



Stanford eCorner

Becoming an Angel Investor

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Proven investors Mike Maples and Ron Conway offer tips on what it takes to enter the field of capital investment: A Rolodex of ripe talent and business resources, a market segment with potential where the investor can add value, and mutually beneficial network building skills.



Transcript

Let's imagine that we all had one big huge hit on our venture that we came to you with. Then now we've got our pockets full of cash. And we've decided that we want to become angel investors. What would we do to become good angel investors? It certainly just doesn't require the ability to write a check. What are the skills that are needed and if I wanted to do it, what would you teach me? Well hopefully build a rolodex where or have a rolodex or build a rolodex that when the entrepreneur needs engineering help you know where to direct that entrepreneur to find engineering help. Where to find business development help. Where to find recruiters. We just developed a whole roster of preferred service firms that we share with all of our entrepreneurs. Having those resources and knowing who to call is what's crucial. So if I was starting to angel invest, I would figure out.

I'd pick a market segment just one market segment and say, "I want to invest in five video companies." I'm going to get really good at video so I can help these entrepreneurs develop a good video product. So I would invest in an area where I had some expertise, where I could add value. Interesting. So again it's all about the network I found it was really open. I owe Ron a huge debt of gratitude for this. I remember taking you to Oasis one time where we first met. And I just said, "Look I just want to get involved in investing in start-ups and I'll help in anyway I can. Just give me a chance." And so it turned out I was excited about a company called Digg and Ron was meeting with them. And he said, "Well why don't you just come with me?" And so just an incredible gesture. And after that I tried not to be just a taker.

After that I introduced Ron to Rock U and Aggregate Knowledge. And so the way I looked at it was I was just going to try to help anyway I could, add value anyway I could. I wasn't going to go in and say, "Hey let me in in the club or any of that stuff." It was more, "Hey, give me a chance, just one chance to add value." Right? And so I found that it's an incredibly open group of people. And as long as they think you're not just a free rider trying to leech off of everything, that people want to work together. We're all sort of on the same team, fighting the same fights. It goes long as you add value. I mean Mike immediately started adding value at Digg. So Kevin Rose started to say, "That's a great guy you introduced me to." It is about adding tangible value after you write the check.