The Ángel Accelerator

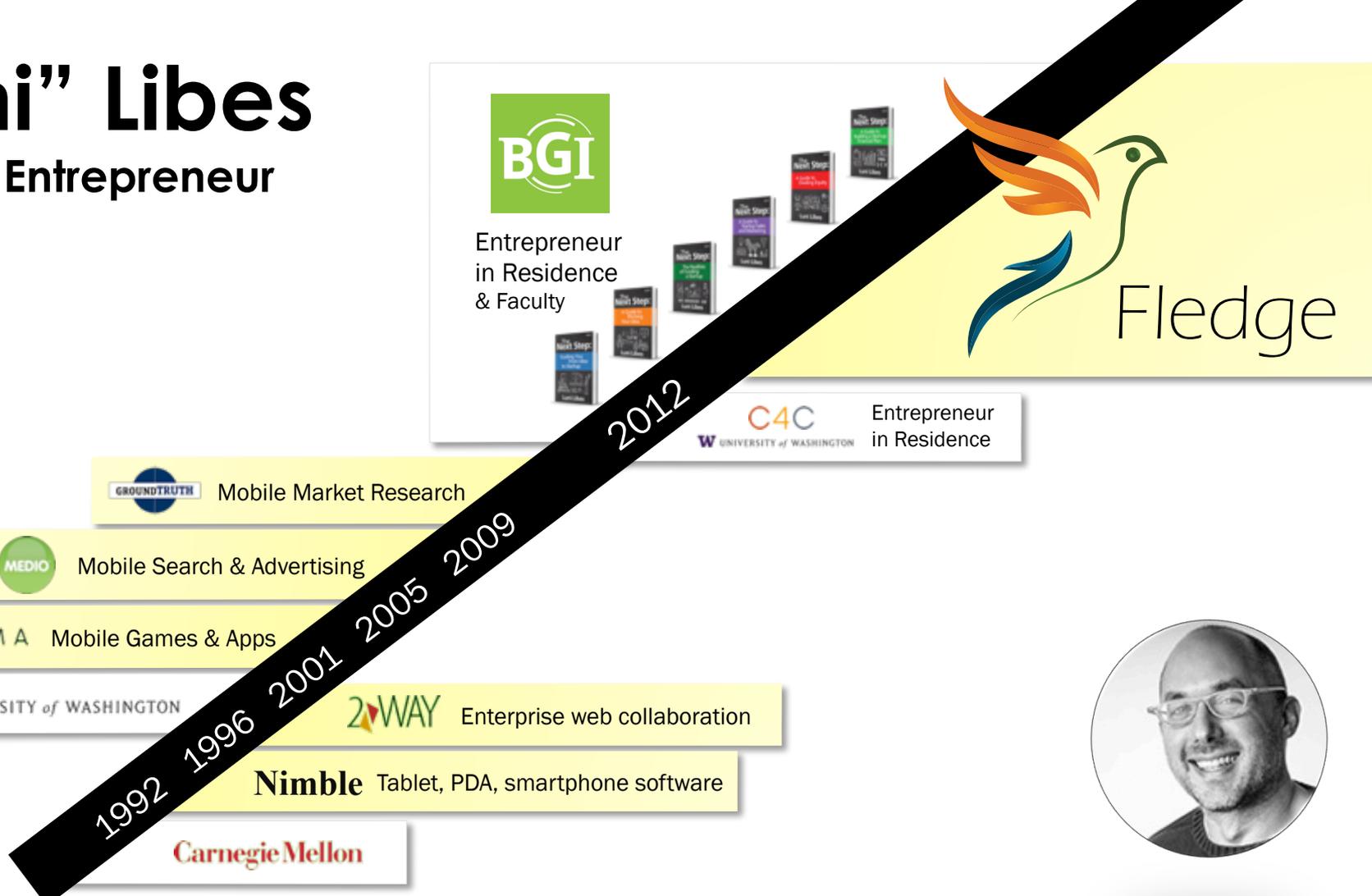powered by Fledge

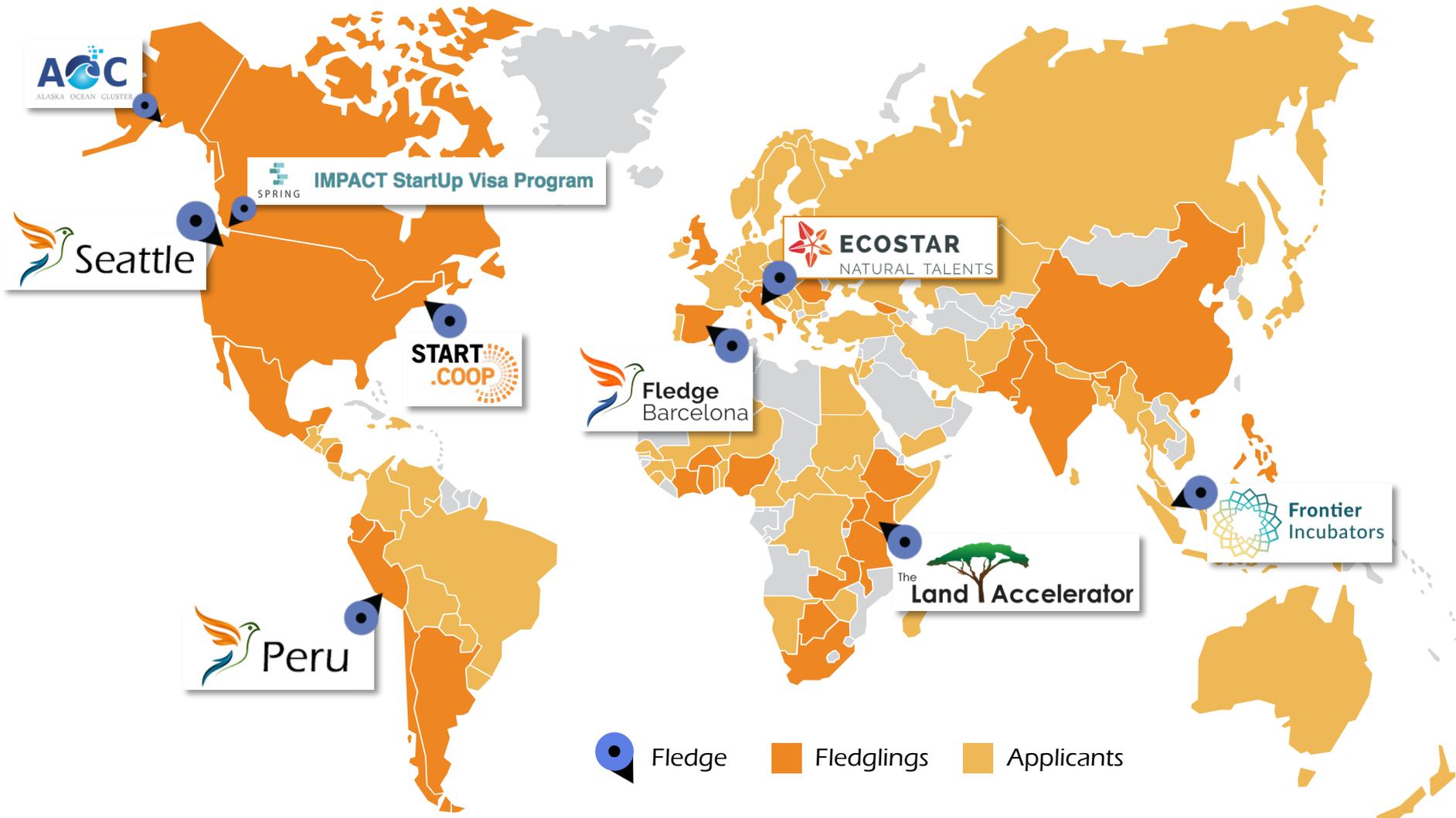# *Sifting Startup Success from Failure*
Workshop #3

AOC — ALASKA OCEAN CLUSTER

IMPACT StartUp Visa Program
SPRING

Seattle

START.COOP

ECOSTAR
NATURAL TALENTS

Fledge
Barcelona

Peru

The Land Accelerator

Frontier
Incubators

Fledge   Fledglings   Applicants

Timeline

- **Free workshops**
  - Today through January
  - Every other(ish) Tuesday
- **Investor Commitment**
  - Late January
- **Select fledglings**
  - Late February
- **Accelerator**
  - April 13 – May 29

Success or Failure

- **Gut "feel"**
  - Most Angels start by trusting their gut

Success or Failure

- **Yellow and Red Flags**
  - "Due Diligence"
    - Legal review
    - Financial review
    - Team review
    - Market review
    - Strategy review
    - Competitive analysis
    - Etc.

Success or Failure

- **Using Measurable Criteria**
  - Create a score for each potential investment
  - Using which criteria?

Criteria

1. **Team**
2. **Team**
3. **Team**
4. **Team**
5. **Odds of Success**
   - What defines success?

Criteria #1 – Team

1. **Team**
   - 5 = Perfect fit, with experience in the field
   - 4 = The right team, but without that experience
   - 3 = I like most of them or there is a hole in the team
   - 2 = Something isn't right
   - 1 = Pass

Criteria #2 – Opportunity Size

1. **Team**

2. **Opportunity Size**
   - 5 = Giant, global market
   - 4 = Giant, national market
   - 3 = Billions of dollars
   - 2 = Big, but not billions
   - 1 = Too small to likely return my investment

Criteria #3 – Impact

1. **Team**
2. **Opportunity Size**
3. **Impact**
   - 4 = Global impact
   - 3 = National impact
   - 2 = Local impact
   - 1 = No impact

Criteria #4 – Odds of Success

1. **Team**
2. **Opportunity Size**
3. **Impact**
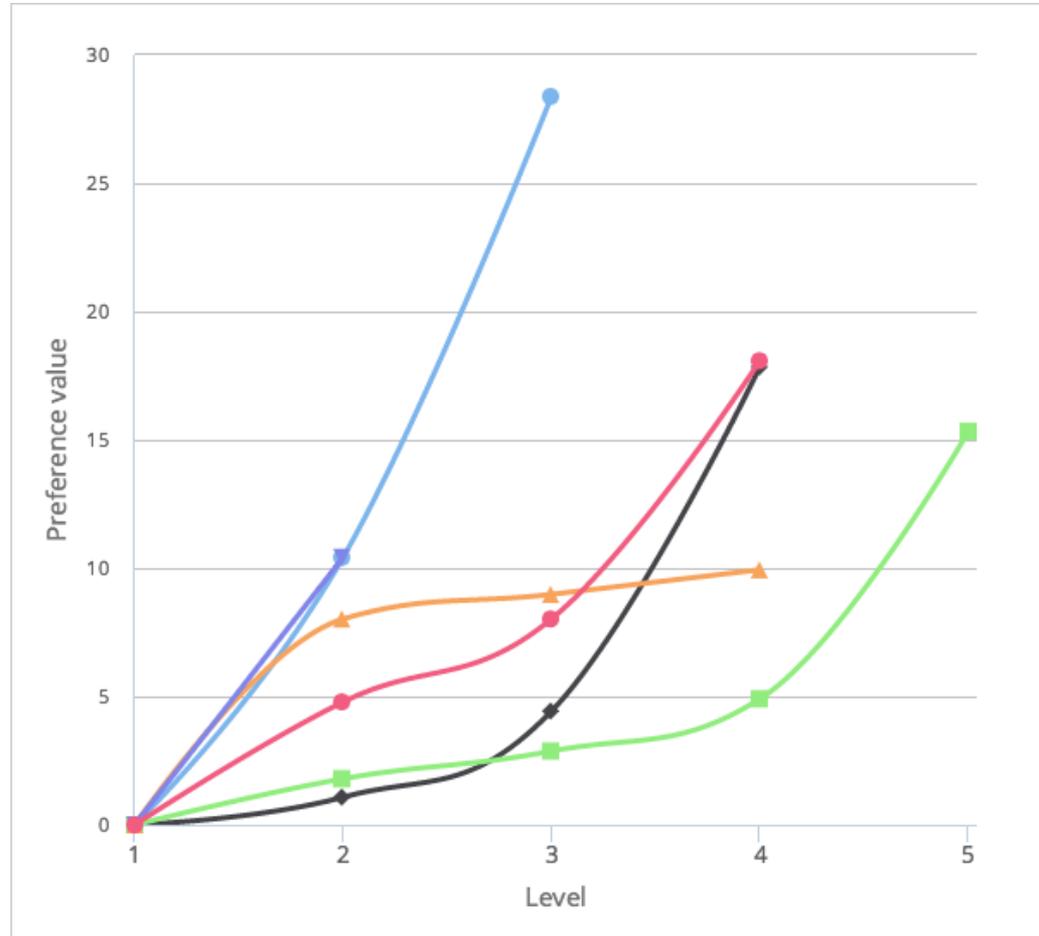4. **Odds of Success**
   - 3 = High
   - 2 = Medium
   - 1 = Low

- Complexity
- Competition
- Capital requirements
- Traction

Example Scores

Rank	SCORE	Team	Team	Impact	Capital	Competition	Staying Power	Traction	SUM		M/F
1	72.2%	Abracadabra	5	3	3	2	2	4	19		F
2	71.1%	Banana Democracy	5	3	2	2	2	4	18		F
3	69.8%	Chicken or the Egg	5	2	3	3	2	4	19		M
4	68.9%	Clean my House	5	2	3	2	2	4	18		M(F)
5	67.8%	Honey is Sweet	5	2	2	2	2	4	17		M
6	67.8%	Basic Nutrition	5	2	2	2	2	4	17		M
7	65.1%	Girlpad	5	3	4	3	2	3	20		F
8	63.1%	Balala Farms	5	3	3	3	2	3	19		F
9	63.1%	Zimvamuntumo	5	3	3	3	2	3	19		F
10	62.8%	Saas 123	5	2	4	4	2	3	20		M
11	62.3%	Artisans in Motion	3	1	5	2	2	4	17		F
12	62.0%	Breakfast Champion	5	3	2	3	2	3	18		M
13	60.7%	Malala Farm	5	2	3	4	2	3	19		M
14	59.8%	SquidInk	4	2	2	3	2	4	17		M
15	59.3%	Seekerz	5	3	1	2	2	3	16		F

Weights

Setting the Weights

- **Team**
  - 5 – Perfect
- **Odds of Success**
  - Plenty of competition
  - High capital need
  - Little/no traction

- **Team**
  - 4 – Not Quite Perfect
- **Odds of Success**
  - Little competition
  - Medium capital need
  - $50,000 in revenues

Setting the Weights

- **Opportunity Size**
  - 5 – Giant, global
- **Odds of Success**
  - Plenty of competition
  - Very high capital need
  - $10,000 in revenues

- **Opportunity Size**
  - 3 – Billions of dollars
- **Odds of Success**
  - Some competition
  - Low capital need
  - $100,000 in revenues

Setting the Weights

- **Team**
  - 4 – Not Quite Perfect
- **Opportunity Size**
  - 2 – Big, but not billions
- **Odds of Success**
  - 1 – Low

- **Team**
  - 3 – Questionable
- **Opportunity Size**
  - 5 – Giant, global
- **Odds of Success**
  - 3 – Blue Ocean

Example Scores

Rank	SCORE	Team	Team	Impact	Capital	Competition	Staying Power	Traction	SUM		M/F
1	72.2%	Abracadabra	5	3	3	2	2	4	19		F
2	71.1%	Banana Democracy	5	3	2	2	2	4	18		F
3	69.8%	Chicken or the Egg	5	2	3	3	2	4	19		M
4	68.9%	Clean my House	5	2	3	2	2	4	18		M(F)
5	67.8%	Honey is Sweet	5	2	2	2	2	4	17		M
6	67.8%	Basic Nutrition	5	2	2	2	2	4	17		M
7	65.1%	Girlpad	5	3	4	3	2	3	20		F
8	63.1%	Balala Farms	5	3	3	3	2	3	19		F
9	63.1%	Zimvamuntumo	5	3	3	3	2	3	19		F
10	62.8%	Saas 123	5	2	4	4	2	3	20		M
11	62.3%	Artisans in Motion	3	1	5	2	2	4	17		F
12	62.0%	Breakfast Champion	5	3	2	3	2	3	18		M
13	60.7%	Malala Farm	5	2	3	4	2	3	19		M
14	59.8%	SquidInk	4	2	2	3	2	4	17		M
15	59.3%	Seekerz	5	3	1	2	2	3	16		F

Backtesting my Model

Weighted Scores

Sample Company

Sample Company

Sample Company

What are YOUR Criteria?

1. Team
2. Opportunity Size
3. Traction
4. Impact
5. Sector

The Ãngel Accelerator

powered by 🦅 Fledge

"Luni" Libes

luni@fledge.co

Timeline

- **Free workshops**
  - Today through January
  - Every other(ish) Tuesday
- **Investor Commitment**
  - Late January

- **Select fledglings**
  - Late February
- **Accelerator**
  - April 13 – May 29

Cost

- Participants must be accredited Investors. Details available upon request.

- **Fledge is a (tiny) venture capital fund**
  - Fledge is a private fund.
  - Historic details are available upon request.

More Details

- **Fledge.co/angels**
- luni@fledge.co

"Luni" Libes

luni@fledge.co