

Mike Green: Angel Investing in Startups Stimulates Job Growth

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Will the next Mark Zuckerberg please stand up?

What are the odds that another young student at a prestigious university will develop an Internet social platform to solve a campus problem, which will ultimately scale to become a national phenomenon? Ari Winkleman may have done exactly that. The Drexel University senior is the Founder and CEO of Involvio, a new social management platform that empowers students to know what's going on across campus anytime, anywhere.

Winkleman is just one of thousands of new high-growth entrepreneurs pitching their ideas to angel investors and venture capitalists at events across America designed to connect entrepreneurs and investors. Winkleman's pitch impressed judges at the [Early Stage East](#) pitch competition in Baltimore, Md., on Dec. 14, where Daymond John (ABC's "Shark Tank" and founder of FUBU) served as moderator. Nearly 30 entrepreneurs were given an opportunity to make their pitch for seed and early stage capital ranging from a couple hundred thousand dollars up to \$2.5 million.

In the fast-paced world of innovation, angel investors and VCs are starting to team up to fuel seed and early stage companies that have the capacity to generate significant revenues in a very short period of time. The result of such speed is job growth.

According to the Kauffman Foundation, all net new jobs in America since 1980 [are the result](#) of companies five years old and younger. The fuel driving the engine of innovation is angel investing.

In the first half of 2011, angel investors alone, without venture capital, poured [nearly \\$9 billion](#) into U.S. companies. About 39 percent of it targeted seed and early stage ventures produced by high-growth entrepreneurs, up 26 percent from the same time period in 2010, according to the [Wall Street Journal](#). The inherent outcome of such investment is job growth.

Job growth is a major issue in Black America, which ironically is [severely under-represented](#) in tech entrepreneurship and angel investing, the dynamic duo that produces jobs and wealth across America. Tim Reese is a co-founder of the [Minority Angel Investor Network](#) and was present at the Early Stage East competition. He told [Black Enterprise](#) magazine he's optimistic about opportunities for startup companies seeking investment in 2012.

"There was a lot of money on the sidelines because investors have been selective the last three years," Reese said. "That money is now in play. This is an active time for venture capital for early stage companies, though it is not at the same level as in 1999. Individual angel investors and institutional angel groups are collaborating with venture capitalists."

A historic event seeking to galvanize the power of Black angel capital that's still sitting on the sidelines was produced in mid-November. A "[Gathering of Angels](#)" took place at Rutgers Business School, where more than 100 business leaders, investors and entrepreneurs came together to discuss the challenges in attracting Black high net worth individuals into the active angel space. The "gathering," produced by the collaboration of [The America21 Project](#) and [The Center for Urban Entrepreneurship & Economic Development \(CUEED\)](#), also featured 13 high-growth minority entrepreneurs pitching to a panel of judges and investors.

The showcase of quality deal flow was compelling enough to attract immediate engagement between investors and eight of the startups that pitched, including four female-led companies.

Andres Montgomery was one of the minority startup founders pitching at Rutgers. He is the CEO of [Dreem Digital](#), an award-winning digital education company in Salem, Ore. Montgomery was

recruited after his pitch by Early Stage East principal [Marc Mathis](#), who invited him to the ESE showcase in Baltimore. Montgomery, a former Microsoft employee seeking \$2.5 million to scale his company, credits The America21 Project for connecting him to a variety of potential investors across the country with which he is currently in negotiations.

Despite explosive growth in the numbers of incubators, accelerators and tech entrepreneurs, along with billions of dollars invested each year to support innovation, this activity is virtually [missing](#) across the board in economically disconnected Black and urban sectors of society. Since angel investing is largely geographic, due to investors getting personally involved with companies to help them grow (the mantra is "angel money doesn't travel"), tech entrepreneurs living in communities where high net worth individuals elect not to engage in the angel space are forced to spend their time and money developing relationships and seeking access to capital elsewhere. The typical result is jobs are created where funding is found. For Black America, that equation equals zero job growth.

The nation received some good news recently as unemployment figures [dipped](#). But, America's collective sigh of relief wasn't being heard in Black and urban America, where high unemployment remains a constant plague. Apparently, the angelic investment remedy that's catching on like wildfire across the nation has yet to see many Black high net worth individuals get involved in the funding of high-growth startups. Additionally, entrepreneurship as an active part of campus culture at universities like Stanford, Harvard, MIT and others, hasn't caught on with the vast majority of HBCUs (Historically Black Colleges and Universities).

The next Mark Zuckerberg will likely emerge from environments that foster, nurture and invest in the innovative spirit of its talented entrepreneurs. It is incumbent upon every community to ensure it plants the seeds of entrepreneurship, along with concerned angels investing in nourishing the crop of talented innovators to grow the jobs we desperately need.

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