

ABSTRACT

The Baylor Angel Network: A Guidebook for Analysts

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For many early-stage companies, one of the primary methods of securing funding is through angel networks, which exist to connect investors to entrepreneurs with developed business plans. One of these angel networks exists directly as part of Baylor University - the Baylor Angel Network. The BAN model seeks to both increase the value-add to the entrepreneur while also incorporating an academic component through the recruitment of undergraduate Analysts. In the role of student Analysts, Senior Analysts assist the Executive Director in fulfilling operational roles of BAN, while also analyzing and screening deals submitted to the network. Not only do Analysts receive hands-on education, Analysts also undergo an educational curriculum. The Analyst Guidebook has been created as to record and simplify established processes while further developing analytical frameworks in order to minimize the learning curve, streamline processes, improve operational efficiency, and further increase the overall value-add of the Baylor Angel Network.

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THE BAYLOR ANGEL NETWORK:
A GUIDEBOOK FOR ANALYSTS

A Thesis Submitted to the Faculty of
Baylor University
In Partial Fulfillment of the Requirements for the
Honors Program

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PART ONE

Operations

Overview

As an Analyst for the Baylor Angel Network, a large portion of the work - outside of academics - involves performing operational duties necessary for the success of BAN. Functional areas strictly relating to student roles as Senior Analysts include but are not limited to both Event Coordination and general operations.

Types of event coordination can include screening committee calls, presentation meetings, Angel education day, and Analyst banquets. Additionally, operational roles can include items such as weekly Analyst meetings, member engagement, administration of the BAN Member Management System, newsletter development, and recruitment.

As the Baylor Angel Network continues to grow and evolve, so too will the roles of Analysts and the processes undertaken as part of operations. Beginning with the 2011-2012 class of Senior Analysts, BAN has grown in many ways. In the coming years, BAN is likely to see functional responsibilities continue to change, with certain processes being simplified and developed.

Member Engagement

As an Analyst for the Baylor Angel Network, one of the greatest value-adds for Senior Analysts is the interactions we have with our Angels. As such, one of the areas within operations is that of member engagement. Member engagement is an activity with

the purpose of being a benefit both to our membership and even to current analysts.

Activities within member engagement include outreach to angels, and other direct interactions. This consists of Angel interviews, new and returning member outreach, and individualized greetings and thank you letters.

Technology, Web Presence, and Member Management System

Like any organization, there are a number of technology related functions that need to be fulfilled for the operations of the Baylor Angel Network. This of course includes the administration and management of these systems, as well as ensuring that all areas of technology are monitored and kept updated. These systems include but are not limited to:

- The Member Management System
- Website
- Social Media (Twitter, Facebook, LinkedIn)
- Gust.com

Newsletter

An additional role undertaken by Senior Analysts is that of compiling a Newsletter, which will be distributed to current membership. The newsletter provides those involved with BAN updates regarding recent developments within BAN, as well as other relevant information. These developments can include but are not limited to recent deals closed, statistics regarding the Angel Network, goals achieved, membership details and offerings, and news with respect to members, analysts and fellows. Additionally, the

newsletter will provide updates with respect to future developments, such as meetings, education days, or other upcoming events.

The role of the Analyst assigned to the newsletter will simply be to compile such relevant information in a provided template. This modifiable template will be provided to the Analyst with other Baylor Angel Network documentation. An example newsletter can be found in Appendix A.

Recruitment

Overview

With each class of Senior Analysts that enters into the Baylor Angel Network program, so too will a new class of Junior Analysts be subsequently recruited. The process of recruiting and selecting Junior Analysts is one of the many roles undertaken by the Senior Analysts. Through this selection process, BAN hopes to identify and select undergraduates in their Junior year of study who present themselves as strong matches for the Baylor Angel Network.

The selection process begins with initial marketing of the opportunity presented through the BAN internship program, and continues into an initial resume screen. From this point, Analysts will draw down the applicant pool and offer a select number of high potential students the opportunity to interview with the Baylor Angel Network. During the interview, students will be presented with questions which aid in evaluating them based on set criteria. Interviewees are then ranked according to these set criteria, and the top six students offered positions with the Baylor Angel Network.

Advertising & Marketing

In order to get the word out regarding the Baylor Angel Network, Senior Analysts begin the process of recruitment by identifying subsets and recruitment avenues for potential candidates, and concentrating efforts accordingly. Regarding subsets, a number of groups of business students have been identified as most likely to take interest in this opportunity. These students include those who have performed well academically as well as those drawn from targeted majors within the business school. In identifying high-performing students, we have sought to recruit Junior's with a cumulative GPA above 3.5 out of 4.0. Of the targeted majors, we have concentrated our efforts on those who are classed within the majors of Business Fellows, Finance, and Entrepreneurship. Despite concentrating efforts on these subsets, BAN hopes to create a class of Analysts that represents a full spectrum of skills, disciplines, and interests.

Through past experiences, the best way to initially reach out to these subsets is through email. Senior Analysts should develop form emails that both describe this opportunity, as well as provide key requirements, dates, and deadlines related to recruitment. These deadlines can include those with respect to resume submission, as well as dates for potential interest meetings. Following development of these emails, Analysts should contact the heads of the various departments, such as Business Fellows, Finance, and Entrepreneurship. Additionally, Analysts should reach out to the Associate Dean by contacting his secretary, who will be able to push out an email to all students with GPA's above the 3.5 GPA minimum.

In addition to the various subsets within the Business School that have been targeted, certain classes are targeted as well. These classes can include those that first

semester juniors are likely to be enrolled in, such as MKT 3305, ENT 3320, and FIN 3310. However, as FIN 3310 is a required course for Entrepreneurial Finance, which Analysts must take in the following semester, this class in particular should be targeted. The best approach to targeting these students is through either arranging class visits, or simply requesting that FIN 3310 professors forward out an email to their current students.

Finally, to both provide general information to interested students and gauge student interest, Analysts should arrange an Interest Meeting for the Junior Analyst position. In preparing for this meeting, Analysts should have first established a recruitment timeline, followed by making the necessary room arrangements. Prior to the meeting, Senior Analysts should develop a power point which concisely and effectively explains the position, its requirements, and a simple description of the Baylor Angel Network. This presentation should explain expectations to juniors, provide dates and deadlines relevant to recruitment, and also explain the interview process. Further, time should be allotted to allow for questions and answers from those in attendance. An example presentation has been included with other Analyst Guidebook documentation and in Appendix B.

Round 1: Initial Resume Screening

After successfully marketing the Junior Analyst position, Analysts should begin receiving resume submissions for the first round of candidate screening. Following the resume drop deadline, the Analyst leading recruitment should compile all resumes into a single PDF file which also includes instructions on evaluating these resumes. Analysts

will first individually evaluate and rank these submissions, followed by a collective analysis and decision regarding the top twelve resumes.

While there are no set criteria or quantifiable variables for the initial screening, there are a number of factors to keep in mind when evaluating resumes and cover letters. These areas include academics, involvement, experience, recruitment effort, interests, and alignment with BAN.

With respect to academics, BAN is looking for high achieving students who have displayed a strong work ethic, while also having a relevant academic background. Having a GPA above 3.5 and either enrolled in or having already taken FIN 3310 is essential. Additionally, course load and course difficulty must be taken into account when evaluating academics, as GPA is not the best metric of intelligence or work ethic.

Although BAN places a high value on academic achievement, we also desire students who are well balanced and socially well adjusted – students who have also maintained involvement elsewhere. This can include Fraternities, Sororities, Student Organizations, Church involvement, athletics, or simply part-time jobs. It is especially valuable if students have taken initiative and displayed leadership in extracurricular involvement.

As many students have not had the opportunity to intern prior to their Junior year, work experience of applicants is slightly less relevant at this stage in the process. However, as the Junior Analyst position becomes more and more competitive, work experience will inevitably be of greater relevance. As such, it should be evaluated accordingly.

Another area to consider is that of effort put into recruitment by that particular candidate. This can largely be evaluated based on the quality of the resumes and cover letters. This can include spelling and grammar, language used, as well as professional resume formatting. There should simply be no excuses for a poorly formatted resume where effort has clearly not been put in. Such poor workmanship reflects directly on that individual, and is a good predictor of the work quality that candidate will provide. As such, this is a very important consideration.

Finally, Analysts must consider both the interests displayed by the candidates, and how they align to BAN. Further, not only should interests be in alignment with BAN, but also their character and values. These of course are more readily identifiable through personal contact; however one can get a sense of these variables through resume and cover letter evaluation.

In keeping these factors in mind, Analysts should individually rank these candidates according to a pre-developed point system. The best way we have found to approach this is to group candidates when assigning points. That is, the top three should be assigned 4 points, 4-6 will be assigned 3 points, 7-9 assigned 2, and 10-12 assigned 1. All other candidates will be assigned 0 points.

After ranking candidates individually, Analysts will then gather collectively in order to decide on the top twelve. Analysts will utilize the provided ranking template from which it should be clear who the very best and very worst performers were across all Analysts. However, those falling in the middle of the pack will require discussion. Analysts will then discuss these candidates and collectively decide which candidates will

make the cut. This initial ranking template can be found in excel form with Analyst documentation, and also referenced in Appendix C.

After deciding who to cut and who to offer interviews, Analysts should proceed to send out emails informing candidates of the decision. Form acceptance and rejection emails can be found with other documentation (Appendix D), or can be developed accordingly. For those who make the cut, the email should both congratulate them and inform them of their scheduled interview. For those cut, said email should graciously thank them for interviewing, as to maintain the professionalism and respect of the Baylor Angel Network.

Round 2: Interviews

Following initial resume screening and interview selection, the next step in recruitment is that of the actual interview. Preparation for interviews will include interview scheduling, candidate invitations, and finally developing questions that allow effective evaluation according to BAN's set criteria.

Prior to the interview, the Lead Analyst should arrange for an appropriate location, while also establishing an interview schedule. In the past, BAN has utilized the Graduate Conference room and performed interviews over a period of roughly 4 hours. Candidates will be scheduled at 20 minute intervals, with 15 minutes allotted for the interview and 5 minutes in between. After room reservation and initial resume screening is completed, Analysts will inform selected candidates of their allotted interview times.

Further, each Analyst is expected to come prepared with appropriate documentation needed for evaluation. This of course will include the Resumes and Cover

Letters used during the initial screening, as well as interview evaluation forms for each of the candidates. These forms will of course be utilized later when populating the interview quantification spreadsheet, and can be found within the Junior Analyst Quantification spreadsheet and Appendix E.

Additional preparation for interviews is required by the Analysts themselves, specifically with respect to interview questions. As candidates are only allotted 15 minutes each, a limited number of questions may be asked. These questions should be collectively exhaustive as to allow Analysts to effectively rank candidates across all the metrics contained within the quantifiable spreadsheet. In the past the following questions have been used:

1. Walk us through your resume/Tell us about yourself?
2. Resume follow up – 1 or 2 questions if necessary
3. Why do you want to be an Analyst in the Baylor Angel Network?
4. Why would you be a good fit for the Baylor Angel Network?
5. Tell us about a challenge you have faced and how you overcame it?
(or any other ‘behavioral’ type question)
6. Walk us through your analysis of the [garbage guzzler] case (*Note: The Garbage Guzzler Case can be found with other Analyst document, and within Appendix F*)
7. Do you have any questions for us?

Based upon answers provided and general impressions of the candidates, Analysts will then proceed to distribute points to the candidates by filling out evaluation forms.

When assigning values for each variable, one should maintain objectivity and consistency

across all candidates. That is, understand that if you rate the first candidate a five in a category and a future interviewee outperforms that candidate, then you will be unable to provide a higher ranking and thus unable to objectively evaluate the candidates. As such, it is advised to be conservative in point assignments, and understand that an ‘average’ rating should represent the average of that sample of high ability interviewees rather than across the Baylor population. In summary, leave yourself room for point ratings when evaluating candidates, and remain consistent across the evaluation.

In addition to remaining consistent across the ratings, it is also important to keep in mind the variables at play in the quantification spreadsheet. These of course are stated in the evaluation form, and should already be known to all Analysts. Categories of evaluation will include appearance, qualifications, values, characteristics, and academic background. Further, the candidate’s performance and analysis of the case study will be a large aspect of evaluation. Additional information with respect to the specific variables can be found in the spreadsheet. Within the spreadsheet, different categories have been provided with recommended weights. If prior to the interview all Analysts agree to modify the recommended weights, then the spreadsheet can be manipulated accordingly. This spreadsheet will be found in excel form with other documentation, and is visually referenced within Appendix G.

As the spreadsheet has already been developed, little work is necessary in this area with the exception of actually populating it with data. This can be done either after the meeting or during breaks if time permits. After the data has been completely inputted, the rankings of the candidates will be made clear. As the decision has been completely

quantified, no further debate or discussion will be required as an objective ranking will be provided based on the variables in this model.

Post-Interview Decisions

After interviews are completed and decisions have been made, Analysts will then be required to inform interviewees of the decision regarding their candidacy. This should be done both quickly and professionally, which is best done through personal phone calls. Each Analyst should phone both one accepted candidate and one rejected candidate as to inform them of the ultimate outcome of their candidacy. All Analysts should agree upon a set period of time during which to contact the candidates, as to avoid discussion or gossip amongst them.

Events

Screening Conference Calls

Prior to extending Presentation Meeting invitations to prospective entrepreneurs, the Baylor Angel Network goes through the process of a screening committee call, in which Angels decide how to fill the limited spots provided for prospective investments at our presentation meetings. With respect to these calls, there are a number of steps needed to be taken with respect to preparing for these meetings, including room reservation, technology acquisition, providing the required analytical documentation, and finally preparing to discuss each deal according to a set framework.

The first measures taken with respect to call preparation involves reserving a conference room and ensuring the required conference call technology is available and

ready to be used for the conference. In making reservation arrangements, it is best for the Analyst assigned as lead to the conference call to directly contact the Executive Director. Further, Analysts should arrive early to the meeting in order to both ensure that the conference call-in number is accessible and ready for use, and that there is in fact a conference call enabled device in the requested conference room.

During each round of deals, Analysts will screen companies through a set process, as to be discussed in the following sections. The forms resulting from this process will include both the Objective Summary (Appendix H), compiled by each deals lead, as well as subjective analysis forms (Appendix I), which all analysts will develop for each deal. After each Analyst develops and compiles their individual subjective analysis form, they will then send said form to the Lead Analyst for that given deal. Each deal's Lead Analyst will then review the submitted documents and subsequently amend their own objective summary with any additional thoughts and relevant comments. When all Senior Analysts have completed their personal objective analysis, they will then send this updated document to the Senior Analyst acting as lead for that particular Screening Conference Call. The updated document will then subsequently be provided to the Executive Director.

In addition to preparing the required documentation for the call, it is also advised for Analysts to prepare for the actual call itself. As the number of companies being reviewed per round is variable, so too is the amount of time available to spend introducing and outlining each deal. With respect to this, the less said the better. As such, Analysts have worked to develop a "Screening Call Framework," which provides Analysts with a relatively simple outline and template of how to approach organizing

ones thoughts as well as which topics need to be addressed and in what order. The Screening Call Framework can be found within Analyst documentation as well as Appendix J. This includes briefly introducing the company, discussing the main points relevant to any venture, next discussing other points that might be relevant, and finally any concluding remarks. In discussing these points, words should be kept concise, and both objective and subjective analysis can be provided. It is also best for Analysts to keep in mind that only the most important information should be provided, and any gaps will be filled in when answering questions from Angels. The particular points of the screening call framework are discussed further in the upcoming Screening section, and will be provided with other Senior Analyst documentation.

Screening Meetings

Overview. Throughout each semester, the Baylor Angel Network organizes screening meetings, during which a select number of companies are given the opportunity to present their decks in front of BAN investors in order to sell their deal and seek funding. As of current, BAN undergoes two deal cycles each school semester, with Analyst roles being that of screening the deals and providing operational and logistical support for the Executive Director. Companies that present will be chosen from those discussed during conference calls, past deals that are seeking additional funding, and finally those internal to Baylor such as teams from the Applied Ventures course. In addition to the screening of these deals, which will be discussed in depth later, Analysts also will take on the operational duties of arranging these meetings and ensuring their smooth completion.

Pre-Meeting. For each meeting, certain Analyst's will be assigned lead or secondary roles in which they individually undertake the job of making meeting arrangements while also delegating other possible duties. Outside of deal screening, there are certain steps that need to be taken in order to prepare for the screening meeting, such as catering arrangements, document preparation, and other such logistical duties.

The first operational need for each meeting includes catering and tablecloth arrangements. In the past, most Waco screening meetings have taken place at the Texas Sports Hall of Fame, which requires both tablecloths and outside catering. However, when meetings are held at facilities such as the Mayborn Complex, catering will be provided and arranged by Aramark. In making arrangements, assumptions must be made with respect to head count as well as deciding on a budget for said catering. Prior to each meeting, the Lead Analyst should discuss this with the Executive director who will provide an estimate for these figures. In the past, BAN has roughly budgeted a maximum of \$10 per head for breakfast and \$15 per head for lunch. However, in the future there are a number of factors that will change how these arrangements are made, such as the potential discontinuation of breakfast. Additionally, a rotational meeting schedule has been adopted, and thus not all deal cycles will include a Waco meeting. As such, both the expected head count and budget will be altered, and should be discussed with the Executive Director prior to each meeting.

After budgets as well as expected needs are established, the Lead Analyst should begin contacting potential caterers to work with. In the past, BAN has found success in using George's for both breakfast and lunch, as well as for the necessary tablecloth

provisions. However, any catering service provider found on the Baylor “list of approved off-campus caterers” may in fact be used. The lead analyst must relay to the caterer the required dates, times, budget, and other such relevant information and needs.

After securing catering needs, the next step is to make arrangements with the print center in order to fulfill the needs of that individual meeting. Again, assumptions should be made regarding head count, and document needs should be procured from the Executive Director. These documents, which Analysts have the responsibility to organize into BAN folders, will likely include summary application forms for each deal, objective summaries (Appendix H), a meeting agenda (Appendix K), angel interest forms (Appendix L), and other documentation particular to that meeting. Templates and examples for these documents can be found with other angel network documentation, or can be secured from the Executive Director. These will need to be modified individually for each meeting.

Meeting Day. With regards to each Screening meeting, there are a number of needs that are required to be met in order to ensure a successful meeting. While for the most part the lead Analyst will seek to delegate roles and responsibilities as needed, it is also necessary for each analyst to fulfill any needs as they arise. Duties that are to be performed include set-up and preparation, greeting membership, keeping time, and introducing entrepreneurs. All of these duties and others should be undertaken with the utmost professionalism. As such, all Senior Analysts are expected to dress appropriately for the occasion. Additionally, it is of high importance to interact and engage with

membership as well as entrepreneurs who are presenting, ensuring a respectful, friendly, and professional atmosphere.

Beginning the morning of the meeting, Analysts are to show up early in order to make sure everything is ready for the upcoming events of that day. This includes verifying catering and preparing the main table with the required documentation, name tags, and other such items.

Further, throughout the day there are a number of roles that should be delegated among the various Analysts. These include greeting Angels and Entrepreneurs, ensuring schedule timing, and entrepreneur introductions. With respect to greeting, the Analyst should simply welcome our guests, and inform them of what is available for them. All guests will be directed to the main sign-in table, from which entrepreneurs will be directed to a location where they can prepare for their presentation while Angels will be provided with documentation and directed to the presentation room.

In addition to greeting guests, Analyst's will also be responsible for keeping the meeting on schedule and introducing entrepreneurs, among other roles as they appear. In order to maintain scheduling, an Analyst should be delegated the role of time keeper, who will time each presentation and discretely inform the entrepreneurs of the amount of time remaining to present. Additionally, Analysts should help entrepreneurs to upload their relevant presentation materials to the projector, while also queuing the subsequent presenter prior to their scheduled time. Prior to each presentation, the Analyst that had previously screened said deal will very briefly introduce the entrepreneurs to membership.

Overall, the Analysts main goal should not just be in ensuring the meeting runs smoothly and stays on time, but that all attendees feel welcome. This of course is best accomplished through reflecting the professionalism of the Baylor Angel Network and directly engaging and interacting with all of those in attendance. Interacting with entrepreneurs and membership is not only beneficial to those in attendance, but is also beneficial to the reputation of BAN and the development of each Analyst. In keeping these points in mind, Analysts can guarantee a successful meeting.

Education Days

Similar to screening meetings, Analysts will act in a similar capacity with regards to the preparation and logistics for Angel Education Day. As such, Analysts will be responsible for making reservations and fulfilling catering needs, procuring and duplicating Education Day documents and packets, and finally supporting the Executive Director in a variety of functions throughout the day.

Similar to screening meetings, the lead Analyst will be responsible for making catering reservations for each education meeting. Analysts should follow the same procedure as discussed with respect to screening meetings, which includes making catering arrangements based on head count and budget provided by the Executive Director. Some caterers will also provide the required table clothes, while others will not. Also, catering reservations is entirely dependent on meeting locations, as for some locations the catering will already be included.

Additionally, the Lead Analyst should tag-up with the Executive Director in order to receive instructions with respect to documentation. Once instructions, head count, and

the correct documentation files are received, Analysts should immediately contact the copy center to produce packets and other documentation. Analysts should also request from the Executive Director the correct account number to be invoiced for the order. On all communication with the print center, it is best for the Analyst to carbon copy the Executive Director in the email.

Angel/Analyst Banquet

Each semester, both Angels and Analysts are provided the opportunity to gather together to enjoy dinner and fellowship with one another. As this is not an operational event but rather a time to enjoy each other's company, there is little actual preparation required. However, Analysts will be responsible for deciding upon a location and making reservations. In the past, the banquet has taken place at either Diamondbacks or 135 Prime. Analysts will need to make arrangements for a private room, with logistical information only including the required time, headcount, and budget.

Weekly Analyst Meetings (Academic and Operational)

Throughout the semester, all Senior Analysts will meet twice every week to discuss academic as well as operational progress, assignments, and updates. While one of these meetings will be led by the Executive Director and focused on Operations, the other will be led by the Academic Director and focused on 'academics.' While all analysts are expected to prepare for and attend these meetings, the Lead Analyst in charge of facilitating these meetings has additional responsibilities.

The Analyst responsible for weekly meetings holds the primary role of tagging-up with the Executive and Academic Directors in order to set an agenda for that particular meeting. Many times, the directors will relay their expectations at the previous meeting. As such, the lead analyst is tasked with recording these expectations and emailing them out as part of the agenda. Additionally, if the agenda was not established at the previous meeting, then the lead analyst is tasked with contacting either the Academic or Executive Director requesting information regarding meeting agenda. Once this is received, the Analyst will put together an Agenda for that day and email it out to all relevant parties. In the past, we have used an Agenda template form, which is available with Analyst documentation and in Appendix M. However, this process could potentially be altered in the future, and the use of Outlook calendar might be considered as a replacement. Regardless of these changes, it is advised that the Lead Analyst email out the agenda the night before at the latest.

PART TWO

Screening

Overview

A great deal of the work undertaken as a Senior Analyst is that of screening and analyzing deals that come through the Baylor Angel Network. The process of screening deals involves a number of steps, including deal assignment, objective analysis, subjective analysis, valuation model development, and finally individual entrepreneur and angel calls. All of this of course leads into the initial screening committee call, and finally the actual screening meeting.

Deal Lead

After being assigned to particular deals, Analysts begin the process involved with acting as lead on those individual deals. As Lead Analyst, one is responsible for acting as the primary analyst on that deal, which involves developing an objective summary ('Screening Committee Template'), consulting with your angel mentor, discussing the deal with the entrepreneur, and screening call preparation.

As Lead Analyst, the main product one will develop is the objective screening committee analysis form (Appendix H). This framework is very useful in investigating key areas of importance to the angels, and allows one to precisely delve into the relevant details of the deal. The Analyst should first read through that deals documentation in great detail, and proceed to fill out this form as accurately as possible. In reading this

document, however, some questions will likely arise. As such, BAN requires the Analyst to arrange individual calls with both an Angel Mentor and Entrepreneur.

After the initial draft of the objective summary has been completed, the lead Analyst will proceed to discuss that deal with both the angel and the entrepreneur. This should be done in two separate conference calls, first with an angel mentor, and second with the entrepreneur. These calls should be scheduled well in advance of the committee call, as to ensure plenty of time to successfully coordinate these calls and evaluate the deals. The purpose of the mentor call is to discuss the deal in further detail, in hopes that new questions will arise. These questions will then of course be asked of the entrepreneur. The purpose of the entrepreneur call is to be a value-add to not just the Network, but the Analyst as well as the entrepreneur. During these calls, the Analyst will spend upwards of an hour discussing the deal as to fill in any gaps. The angel mentor usually will sit in on this call, and the option to join in the conference should be given to all other analysts. The call itself can be arranged using the BAN conference call account, with invitations and details being sent out through outlook.

Following the calls, the Analyst will begin to expand upon their current summary form. Additionally, the lead Analyst should begin to incorporate details provided from the subjective analysis forms developed by the other secondary Analysts. Occasionally as part of the academic portion of this class, Analysts will also develop models that act to value the company, or determine more accurate financial projections. Valuations can be done using the Venture Capital or IRR method, or by utilizing the pre-developed BAN Valuation Modeler. The complete document will then be sent to the lead Analyst for the screening committee conference call.

Secondary Analyst

In addition to work related to the role of lead Analyst for a particular deal, each Analyst will also be responsible to act as a ‘secondary Analyst’ for all deals that come through the Baylor Angel Network. This of course involves acting in a different capacity than as lead Analyst, as well as providing a different product. Secondary Analysts will still be required to read documents related to each deal, but not necessarily to the same precision as the lead. Additionally, the secondary Analyst will not be required to contact angel mentors or entrepreneurs for deals which they are not lead on, nor develop an objective committee summary.

However, secondary Analysts are expected to analyze the company with the subjective methodology that has recently been developed. As it has been statistically shown that the greater number of hours spent on due diligence significantly increases the chance of a successful exit, it seemed relevant to expand our screening process in this capacity. Initially, deals were screened by only one Analyst. After further thought, BAN Analysts decided that it would be beneficial to screen all deals. However, after going through a deal cycle in which all analysts developed individual objective analyses, it was identified that these documents were a small value-add due to redundancy. As such, we created the subjective framework. This new analytical framework has been developed from the insights of Dr. Rob Wiltbank, the observations of current Senior Analysts, and finally from the general consensus observations regarding the analysis of venture capital and early stage deals. The subjective analysis framework has been incorporated into a template which allows Analysts to develop an analysis that targets key points, while also

quantifying the various factors relevant to seed and early-stage deals. This form will be provided to the lead Analyst on that particular deal, who will incorporate the findings into his own product. The purpose of this is to both allow Analysts to see a greater number of deals, as well being a value-add by providing multiple perspectives.

PART THREE

Academics

Overview

In addition to both operations and screening, the Baylor Angel Network also includes a component that is of the academic nature. This portion of the course is led by the Academic Director, and includes reading, outlining, analyzing, and evaluating various essays, books, articles, and other publications.

Assignments and Requirements

As part of the academic requirement for the Baylor Angel Network, requirements will include readings, research, and assignments. Documents assigned can include books, articles, and the Guidebook itself. Many of these books and readings will be assigned to Analysts over the summer before their senior year, as well as throughout the semester. Analysts are required to read these assignments, and are expected to come to meetings prepared to discuss and apply what they have read.

Further, Analysts will be required to outline, summarize, or analyze what they have led, or to come up with relevant questions or frameworks related to what they have read. Occasionally articles will discuss topics of a technical nature, and as such analysts will be expected to duplicate what they have read. This can include valuation model development, or other similar topics. Overall, Analysts should consider how to apply what they have learned academically to not just the Baylor Angel Network, but also personally and professionally.

APPENDICES

Appendix A

Newsletter Example



Baylor Angel Network

Annual Newsletter

March 31, 2011

Upcoming Events

Register online today!

April 14th

What: **Education Day**
Time: 9:00 am – 4:00 pm
Where: Texas Sports Hall of Fame, Tom Landry Room

What: **Angel and Analyst Banquet**
Time: 6:30 – 8:30 pm
Where: Diamondback's in Waco

April 15th

What: **Waco Presentation Meeting #2**
Time: 9:00 am – 3:00 pm
Where: Texas Sports Hall of Fame, Tom Landry Room

April 19th

What: **DFW Presentation Meeting #2**
Time: 9:00 am-3:00 pm
Where: Baylor EMBA Auditorium, Cooper Clinic on Preston Road

Message from the Chairman:

When we reflect on our business careers, the word *first* evokes memories of success and achievement. For example, we all have fond memories of starting our *first* job, of receiving our *first* promotion, or of cashing our *first* big bonus check. The fall of 2010 was a season of *firsts* for the Baylor Angel Network, and when we look back in years to come it will shine as a pivotal moment in our history.

Here are a few of our *firsts*:

- One of BAN's very *first* goals was to reach a membership of 40 angel investors. We achieved, and surpassed, that goal for the *first* time this fall.
- BAN angels have invested over one million dollars for the *first* time, and we are well on our way to the second million dollars.
- BAN held its *first* Angel Education Day, attracting over 50 participants.
- BAN convened its *first* in a series of Entrepreneurial Information Programs, enabling us to deliver our message to over 40 participants.
- From a pool of over 20 applicants, BAN appointed six Junior Analysts for the *first* time. The resumes of these students reveal them to be some of the best and brightest that our university has to offer.
- Due to the momentum that BAN has achieved, our day-to-day operating requirements surpassed what could be expected from a part-time MBA student. Thus a most significant achievement this past fall was the hiring of our *first* full-time Executive Director, Kevin Castello, MBA '09.

Thank you, Dr. Kendall Artz, Chairman of the Management & Entrepreneurship Department of the Hankamer School of Business, and Dr. Terry Maness, Dean of the Hankamer School of Business, for your support in making it possible to hire Kevin.

A disclaimer at the bottom of financial statements often reads "past performance should not be used as a predictor of future results." I don't think we will apply this proviso to BAN. The *firsts* achieved by BAN this past fall are a superb benchmark of exciting accomplishments yet to come.

May all of your returns be whoppers!

Bob Brewton, Chairman

Upcoming Events**April 21st**

What: **Houston
Presentation Meeting #2**
Time: 9:00 am – 3:00 pm
Where: TBD

August 26th

What: **Waco Presentation
Meeting #3**
Time: 9:00 am – 3:00 pm
Where: Texas Sports Hall
of Fame, Tom Landry
Room

August 30th

What: **DFW Presentation
Meeting #3**
Time: 9:00 am-3:00 pm
Where: Baylor EMBA
Auditorium, Cooper
Clinic on Preston Road

September 1st

What: **Houston
Presentation Meeting #3**
Time: 9:00 am – 3:00 pm
Where: TBD

What's Happening

The Baylor Angel Network currently has 40 angel members, 4 senior analysts, 6 junior analysts, 1 company in due diligence, 2 funds in due diligence, multiple companies in the screening pipeline, as well as, 1 angel education day, 1 Angel/Analyst banquet, and 3 presentation meetings upcoming and that is just for the rest of this semester. We also have exciting plans for the fall semester and into the future.

Deal Information:

Presentation Meetings To Date:

9

Deals Funded:

6

Amount Invested To Date:

\$1.17 M +**Deals Funded:**

One Spot Bridge Round	\$22,500
All-In Learning	\$33,000
BizGreet	\$55,000
One Spot	\$65,000
MyEdu Series B (with Bain Capital)	\$100,000
Boomerang	\$170,000
MyEdu Series A	\$175,000
G51	\$550,000

Presentation Meeting**The upcoming Presentation Meetings are :**

- Friday April 15th in Waco
- Tuesday April 19th in Dallas
- Thursday April 21st in Houston

Participants at the last Presentation Meeting on Friday February 25th:

- Atopia Technologies Currently in due diligence
- GeoWhiz
- MCG Fund Currently in due diligence
- Naturally Curly

In The News

BAN has been recently gaining attention in the news. Here are some of the current sources where our activity has been noted:

- Dallas Morning News
- Dallas Entrepreneur Network
- News Blaze
- Austin Business Journal Entrepreneur
- Baylor Business Journal

Be sure to check out the website for more news updates!

New Members Since March 2010

Current number of Angel Investors:

40

Since March 2010, BAN is delighted to announce **19** new members!

Bruce Ballengee	Skip McBride
Michael Brodie	Bill Mearse
Michael Caine	Robert Nitsche
Kirk Coleman	Tyler Self
David Dominy	Kirk Townsend
Pat Hamner	Gary Walker
Carl Hefton	Chris Wallis
Tim Hoerr	Michael Wilhite, Jr.
Dan Hord	Anonymous
Miles Koon	

Board of Advisors and Staff

Bob Brewton	Chairman
Hall T. Martin	Vice Chairman
Bob Browder	Director
Rick Davis	Director
Ed Fikse	Director
Pat Horner	Director
Rex Whitaker	Director
Dr. Bill Petty	Director of Academics
Kevin Castello	Executive Director
Dr. Kendall Artz	Director of Entrepreneurship Department
Dean Terry Maness	Dean of Hankamer School of Business

Upcoming Events

October 27th

What: **Angel Education Day**

Time: 9:00 am – 4:00 pm

Where: Texas Sports Hall of Fame, Tom Landry Room

What: **Angel and Analyst Dinner**

Time: 6:30 – 8:30 pm

Where: Diamondback's in Waco

October 28th

What: **Waco Presentation Meeting #4**

Time: 9:00 am – 3:00 pm

Where: Texas Sports Hall of Fame, Tom Landry Room

November 1st

What: **DFW Presentation Meeting #4**

Time: 9:00 am-3:00 pm

Where: Baylor EMBA Auditorium, Cooper Clinic on Preston Road

November 3rd

What: **Houston Presentation Meeting #4**

Time: 9:00 am – 3:00 pm

Where: TBD

BAN Fellows Membership

Overview

The BAN Fellows program originated when several professionals expressed interest in being involved in the Network. It is through this interest that BAN has created a new level of membership – Fellow.

These members are supportive of the mission, willing to donate their time and expertise, and excited about learning more of the Angel investment ecosystem. Due diligence, student mentoring, operations development, and education presentations represent just a portion of the contributions that have been made. These professionals are a vibrant part of the BAN community and illustrate the next generation of Angel investors.

Fellows programs, in the academic environment, usually indicate the process of gaining expertise in a specific didactic arena and preparing to operate within it. This dedication to learning and seeking to become Angel investors is a core value for the Fellows and for BAN. Since this dedication is exhibited by our Analysts during their time serving BAN, this membership level will be automatically granted to each of them dues-free upon graduation identifying them as valued members of BAN for life. It will be available as a membership for other professionals at a rate of \$250 per year.

Summary of Membership

Dues - \$250/year

Benefits of Fellows Membership:

- Invitation to all BAN events
- Member pricing on special events such as Angel Education Days and Banquets
- Recognition as a valued member of BAN
- Continue learning the Angel ecosystem from the inside
- Camaraderie of a professional network of like-minded people
- Eligibility to serve as a mentor to the Analysts
- Service opportunity to Baylor University, Hankamer School of Business, and the Entrepreneurship Department

Screening Committee

Starting in 2011, BAN implemented a new screening process for reviewing companies. A designated screening committee was established to review deals and select companies to present at the presentation meetings. We are thankful for the contribution and involvement in this important process.

Those currently involved include:

Bruce Ballengee
Bob Browder
Bob Brewton
Pat Hamner
Tim Hoerr
Bill Petty
Chris Wallis
Michael Willhite



2011 Goals For Angels

1/1/11

- ☒ **Attend One Meeting.**
- ☒ **Make One Investment.**
- ☒ **Refer One Entrepreneur.**
- ☒ **Refer One Angel.**

New Junior Analysts

BAN is delighted to announce six new Junior Analysts as of November 2010! The Junior Analysts are currently shadowing the Senior Analysts and will then step in to fill their role beginning Fall 2011. Provided is a basic summary of each Junior Analyst:

Steven Diedrich; Waco, TX ; Major(s): Finance, Economics, Business Fellows

After graduation Steven wants to work as a consultant for businesses in a variety of industries and then wants to attend an MBA program before going back to work in a consulting job or working with small startup companies.

Chris Egan; Bedford, MA; Major(s): Business Fellows, Finance, and Economics; Minor in Mathematics

Chris would like to eventually work in private equity, with the ultimate goal of personally founding both a private equity as well as a microfinance firm.

Jonathan Hamilton; Conway, AR; Major(s): Business Fellows, Finance, Economics

This summer, Jon will be interning at JPMorgan Investment Bank in Houston.

Joseph Mercer; Nashville, TN; Major(s): Accounting, Finance, and Economics

After college, Joseph would like to acquire a job in finance and more specifically banking.

Gib Reynolds; Richardson, TX; Major(s): Entrepreneurship and International Business

Gib would like to work with a start-up venture before pursuing a Masters degree.

John Sommers; Tulsa, OK; Major(s): Finance, Economics, Baylor Business Fellows

This summer, John will be interning with Goldman Sachs in Dallas.

Senior Analysts

With graduation approaching, the four senior analysts have a lot to look forward to:

Wes Nemec; Houston, TX; Major(s): Finance and Entrepreneurship

After graduation, Wes would like to secure a position with a private equity firm.

Neal Robinson; Dallas, TX; Major(s): Business Fellows, Finance, Economics

Neal will begin his career as an Analyst for McColl Partners, a middle market investment bank based out of Charlotte, North Carolina.

Sophia Yue Sun; Qingdao, China; Major(s): Finance, Economics, Business Fellows; Minor in Mathematics

Sophia will begin the PhD program in Finance at the University of Texas at Austin.

Amy Wofford; Elkhorn, NE; Major(s): Entrepreneurship and Marketing

Amy will start her career as a Sales Associate at Vision Research Organization; a hedge fund and investment research firm in Dallas.

Analyst Alumni

As a major contribution to the foundation and success of BAN, we would like to recognize the Analyst Alumni. Listed below is what they are currently doing:

Matt Brown is now a second year analyst at Goldman Sachs, where he works in the Private Wealth Management (PWM) division. Matt joined the Dallas office full time in February 2010, but recently moved to New York to join the US PWM support team and is responsible for analyzing a number of different financial and operational metrics for each of the regional offices across the United States.

Emily Byrd is in her second year with the Valuation group within Ernst & Young's Transaction Advisory Services practice. Based in Houston, she primarily serves clients in energy and oil & gas, with a focus on recent M&A activity. Emily's down time consists of training for the Edinburgh half marathon in May and traveling with her husband.

Lauren Delay has recently moved back to Waco to work while she applies for graduate school. She is pursuing a Master's in Sports Management and would like to work for Baylor Athletics. One day, Lauren hopes to work in player development for the NFL.

Michael McSweeney is currently working with his family business, MCM Vehicles, in Birmingham, Alabama. There, he is serving as the Chief Financial Officer where he is responsible for operating and capital budgeting, growth management, cost tracking and internal performance reporting. He also works in conjunction with the Advisory Board in assessing niche transportation opportunities in emerging automotive markets. Additionally, Michael volunteers on the deal-flow screening committee for the Birmingham Angel Network.

Tim Springer is currently in his first year at SMU Dedman School of Law in Dallas, TX. Prior to law school, Tim worked as financial analyst for Watson & Taylor, a real estate acquisitions and management group in Addison, TX. After law school, he wishes to practice law and continue working with new venture companies in the Dallas area.

Jesus Rios is currently working as a valuation analyst for The BVA Group LLC in Plano, Texas. He performs valuation analyses for various purposes including purchase price allocations, fairness opinions, merger and acquisition consulting, ESOP valuations, and federal estate and gift tax purposes. The firm recently opened up an office in Houston and Jesus will be transferring there in July. Additionally, much of his upcoming free time will consist of many hours of studying as he plans to sit for the C.P.A. in the fall.

Patrick Roberts was recently awarded *Teacher Of The Year* at Kimball High School and is currently finishing his second and final year in the classroom with Teach For America in Dallas. This summer, Patrick will begin a new position as a business valuation analyst with VMG Health, a firm that specializes in transaction advisory and valuation services for healthcare related companies.

Taylor Tomasini is currently working in Commercial Banking at Wells Fargo in Houston.

Operations Update

BAN is off to a great start in 2011 as we are growing in every facet of our group! It is an exciting time to be involved and we have a number of new operational processes in place. Here is a summary of the highlights:

- 2011 Angel Events Schedule has been distributed and 2012 dates are already being worked on.
- A Screening Committee is now in place and is reviewing companies to invite to present.
- Regionalized entrepreneur presentation meetings – now see pitches in Waco, Dallas, and Houston for a total of 12 possible ways to see companies.
- Two Angel Education Events – April 14 & October 27 – In April, we have Bill Payne, Angel Investor for 30 years, presenting the ACEF “Valuation of Pre-Revenue Companies” and in October we will be conducting the ACEF “Early Exits” course based on the book by the same name authored by Basil Peters. We will also have Dr. Robert Wiltbanks, author of the “Returns for Angel Investors in Groups” study joining us to discuss the key factors to increase your ROI.
- Two Banquets – April 14 & October 27 – Notice the same date as the Angel Education events. You can come to the education and then stay for the banquet. The April banquet will be at Diamond-back’s so register today. You should also notice that there will be a presentation meeting the next day in Waco.
- A Member Management System that handles RSVPs, dues, entrepreneur invoicing, contacts, email distribution, secure data storage, and member information. You can access this to find contact information on other members at www.baylorangelnetwork.memberlodge.org at anytime. Your login is your email and the password is blank until you change it.

Membership Dues

Dues are going to increase beginning May 1, 2011 to \$1,500 per year. The above events are great examples of how we are working to provide you a great value and service for your membership dollars. With the addition of a full-time Executive Director and increased travel to provide regional access to deal flow it is necessary to increase our top-line revenue. In addition to raising the dues, we are also working on sponsorships, entrepreneur training days, and another membership level to achieve sustainability for the network. You will have a couple of new options for dues beginning in May.

A two or three year membership will be available at a 10% discount.

1 year - \$1,500
2 years - \$2,700
3 years - \$4,050

Or you can become a Founder’s Circle Member:

\$5,000 one-time tax deductible gift and \$1,000 annual dues for 10 years
\$10,000 one-time tax deductible gift and \$1,000 annual dues for 20 years

Don’t forget corporate matching if you make a gift and have it available! I would like to meet with each of you personally over the course of the year beginning in May so look for a request. Until then I am always available to serve the needs of our membership so please contact me if I can be of any assistance!

-Kevin Castello, Executive Director

Academic Update

When the Baylor Angel Network was formed, a key component was to have strong student engagement. As we began, students were selected for analyst positions at the beginning of their Senior year. Today the analysts are selected at the end of the Fall semester of their Junior year, primarily to let them observe the work of the Senior Analysts in preparation for their own responsibilities as analysts. In addition to their duties relating to the deal flow process, they are required to read and review literature related to private equity and angel investing. Examples of their reading assignments are as follows:

- Guy Kawasaki, *The Art of the Start: The Time-Tested, Battle-Hardened Guide for Anyone Starting Anything*.
- John Mullins, *The New Business Road Test: What Entrepreneurs and Executives Should Do Before Writing a Business Plan*, 2nd edition.
- "Note on Business Model Analysis for the Entrepreneur," Harvard Business School
- Stephen Lawrence and Frank Moyes, "Writing a Successful Business Plan"
- "A Note on Private Equity Securities," Harvard Business School
- "Deal Structure and Terms," Harvard Business School
- "A Note on Valuation of Venture Capital Deals," Stanford Graduate School of Business:
- "A Note on Exits," Tuck School of Business:

Combining the academic with the practical experience allows them to apply their studies in ways that are not possible in a traditional course structure. Furthermore, we will strive to be even more effective in giving them the educational experience that enhances their effectiveness in working with angels and entrepreneurs alike. After all that is the end goal.

-Dr. Bill Petty, Director of Academics

Member Management System

The member management system (MMS) is a full service database that facilitates the operations of BAN. The MMS enables us to catalog and retrieve member information, digitally store and link to important documents, manage details and receive registrations for upcoming events. Additional features include ability to monitor financial status of the organization, track angel investments, and send mass e-mails to the membership regarding all of the aforementioned items. It is basically a system that does everything we need to run the network, all rolled into a nice, easy to use package.

It's important because before we adopted this system, all of this information was stored in different places and it was not easy to share up-to-date information among all of the BAN members. Now that we have this system in place, it has centralized all of our data and provided us a forum to operate, communicate, and share information more efficiently.

If you have any questions, please contact Wes Nemec at Wes_Nemec@Baylor.edu.

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If you have any questions, please contact Wes Nemec at Wes_Nemec@Baylor.edu.



A Final Word:

We would like to extend a thank you to our event sponsors who have contributed to the success of BAN:



Additional thanks goes to the members and mentors who have been actively involved in the Network. Because of you and many others, enriching opportunities have been provided for the Analysts and BAN is set up for an exciting future. We hope more can serve as a mentor in the future. Please review the upcoming dates throughout the newsletter and register online today!

Contact Information:

Baylor Angel Network is seeking both angel investors and deals, please reply to Kevin Castello for more information:

Kevin Castello:
512.748.1587
Kevin_Castello@Baylor.edu

Bill Petty:
254.710.2261
Bill_Petty@Baylor.edu

Baylor Angel Network
Hankamer School of Business
Baylor University
One Bear Place #98006
Waco, TX 76798

MEMBER OF

ANGEL CAPITAL ASSOCIATION



Visit our website to learn more about our organization and our mission:
www.baylor.edu/business/angelnetwork

Register for our events today: <http://baylorangelnetwork.memberlodge.org>

APPENDIX B

Interest Meeting PowerPoint



Junior Analyst Information Session October 24, 2011

Steven Diedrich
Chris Egan
Jonathan Hamilton
Joseph Mercer
Gib Reynolds
John Sommers





Who are Angel Investors?

- Successful entrepreneurs / retired business people
 - Looking to “give back”
 - Has amassed wealth through career or exit
 - Invest “part-time”



Who are Angel Investors?

- How Angels invest:
 - \$25,000 to \$100,000 per investment round
 - Provide ~\$100 billion in startup capital (Angels & Friends and Family)
 - Over 100,000 Angels with capital currently deployed





What is an Angel Network?

- A more efficient deal source for Angels
 - Only part-time
 - Cannot source enough deals on their own
 - Members share the load on due diligence



What is an Angel Network?

- A more efficient source of funds
 - A typical round will be \$300,000 to \$1,000,000
 - Allows entrepreneurs to solicit funds from dozens of investors at once





What is BAN?

- Members
 - Typically Baylor alums or people with close ties to the University
 - Pledge a percentage of returns on investment to Hankamer School of Business
 - Mentor Analysts during deal screening



What is BAN?

- Staff / Faculty
 - Kevin Castello – Operations
 - Dr. Bill Petty - Academic





Senior Analysts

- Operational responsibilities
 - **Deal screening process**
 - Event planning, Member engagement, Analyst recruitment
 - 150 hours per semester
- Academic responsibilities



Deal Screening Process

- Deal submissions
 - All are screened by Senior Analyst and Angel Mentor
- Screening Committee
 - Analyst recommendations
 - Committee chooses top 3-4
- Presentation Meetings
- Due Diligence





Student Testimonials

- John Sommers
 - Business Fellows, Finance, Economics
- Gib Reynolds
 - Entrepreneurship, International Business



Junior Analysts

- Six Junior Analyst positions
 - Must take Entrepreneurial Finance (prior or concurrently)
 - 3.5+ GPA
 - Shadow Senior Analysts
 - No course credit





Junior Analyst Recruitment Timeline

- **Friday, November 5th at Noon** – Applications Due
 - Resume and Cover Letter due
 - Applicants will be notified by **Monday, November 7th** if accepted for interviews
- **Wednesday, November 9th** – Interviews



Questions?



APPENDIX C

Initial Ranking Template for Resume Evaluation

Initial Screening: Resume Ranking									
	Candidate	Analyst						Total Rank	
		D	E	H	M	R	S		
1	Alex	4	4	3	4	4	4	23	1
2	Ben	4	4	3	4	4	4	23	1
3	Chris	4	4	3	4	4	4	23	1
4	David	3	3	4	2	3	3	18	4
5	Evan	3	3	4	2	3	3	18	4
6	Frank	3	3	4	2	3	3	18	4
7	Gary	2	2	2	3	1	2	12	7
8	Harry	2	2	2	3	1	2	12	7
9	Isaac	2	2	2	3	1	2	12	7
10	Jack	0	1	1	1	2	1	6	10
11	Kimberly	0	1	1	1	2	1	6	10
12	LaQwan	0	1	1	1	2	1	6	10
13	Mary	1	0	0	0	0	0	1	13
14	Nathan	1	0	0	0	0	0	1	13
15	Olivia	1	0	0	0	0	0	1	13
16	Paul	0	0	0	0	0	0	0	16
17	Quanita	0	0	0	0	0	0	0	16
18	Ralph	0	0	0	0	0	0	0	16

Assign the following points to candidates

Top 3	4
4 to 6	3
7 to 9	2
10 to 12	1

APPENDIX D

Form Emails: Accept/Reject

Dear Mr./Ms. XXXX,

Congratulations on your selection as one of the new Junior Analysts for the Baylor Angel Network (BAN). On behalf of our Dr. Petty, Chris, Gib, John, Jonathan, Joseph, and I; thank you for your participation in this process. We were all impressed by your qualifications and your desire to be part of the BAN experience. During the interview you represented yourself, Hankamer School of Business, and Baylor University well.

BAN is a unique education experience since we have the awesome chance to work with talented angel investors, inspired entrepreneurs, and a great team. The decisions that our angels make regarding investments have significant impact on the lives of the entrepreneurs and are “real money” as our Chairman likes to remind us. This is both an incredible opportunity and a significant responsibility as we strive to provide the best information that we can gather to allow them to make their decisions. We know that this will be one of the hardest and most rewarding course experiences you will have while here at Baylor and welcome you to the challenge.

We look forward to working with you next semester. If you have any questions please feel free to contact any of us.

Best regards,

Kevin

Kevin L. Castello
Executive Director
Baylor Angel Network

Dear Mr./Ms. XXXX,

Thank you for your participation in the analyst selection process for the Baylor Angel Network (BAN). Unfortunately, you were not selected to be one of the new analysts.

On behalf of our team, Dr. Petty, Chris, Gib, John, Jonathan, Joseph, and I; we would like for you to know that we were all impressed by your qualifications and your desire to be part of the BAN experience. The level of excellence found in the applicant pool was truly amazing. There is no doubt in any of our minds that you can and will accomplish great things in the future as you have already been doing. While you may not have been selected, during the process you represented yourself, Hankamer School of Business, and Baylor University well.

May you find all of the blessings that are in your path and achieve great things!

Best regards,

Kevin

Kevin L. Castello
Executive Director
Baylor Angel Network

APPENDIX E

Interview Evaluation Form

BAN INTERVIEW EVALUATION FORM					
Interviewee:					
Analyst:					
Academic Preparation	0				1
FIN 3310	(No)				(Yes)
Appearance	Poor (1)	Fair (2)	Average (3)	Good (4)	Superior (5)
Dress	(Under-dressed)		(Business Casual)		(Business Professional)
Body Language					
Eye Contact					
Values and Characteristics	Poor (1)	Fair (2)	Average (3)	Good (4)	Superior (5)
Hardworking/Dedicated					
Professional					
Communication Skills					
Character & Values					
Leadership					
Personable/'People Person'					
Driven/Motivated					
Qualifications	Poor (1)	Fair (2)	Average (3)	Good (4)	Superior (5)
Academic Achievement/GPA					
Extracurricular Involvement					
Relevant Experience					
Skills/Training					
Potential					
BAN Specific	Poor (1)	Fair (2)	Average (3)	Good (4)	Superior (5)
Knowledge of BAN/Industry					
Passion for BAN/Baylor					
Value Alignment					
Interests/aspirations Alignment					
Desire for position					
Entrepreneurial					
Case Study Specific	Poor (1)	Fair (2)	Average (3)	Good (4)	Superior (5)
Well Structured Response					
Creativity					
Outside Research					
Sufficiently Quantitative					
Persuasive					
Overall Performance					
Angel Test	Poor (1)	Fair (2)	Average (3)	Good (4)	Superior (5)
What would Angels think?					
Overall	Poor (1)	Fair (2)	Average (3)	Good (4)	Superior (5)

NOTES:

APPENDIX F

Garbage Guzzler Case

THE GARBAGE GUZZLER



Overview

The Garbage Guzzler (GG) is a device that is designed to shred into small pieces all the trash that normally goes into a residential or commercial trash receptacle, thereby significantly reducing the volume of trash. The benefits created by this device for customers and the environment include: significantly extending the lifespan of our landfills, reducing the cost of trash collection, increasing the amount of trash the trash trucks can collect, speeding up the rate of decomposition for all organic trash, reducing the amount of greenhouse gases generated by landfills and by the trash collection process and potentially creating a new method to significantly increase recycling rates. Shredding the trash creates real, measurable benefits both financially and for our environment. The GG is safe and easy to operate for any individual – if they can throw their trash into an existing trash can, they can use the Garbage Guzzler. It uses either a standard 110 volt outlet or solar power for its power source.

The Potential Markets

<u>Market Segment</u>	<u>Estimated Size</u>
Residential Customers	100 Million in U.S.
Commercial Customers	27 Million in U.S.
Municipal, State, Federal Customers	5 Million in U.S.
International	100 Million +

While every household and every business is a potential customer, the demographics that this device appeals to the most are: 1) every household and business that resides in a city with a unit pricing model, more often called a “Pay-As-You-Throw” (PAYT) model and 2) every individual who wants to see the lifespan of their local landfill increased significantly or who is generally concerned about the environment. The concept of the PAYT program is simple: the larger the trash cart that you use, the more you pay. Any household or business on a PAYT model will save money by using this device.

Residential/Commercial Unit Description

Below is our conception of the production version of the Residential/Commercial Unit.



As can be seen, the device will rest on a height-adjustable stand that will work with any size trash can. The GG will not weigh very much – less than 30 lbs. - so it will be easy for a user to set up or to handle. The operation of the device is very simple: An individual would position their trash can under the device, open the lid on top of the enclosure, and put their trash in. The lid is then closed and the device is turned on. The device then secures the lid using an electromagnetic lock, such that the lid cannot be opened while the device is in operation. After the shredding process is complete and the motor has completely stopped, the lid would then be unlocked. The GG is designed to shred most household garbage and yard waste. Glass, aluminum and tin cans, cardboard boxes and containers, plastic bottles and bags, leaves, twigs, pine cones – items with this approximate density will not be a problem. The GG will not shred tempered steel, paint cans, car batteries or thick tree limbs.

Municipal Unit Description

This version would be used in public locations, such as street corners, municipal, state and national parks, public buildings, rest areas, etc. The unit would include the same shredding mechanism as the residential/commercial unit, but would come standard with the solar power option package. This unit is modified from the residential/commercial to handle the requirements needed of a public trash can.

Manufacturing Costs

Manufacturing costs are based on sourcing all the components internationally and assembling the device in Oregon. Estimated manufacturing costs are in the \$130 - \$200 range for the 110V residential/commercial unit. As the sales/manufacturing volume grows, we will substantially reduce the cost of manufacture closer to \$130 per unit.

The solar power option for residential/commercial and municipal units would add \$50-\$75 to the cost, increasing the manufacturing costs to \$180 - \$275 per unit. For the municipal units, this would be the standard configuration and cost. The design for both units would use as many common components as possible to reduce the cost and complexity of production and assembly.

Sales & Gross Profit

The retail sales price for the residential/commercial unit will be \$349 - \$399. The solar power option package would add another \$100 to the price. We anticipate that the municipal unit will retail for \$449 - \$499, with actual pricing based on volume. The residential/commercial unit will initially cost approximately \$200 per unit to produce and we assume that the actual sales price is closer to the \$349 number. The residential/commercial unit will therefore have an initial gross profit of \$150 per unit. Each solar power option package sold will generate another \$25-\$50. The financial projections shown below are based solely on the \$150 per unit gross profit of the residential/commercial unit. Sales of solar power option packages and/or municipal units would be addition to the numbers shown.

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Unit Sales	15,000	90,000	138,000	260,000	400,000
Gross Income	\$2.25M	\$13.5M	\$20.7M	\$39M	\$60M
Expenses	\$420K	\$1.1M	\$1.42M	\$2M	\$3M
Gross Profit	\$1.83M	\$12.4M	\$19.28M	\$37M	\$57M

Capitalization

To raise the necessary start-up capital, we intend to present a stock offering to accredited investors, comprised of both equity and debt. We are offering a 25% stake in the Garbage Guzzler Company (once formed) in return for \$250K in equity and \$250K in debt.

Return on Investment

Our minimum goal is to sell 100K units within the first two (2) years and 900K within five (5) years. This is very conservative and constitutes a “worst-case scenario”.

However, this scenario would generate the following returns to our investor(s):

<u>Year</u>	<u>Distributed Profit</u>
1	\$450K
2	\$3.1M
3	\$4.8M
4	\$9.25M
5	<u>\$14.25M</u>
Total:	\$31.85M

Potential Customers

The City of Portland and the City of Eugene have expressed an interest in participating in a Pilot Program. We also have an arrangement with a Oregon State Representative, Charles Davis (District #47) to locate 5-10 cities in his district to participate in the Pilot Program as well. We have received interest from a Whataburger and a Starbucks franchise to participate in a Pilot. Two companies have expressed an interest in marketing the device to Europe and South America.

Summary

The Garbage Guzzler is a unique device that will make a significant difference to our trash problem, by extending the lifespan of our landfills, speeding up the decomposition process of all organic trash, increasing the amount of trash each truck can collect and potentially creating a new and more efficient method to recycle a greater percentage of our trash than was ever possible before. Since no other product exists in this market today, the marketplace is wide open to whoever can bring the best solution to market the quickest. With all the energy and pressure in our society surrounding everything “Green” we believe that our market timing for this product is excellent. The Garbage Guzzler has a window of opportunity right now to firmly entrench itself as the market leader.

APPENDIX G

Quantification Spreadsheet

Interviewee	WEIGHTINGS	Interviewee 1					
Analyst		Analyst 1	Analyst 2	Analyst 3	Analyst 4	Analyst 5	Analyst 6
Academic Preparation							
FIN 3310	1	1	1	1	1	1	1
Appearance							
Dress							
Body Language							
Eye Contact							
Appearance Average	0.05	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Values and Characteristics							
Hardworking/Dedicated							
Professional							
Communication Skills							
Character & Values							
Leadership							
Personable/'People Person'							
Driven/Motivated							
Values/Characteristics AVG	0.2	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Qualifications							
Academic Achievement/GPA							
Extracurricular Involvement							
Relevant Experience							
Skills/Training							
Potential							
Qualifications Average	0.25	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
BAN Specific							
Knowledge of BAN/Industry							
Passion for BAN/Baylor							
Value Alignment							
Interests/aspirations Alignment							
Desire for position							
Entrepreneurial							
Ban Specific Average	0.2	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Case Study Specific							
Well Structured Response							
Creativity							
Outside Research							
Sufficiently Quantitative							
Persuasive							
Overall Performance							
Case Study Average	0.2	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Angel Test							
What would Angels think?							
Angel Test Average	0.05	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Overall	0.05						
Interviewee		Interviewee 1					
Weighted Sum Average	1	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Score		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Average		#DIV/0!					

Interviewee	Score	+/- from Mean	SD's +/- Mean	Ranking
Interviewee 1	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Interviewee 2	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Interviewee 3	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Interviewee 4	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Interviewee 5	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Interviewee 6	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Interviewee 7	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Interviewee 8	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Interviewee 9	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Interviewee 10	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Interviewee 11	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Interviewee 12	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Mean	#DIV/0!			
Std Deviation	#DIV/0!			

APPENDIX H

Objective Analysis Form (Committee Template)



Screening Committee Summary

COMPANY NAME

Entrepreneur(s)	<i>Name of the entrepreneur(s)</i>
Referred By	<i>Name of who the deal was referred by or "Anonymous Submission"</i>
Portfolio Segment	<i>Hardware, Software, Internet Services or Cleantech</i>
Location	<i>City and State of main operations</i>
Founded	<i>Year the company started</i>
Raise Amount	<i>How much is being raised</i>
Pre-Money Value	<i>What is the proposed pre-money valuation</i>
Post-Money Value	<i>What is the proposed post-money valuation</i>
Percent Ownership	<i>What percent of ownership does that represent</i>
Brief Overview	<i>One to two sentence summary about the company</i>

INVESTMENT OPPORTUNITY

What do they do?	<ul style="list-style-type: none"> • <i>What pain does this product/service solve?</i> • <i>How big is that opportunity (i.e. market size)?</i> • <i>Total Available Market? Total Relevant Market?</i>
How will/do they make money?	<ul style="list-style-type: none"> • <i>What is the go-to-market strategy?</i> • <i>Who is helping them (channel/strategic partners)?</i> • <i>What is the revenue model?</i>
Who are the customers?	<ul style="list-style-type: none"> • <i>Type of customers (enterprise/consumer)?</i> • <i>Who are the current customers?</i> • <i>Future targeted customers?</i>
What do the financials look like?	<ul style="list-style-type: none"> • <i>How much money are they spending every month right now (i.e. burn rate)?</i> • <i>What is the revenue?</i> <ul style="list-style-type: none"> • <i>Year to date? Year two, three, four, etc. (projections)?</i> • <i>Breakeven date?</i>
Who is behind the deal?	<ul style="list-style-type: none"> • <i>Management team</i> • <i>Advisory board</i>
Do they have any intellectual property?	<ul style="list-style-type: none"> • <i>Pending or Approved?</i> • <i>How many filings?</i>

How quickly and easily can they grow?	<ul style="list-style-type: none"> • <i>Is their business model and strategy scalable?</i> • <i>Are they a 1st mover?</i> • <i>What is their competitive advantage?</i>
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INVESTMENT RISKS

Who are the competitors? How are they different?	<ul style="list-style-type: none"> • <i>How are they different?</i> • <i>How are they similar?</i>
What are the barriers to entry?	<ul style="list-style-type: none"> • <i>Cost of entering market?</i> • <i>Time to enter market?</i>
Other risks?	<ul style="list-style-type: none"> • <i>Product/Technology: Has the product actually been used/tested?</i> • <i>Regulatory: Does the product require regulatory approval or oversight?</i>

DEAL SPECIFICS

Has this company received any past funding?	<ul style="list-style-type: none"> • <i>How much?</i> • <i>From who?</i>
How much money is this company requesting?	<ul style="list-style-type: none"> • <i>Range?</i> • <i>Specific amount?</i>
What will they use the money for?	<ul style="list-style-type: none"> • <i>Hiring new talent?</i> • <i>Building out technology?</i> • <i>Marketing/customer acquisition?</i>
Potential Exits?	<ul style="list-style-type: none"> • <i>Competitor/partner acquisition?</i> • <i>IPO?</i>
Incubation Space?	<ul style="list-style-type: none"> • <i>Are they currently being incubated?</i> • <i>Do they need incubation space?</i>
Other Items?	<ul style="list-style-type: none"> • <i>Anything else...</i>

Analyst Investment Recommendation	<input type="checkbox"/> YES <input type="checkbox"/> NO
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Recommendation Assessment	<ul style="list-style-type: none"> • <i>Why was it a Yes/No decision for you?</i> • <i>What makes this deal a Winner/Loser?</i>
Angel/Mentor Investment Recommendation	<input type="checkbox"/> YES <input type="checkbox"/> NO
Recommendation Assessment	<ul style="list-style-type: none"> • <i>Why was it a Yes/No decision for you?</i> • <i>What makes this deal a Winner/Loser?</i>

ACTION ITEMS

☐ **Invite For Meeting**

☐ **Reconsider next meeting**

☐ **Pass**

Possible Dates/Times?

Vote at the next meeting

No Further Action Required

ADDITIONAL NOTES

APPENDIX I

Subjective Analysis Form



Subjective Analysis Form

COMPANY NAME

ANALYST NAME

Entrepreneur(s)	<i>Name of the entrepreneur(s)</i>
Location	<i>City and State of main operations</i>
Founded	<i>Year the company started</i>
Raise Amount	<i>How much is being raised</i>
Pre-Money Value	<i>What is the proposed pre-money valuation</i>
Post-Money Value	<i>What is the proposed post-money valuation</i>
Percent Ownership	<i>What percent of ownership does that represent</i>
Brief Overview	<i>One to two sentence summary about the company</i>

WILTBANK'S ANGEL INVESTMENT CRITERIA

Entrepreneurial Expertise	<input type="checkbox"/> 1-Poor <input type="checkbox"/> 2 <input type="checkbox"/> 3-Avg <input type="checkbox"/> 4 <input type="checkbox"/> 5-Superior
<i>What is the entrepreneur's background? Assess how well it has prepared him/her for the new venture.</i>	
Early Yes's and No's	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5
<i>Are there any Mission Critical NO's or Fatal Flaws?</i>	
<i>Are there any Mission Critical YES's?</i>	
<i>What Yes's do they have now? Are they HARD or EASY Yes's?</i>	
Series of Milestones	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5
<i>Has the company achieved previous milestones in projected timetable?</i>	
<i>What is the failed milestone risk?</i>	
<i>Are assumptions valid? Do the assumptions display business competency?</i>	
<i>If they achieve milestones, would other investors want to invest?</i>	
<i>What type of future investors will the company seek?</i>	

<i>Evaluate the quality of the firm's exit strategy</i>

WILTBANK'S OPPORTUNITY EVALUATION CRITERIA

Good Entrepreneurial Venture	
Feasible?	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5
<i>Can it be done?</i>	
<i>By this team? What holes do they need filled?</i>	
<i>Do the economics make sense?</i>	
<i>Concerns: Single product venture or multiple revenue source cash cow? What are capital needs? How is the opportunity timing?</i>	
<i>Additional rationale for score</i>	
Reachable?	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5
<i>Can the team effectively communicate with people who care?</i>	
<i>Evaluate the go-to-market strategy. Is it feasible? Does the timeline make sense? What hasn't the entrepreneur considered? How could it be optimized?</i>	
<i>Evaluate the competitive landscape</i>	
<i>Evaluate the team's message. Does it effectively communicate what the product does? How could it be improved?</i>	
<i>Concerns: Is there significant cost of customer acquisition? Is the market fragmented? Will customers be hard to reach? Will target customers care?</i>	
<i>Additional rationale for score</i>	
Valuable?	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5
<i>What does the team believe their value proposition is? Will it provide significant value to customers, the entrepreneurs and other stakeholders?</i>	
<i>Who are the customers? Will they listen?</i>	
<i>Concerns: Are cost and price assumptions feasible? What about sales assumptions? Do you foresee significant risk associated with the sales cycle?</i>	
<i>Additional rationale for score</i>	

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Good Angel Investment	
Scalable?	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5
<i>Are the market size and target market projections achievable and believable?</i>	
<i>Is the business model scalable? What/When are economies of scale?</i>	
<i><u>Concerns:</u> Can it scale? What inhibits scalability? Are there significant constraints? Advantages and disadvantages to larger/different scale?</i>	
<i>Additional rational for score</i>	
Durable?	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5
<i>Did they already miss the window of opportunity?</i>	
<i>Can the venture survive (or remain valuable) if it does not meet projections?</i>	
<i>If the company succeeds, can it withstand new competitive and technological pressure? What barriers to entry protect from this?</i>	
<i>Will the entrepreneur stick around?</i>	
<i>What is the capital strategy?</i>	
<i>Will customers stick around? How strong and important is customer retention?</i>	
<i>Is IP protection necessary? Present? Attainable?</i>	
<i><u>Concerns:</u> Is there any risk of fads, technology, or regulation?</i>	
<i>Additional rationale for score</i>	
Saleable?	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5
<i>Would anyone want to buy? Is IPO a legitimate possibility?</i>	
<i>What strategic partnerships and existing relationships exist? Can they lead to possible acquisitions?</i>	
<i><u>Concerns:</u> Is there already M&A activity in the space? Why the company, why those potential buyers?</i>	
<i>Additional rational for score</i>	

BAN SPECIFIC ISSUES

Can the CEO / Entrepreneur Sell?
Management Team Experience
<i>Does the team have enough relevant experience?</i>
<i>Are they realistic about their strengths and weaknesses?</i>
<i>A Team? B Team? Or C Team?</i>
Timeline for Exit
<i>Is it realistic?</i>
<i>Is it thorough?</i>
<i>Is it an early exit?</i>
BAN Member Familiarity
<i>Is there a member of BAN who has experience in this field?</i>
Stage
<i>What is the current stage of business development?</i>
<i>Does it match BAN member preferences?</i>

APPENDIX J

Screening Call Framework

1. Introduce company
 - a. Name
 - b. 1-2 sentence pitch
 - c. Raise and Asking Valuation
2. Main Points
 - a. Business Model
 - b. Market and Industry (Competitive Landscape)
 - c. Team
 - i. Who is involved?
 - ii. Entrepreneurial experience? Selling experience? Industry experience?
 - d. Use of funds
 - e. Exit Strategy
 - f. *Optional*
 - i. Hard Yes – Fatal Flaws
 - ii. IP
 - iii. Financials
 - iv. Etc...
3. Conclusion
 - a. Overview
 - b. Student Recommendation
 - c. Angel Recommendation
4. *NOTE:*
 - a. *Be concise*
 - b. *Be direct*
 - c. *Be prepared*

APPENDIX K

BAN Screening Meeting Agenda



AGENDA

9:45 – 10:00	Open
10:00 – 10:35	Company 1
10:35 – 11:10	Company 2
11:10 – 11:45	Company 3
11:45 – 12:20	Company 4
12:20 – 12:50	Company 5
12:50 – 1:15	Lunch
1:15 – 1:50	BANter with Hall Martin, <i>"Texas Startup Funding Report"</i>
1:50 – 2:30	Student Team Presentations
2:30 – 3:00	Discussions

APPENDIX L

Soft Interest Sheet



Soft Interest Sheet

Angel Name: _____

Company 1	No	Yes	Soft Interest \$ Amount _____
Company 2	No	Yes	Soft Interest \$ Amount _____
Company 3	No	Yes	Soft Interest \$ Amount _____
Company 4	No	Yes	Soft Interest \$ Amount _____

Feedback:

APPENDIX M

Weekly Analyst Meeting Agenda

BAN Analyst Meeting Agenda

Monday, April 16, 2012

CB 409

12:30 pm – 1:45 pm (CST)

Agenda Item (Facilitator)

1. Call to Order & Roll Call (Kevin)
2. Presentation Meeting Debrief (Kevin)
3. End of Semester Assignments (Kevin)
4. Adjourn