



ANGEL CAPITAL ASSOCIATION

ACA Data Insights What We Learned From Our Data

In support of [ACA's Data Insights](#) initiative, once a month we will be sharing charts illustrating useful learnings from analyzing data on angel investing and portfolio returns.

How does an investor know when and how to support the portfolio?

At Launchpad Venture Group, we believe strongly in the value of providing human capital to companies we invest in as well as financial capital. In this view, writing a check is just the beginning of an ongoing partnership to help build successful companies for the long run. Launchpad prefers to lead investment rounds and have a seat on company boards that can provide active partnership for growing companies.

Even in cases where we do not have an official board seat, we identify a “point person” to stay close to company developments and use that transparency to proactively suggest ways to help. We operationalize this support system in part by surveying each portfolio company’s director, observer, and point person semi-annually to record progress on a number of dimensions, anticipate upcoming funding needs, improve investment decisions, and respond to emerging support opportunities.

To support portfolio companies, we have found the chart below to be a particularly useful view for weighing and prioritizing when to offer support, and of what type. The chart is a bit complicated, but captures in one location a wealth of information to help flag opportunities to help the portfolio achieve its full potential:

- Each bubble in the chart represents a company in the portfolio
- The size of the bubble represents Launchpad’s total investment basis in the company, so that we have a sense of how large a share of the portfolio it represents
- The color of each bubble indicates how much funding runway each company currently has, the better to anticipate when they may be returning for another round of financing
- The x-axis tracks how the company is progressing down the path of market entry relative to its stage, which is typically the major risk source for investments at our stage
- The y-axis tracks how the company is progressing toward setting up for exit...an essential part of driving attractive investment returns, but one founders often overlook until later than they should.

Are portfolio companies showing market fit and setting up well for exit? If not, how could we support early to help them get back on track?



Taken as a full picture, this overview allows us to quickly grasp the current state of the portfolio overall, and is particularly useful in signaling need for one of three supporting interventions that we as investors can proactively supply:

1. For portfolio companies that are starting to fall behind on their market entry trajectory, investors can offer to help with sales leads or other useful connections. Launchpad can also leverage its particularly deep bench of Sales and Marketing experience to work with the company to sanity check and adjust the Go-to-Market strategy, as needed.
2. Exits don't just happen, and for companies that are starting to fall behind on setting up for exit, a conversation with the board member and subtle nudge in the right direction may be all that is needed to head off a hurried and desperate scramble to line up potential suitors down the road. Timely introductions to potential acquirers or other resources to build an attractive exit can also accelerate the company's progress.
3. For companies with "urgent" or "critical" funding need, (meaning they will need additional funds in the next 6 months) Launchpad can anticipate and ramp-up our follow-on diligence and investment process in preparation to streamline fundraising.

THE TAKEAWAY

Transparency is essential to a successful partnership, particularly when managing a portfolio of 60+ active companies. Without it we run the risk of missing opportunities to help, or worse still, wasting an entrepreneur's time with unnecessary or uninformed offers of assistance. By leveraging our network of support liaisons and maintaining an evolving comprehensive view of where help might be beneficial, we apply our human capital where it can drive the greatest impact for our founders and the portfolio as a whole.

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About Launchpad: Boston-based [Launchpad Venture Group](#) is a diverse 170-member network of talented Angel's that has been successfully investing both financial and human capital in over 200 New England-headquartered tech-enabled B2B service companies since 2001.

We hope you are enjoying these Monthly Data Insights. If you have an insight (chart with narrative) that you'd like to share in a future edition, please send us your submission to insight@angelcapitalassociation.org. Our goal is accelerate learning from each other.

For the first Annual Compilation of Action Learning from Leading Angels, The ACA Investor Insights Report can be accessed by clicking the button below and using password "ACA2021".