TIDAL RIVER

Looking to make your first moves as an angel investor? A seasoned pro has advice.

Business owners and other high-performing executives call on Doug Campbell to help them grow their company, strengthen their management team, and build a better advisory board. It's easy to see why: The Success Coach, as Doug is known, certainly knows what he's talking about. Doug has started five businesses, serves as an entrepreneur-in-residence at Innovate Stamford, is an executive mentor through CTNext, and is a member of the board of directors of the Angel Investor Forum. Here, he tells first-time angel investors what to know before diving in.

Tidal River: Great to talk with you, Doug. You've worked with angel investors and entrepreneurs for a long time. Do you think a certain type of startup is better suited to angel investing than others?

Doug Campbell, aka The Success Coach

Doug Campbell: The startup really needs to have a proven model; strong leaders; a large, addressable target market; and $200,000 to $3 million in revenue. Unique intellectual property, technology or a protectable market can also work.

TR: Besides capital, what do entrepreneurs expect from angel investors?

DC: They expect their angel investors to offer advice, make connections and, in some cases, to serve on the board. The mentorship piece is a big part of angel investing. It's not just about writing a check.

TR: To that end, do angel investors need to have a particular network or area of expertise to be successful? In other words, should their industry experience match the industry of the company they're funding?

DC: Not necessarily. If an angel investor is part of an angel investment group, the group wisdom should attract promising deals with healthcare startups, tech startups and even consumer product goods companies. The individual angel doesn't need to be an expert in the startup's industry, but she should have beneficial connections or expertise to share that would be valuable to the startup in some way.

TR: What's the most common mistake new angel investors make?

DC: They fail to conduct enough due diligence. Adequate due diligence is critical, which is where that proven process comes in. The second biggest mistake is that they only invest in one or two companies. You need to diversify. I recommend investing in 15 or more companies.

TR: What advice would you give to someone considering angel investing?

DC: Jump in! Figure out how much you want to invest and then spread it around to 10 or 15 companies. Angel investing is challenging and intellectually stimulating because you're around a lot of talented people. It's a very exciting thing to be a part of.

TR: What do investment groups like Tidal River offer to angel investors?

DC: These groups are great because they offer expert advice, help with due diligence and a process that works. All of these are very important for first-time angel investors. Having knowledgeable investors alongside you can also help the angel protect herself from too much dilution. There is a lot of focus on women investors and entrepreneurs now, and I've seen some great local co-working spaces for women. It's a great time to get involved.

TR: When can angel investors expect to see a return?

DC: Three to six years is the norm.

TR: Are you particularly excited about any industries right now?

DC: Yes. Veterinary tech, biotechnology and fintech are all looking very promising.

TR: Thanks for your time, Doug.

DC: My pleasure.