

Angel 201: 4 Critical Skills Every Angel Investor Should Master

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Note: This article is part of Angel 201, an ongoing series for Angel Investors. To learn more about developing the key skills needed to make great investments, download this free eBook today [Angel 201: The 4 Critical Skills Every Angel Should Master](#) or [purchase our books at Amazon.com](#).



Image by [Lea S.](#)

Angel investing started to break into the mainstream in popular American culture in the early 2000s. It started with stories of individuals striking it rich from investments in companies like eBay, Yahoo, PayPal and Google. Silicon Valley garnered most of the headlines, but angel investors increased their activity in other technology centers such as Boston and Seattle and eventually San Diego, Austin and New York.

Then, the media began writing about celebrities and athletes making angel investments. Ashton Kutcher, Bono, Kanye West, Justin Timberlake and many others placed their celebrity endorsement on dozens of startups hoping to add to their fortunes. A few of these investments turned out well, but most ended up as write-offs.

Today, one of the most watched shows on TV is [Shark Tank](#), which is based on a popular worldwide TV series called [Dragons' Den](#). More than 8 million viewers tune into Shark Tank every week to watch a reality TV show where entrepreneurs present to a panel of investors, called Sharks. You know things are getting a bit overheated when popular culture embraces an esoteric activity like investing in startup companies! Has angel investing [jumped the proverbial shark](#)?? (pun intended!)

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All this press and publicity for angel investing makes it sound like anyone can be successful picking companies and throwing a few thousand dollars at the entrepreneur with expectations of riches to follow. Experienced angel investors know this gross misperception will lead to a lot of disappointment. Angel investing isn't easy. Sure, you might get lucky once or twice, but that's no different than betting on a roulette wheel.

Christopher and I take angel investing seriously. It's our full time job and we work hard at it. As an important part of running our angel group, [Launchpad Venture Group](#), we expend significant effort and time training our members on key concepts to help make them better angel investors. Our introductory course, aptly called Angel 101, focuses on topics such as the [the basics of building an angel portfolio](#), [expectations on time to exit](#), [expectations on financial return](#), the [importance of due diligence](#), the [risks in early stage companies](#), and the [importance of investing both financial and human capital](#).

Our next course, Angel 201, digs into 4 critical skills that we believe every angel investor needs to develop. These skills take time and many experiences to establish. The more entrepreneurs you talk to, the smarter you will become. The more investments you make, the better you will get at understanding early stage company financing issues. Over a series of articles, we will break these four critical skills down:

1. How to [evaluate a startup's management team](#) (and the CEO in particular)
2. How to [evaluate products](#) and [market opportunities](#)
3. How to [stage financial capital](#) and make sure a company is properly financed

4. How to [plan, optimize and manage an angel portfolio](#) in a [tax efficient](#) and organized manner

With mastery of these skills, an angel investor has the tools needed to build a substantial portfolio based on solid investment decisions, not a collection of lottery tickets.

Want to learn more about building an angel portfolio and developing the key skills needed to make great investments? Download [Angel 101: A Primer for Angel Investors](#) and [Angel 201: The 4 Critical Skills Every Angel Should Master](#) for free, or [purchase our books at Amazon.com](#).