



Dear Readers,

The BBA team have been taking advantage of the long August days to build further upon the strong foundations that have been created for our trade association. In particular, the Executive Committee has held their first meeting to map out the future strategy for BBA and their respective roles. The Executive Committee is developing the forward strategy and work plan for the BBA for the coming year and we would welcome your comments. Please email any comments to [liz@bbaa.org.uk](mailto:liz@bbaa.org.uk). We are also planning a Winter Workshop, details of which appear later in this newsletter.

As promised, we have posted a downloadable PDF report on the June Conference on the BBA website. It provides a summary of all the presentations, including keynote speakers and the panel sessions and draws out key messages which we will use as the basis of further work during the coming year. To get your copy please go to [www.bbaa.org.uk](http://www.bbaa.org.uk) or click [here](#). Also on our website is an [events section](#), which we are busily populating with details of the events and a [news section](#) where our members will be able to post their news from September.

Everyone at the BBA is focusing on encouraging new members to join the BBA - whether as Full Members or as Associates. We are very pleased that this month our new members include Xenos as a full member and the London Development Agency and AngelNews as associate members. However we need your further support to build up the base of BBA members and associates which is vital to the long term viability of the BBA as a trade association. Notably, we need your help to identify further angel groups, or professional organisations with whom you are already working in relation to the SME equity marketplace who may be interested in joining the BBA as either Full Members or Associates. Please contact Liz Carrington who can let you have the appropriate marketing materials, email her on: [liz@bbaa.org.uk](mailto:liz@bbaa.org.uk).


We have included below the first statistical results from our members survey on deal activity in the first six months of 2005. Over £11m has been invested into 89 businesses by BBA members in this period. As time goes on this bi-annual survey will tell us more and more about the health of the market during each economic cycle and enable the BBA to fulfil its objective to support greater transparency of the angel equity market.

We have also decided this month to provoke some debate amongst members about the issues implicit in leading a business angel network. Vivienne Upcott-Gill, the head of TEChINVEST has kindly submitted some of her experiences as the head of TEChINVEST. We would welcome further comments on the challenges of running an angel network. Please email [editor@bbaa.org.uk](mailto:editor@bbaa.org.uk). We would also like to hear about your experiences about how your organisation is structured – are you a franchise or do you follow a corporate style? How important is the not for profit or for profit angle as a motivator for people within your organisation?

Finally for all of you who are developing bids under the DTI Pathfinder Enterprise Capital Funds, we have an update on the schedule for evaluation of bids which you will find set out below.

We wish all those tendering under the ECF Pathfinder round every success with their bids.

Kind Regards,



Anthony Clarke  
Chairman

\*\*\*\* BBA Debate \*\*\*\*

**What do you think is important in the role of head of a business angel network?**

*Vivienne Upcott-Gill, founder of the TEChINVEST business angel network, has started the debate. She told us:*

“For most of my professional life I have played a role in a number of regional and national initiatives to stimulate the provision of early stage risk finance to smaller companies and then, in the early 1990s, developing the TEChINVEST package of services as one of five DTI pilots. My experiences has influenced the development of a well resourced introduction and equity advisory service designed to provide pre-screened investment opportunities to potential ‘angels’ and generate private sector funding for North West companies. We feel that it has been extraordinarily successful, helping companies to raise £17.7m in direct finance and unlock a further £31.9m in indirect funding over the last 11 years.

As head of the network, first and foremost, you need a clear belief in the potential of the businesses you are dealing with and in the vital role angels can play in those businesses and understanding of the financial options available to companies, including the legal implications of deals and how they should be structured.

After that, it’s down to hard work, a sympathetic ear and plenty of patience! Many of our investors want to structure the deals themselves and favour direct communication with the entrepreneurs they are backing. What we can provide for them is organisational or administrative back-up to help both parties understand the issues, an informed summary of a given investment opportunity, and a good working knowledge of the business finance environment.

Of course, it helps to be able to communicate effectively with both the entrepreneurs and the potential investors, because it’s almost impossible to characterise which angels will be attracted by which propositions and therefore we have to be able to give equal weight and support to both sides. And of course we get to know a little about a great many industry sectors.....that’s the beauty of the TEChINVEST Advisory Service, the team is made up of senior business people who are themselves very knowledgeable and experienced.

As part of the Northwest Regional Development Agency over the last five years, the Advisory Service has evolved in that companies are helped to raise finance from regional seed and venture capital funds as well as from angels. We have established these funds in the knowledge that angels are keen to invest alongside other experienced investors. We are therefore seeing a dramatic increase in the number of companies financed and the number of angel deals.

As a rule the heads of business angel networks tend to go about their work unrecognised. Therefore I was particularly proud when I accepted the Award on behalf of our team when TEChINVEST was named Private Investor Network of the Year by GP Capital and Business XL as part of the 2004 Investor Allstars Awards.”

#### \*\*\*\* BBA Statistics \*\*\*\*

As I'm sure you are aware one of the key aims of BBAA is to increase transparency in the Business Angels industry by collecting activity statistics. We are pleased to say that all of the BBAA members support this aim and have supplied BBAA with statistics for the past six months.

From the information received from the 15 full members it was found that in the period 1<sup>st</sup> January 2005 – 30<sup>th</sup> June 2005 a total amount of £11,458,500 was invested into 89 separate companies. This makes the average investment into a small business in this period £128,747. A total of 3,078 investors are members of BBAA business angel groups of which 168 made investments within this period.

BBAA will continue to validate this with on going data, which we believe will be of great interest for the future of angel investing as it will also increase our ability to raise the awareness of business angels as a form of funding for small businesses. The increase in statistics available to the government will allow them to create more tailored policies and support.

#### \*\*\*\* BBA Winter Workshop \*\*\*\*

BBAA is starting to plan its first annual winter workshop. This will be an event aimed at BBAA's Full Members and Associates and will take a more focused look at some of the key micro issues currently affecting the Private Equity Market.

We are proposing a full day event, run in the manner of a morning session, which all delegates will attend, followed by a choice in the afternoon session of, perhaps, two or three different workshops. We are still deciding upon the subjects to be discussed and were wondering what issues you would be interested in attending in a workshop. Please could you suggest some subjects you would be interested in us covering. Our ideas so far are:

- Improving the VC & Angel Interface
- The Methodology of Valuation
- Structuring Deals
- Successful Strategies for Network Development
- Facilitating syndication and co-investment
- Knowledge angels

We also see this as an opportunity for our members and associates to share their knowledge and best practice with others, therefore we would be delighted to hear from any member or associate who would like to run a workshop on either one of these subjects or another area of interest to the private equity industry.

Currently the date and venue are still to be confirmed. We will let you know these details as soon as we have more information.

#### \*\*\*Update on the Enterprise Capital Fund – Timetable for evaluation of bids\*\*\*

Its now only 2 weeks until the September 16 deadline for Enterprise Capital Fund bids and BBAA News has been looking at the process that the Small Business Service will undertake once the bids are in. We expect to see an initial short-list drawn up within 12 weeks of the closing date. This will be done mainly on the strength of the written bid material, although we expect SBS will contact bidders for clarification of points if necessary. At the end of this stage those bidders who have not been successful will hear the bad news and those short listed to be taken forward will also be notified. An 'intensive due diligence' phase will then take place during which SBS will undertake more thorough checks on the short listed bids. There is no fixed timetable for this second stage as it will be dependent on a number of factors, including how quickly bidders can satisfy any checks or requests for information and how many make it to the shortlist. The newly appointed Capital for Enterprise Board will be overseeing the process and acting as an investment committee for the Government

\*\*\*\* BBAA Members News by region \*\*\*\*

**East Anglia**

**Great Eastern Investment Forum** will be hosting an investment day on 8<sup>th</sup> September at The Trinity Centre, Cambridge Science Park

**Greater London**

**E-Synergy** announces a new Investment Readiness Programme for companies with new energy technology. This programme is in collaboration with the Carbon Trust. The programme will be held in Sept/Oct 2005 in two regions - North East England and London. Companies who have low carbon technology, or energy related technology are invited to contact Mike Bowman at E-Synergy (email: [m.bowman@e-synergy.com](mailto:m.bowman@e-synergy.com), website: [www.e-synergy.com](http://www.e-synergy.com)).

**London Business Angels** will be holding a *ready2invest* workshop at the London Business School on 29<sup>th</sup> September from 3:15 p.m. This integrated programme which is supported by the London Development Agency is aimed at recruiting and supporting a further pool of angel investors who will foster and nurture London's innovating entrepreneurs. Participating in the programme initially involves attendance at the half-day workshops held at the London Business School where expert angels and guest speakers present on relevant angel investing issues along with snapshot pitches of past real live case studies providing a fuller picture of what to watch out for in different scenarios. All case studies provide a different experience of industry and success. Following on from the workshop there is a round table session for new investors who meet serial angel investors and focus on more specific issues in an informal environment. The r2i attendees are also invited to attend one of LBA's regular Company Presentation Events where they have the opportunity to meet with and see entrepreneurs pitching for funding and also access ongoing advice and mentoring support from experienced network business angels. If you would like to attend the workshop please download an Application Form from [www.r2i.co.uk](http://www.r2i.co.uk). The programme for the workshop can also be found there. Alternatively, please contact Aisha Ejaz, LBA Network Manager, London Business Angels at [aisha@lbangels.co.uk](mailto:aisha@lbangels.co.uk).

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**ABOUT BBAA NEWS**

BBAA News is a monthly e-newsletter delivered to all members and to other interested parties. It is a plain text email with appropriate links to PDFs or websites etc for further information. BBAA News circulation currently comprises our existing members, prospective members, the press, government officials, the academic community, advisers who take an interest in the industry and other interested parties.

BBAA News offers a major form of communication with members and other recipients. Readers and others provide regular information about their activities - particularly opinion, research results and, in the case of full members, investment success stories to provide readers with an up-to-date and interesting news service on the business angel industry in the UK and how it fits into the wider national financial services environment and the international business angel community. BBAA News also offers a forum to support BBAA's role in lobbying government and promoting the growth of angel investing.

**ABOUT THE BBAA**

The British Business Angels Association is the new National Trade Association of the UK's business angel networks and associate organisations. It has a number of other roles ranging from supporting its members and lobbying government to encouraging the exchange of best practice, experiences and ideas between its members. It specifically does not have a purpose to promote investment opportunities to investors or to advisers.

If you would like to obtain more detail about the purpose and objectives of the BBAA or to obtain membership application forms please go to [www.bbaa.org.uk](http://www.bbaa.org.uk). In the meantime, if you have any other questions you can contact Liz Carrington either by telephone 0207 089 2305 or e-mail [liz@bbaa.org.uk](mailto:liz@bbaa.org.uk)

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