in an environment where speed is everything.. The company that just has the one extra green light maybe gets the finish line just a little bit faster.. That's the difference between winning and losing...