

# Looking for Angels

By: Dan Ping | Editor/Central Florida July 15, 2011

<http://www.review.net/section/detail/looking-for-angels/>



Photo by Kurt LeBlanc.

William De Temple hopes to pump \$4 million into emerging companies each year through his new angel investment group. De Temple says growing up on a farm in British Columbia gave him his entrepreneurial drive. "Farm work is hard, but there's no money in it. So I tried creative ways to make money, like selling cord wood that was left over from expanding the pasture."

## REVIEW SUMMARY

Issue. New angel investment group

Industry. Finance

Key. Emerging companies in Central Florida will soon have a new source of capital available to them.

William De Temple will soon be a popular figure for Orlando entrepreneurs.

De Temple is the founder and president of Maximize Angel Investments Orlando Inc., a new angel investment group that plans to invest up to \$4 million annually in Central Florida's emerging companies.

The group was launched in June and expects to consider its first investments in September. So far, 22 people have agreed to join De Temple's group, each committing to invest a minimum of \$50,000 annually. De Temple's goal is to have 80 members by the end of the year.

"With \$4 million in annual liquidity, you can attract some pretty good deals," says De Temple.

California, New York, trump Florida

De Temple's group is forming at an important time in the Florida economy. Most experts agree substantially reducing the state's double-digit unemployment rate won't happen until small businesses and entrepreneurs find funding to add and create new jobs.

While the Federal Deposit Insurance Corp. says Florida-based banks increased their loan volumes by 5% in the first quarter of 2011, emerging companies, by their nature, often don't qualify for traditional financing. Angel investors and venture capital are key sources for startup businesses, but Florida historically has attracted less venture capital and angel investments than other states like California, Texas and New York.

For example, in the first quarter of 2011, 14 private companies in Florida received \$114.6 million in venture capital according to a MoneyTree survey by PricewaterhouseCoopers and the National Venture Capital Association. During that same period, 270 California companies received \$3 billion in venture capital.

Furthermore, the traditional methods of economic development — tax breaks to entice companies to move into the region — may not work in the current environment.

"Every community in the U.S. is playing that game, and they're all chasing the same half-dozen companies," says George Livingston, chairman of NAI Realvest and a veteran real estate investment analyst in Central Florida.

He also is one of the 22 people who has joined Maximize Angel Investments.

Livingston made the financial commitment because he believes the best way to boost economic development is to invest in home-grown companies that specialize in digital media, life science, communications and simulation, all of which are key industries in Central Florida.

"Those are sustainable industries, and we have the talent right here in Central Florida to make those industries thrive," says Livingston. "We have capital available here in Central Florida, we just need to put the capital and the entrepreneurs together."

Championing the cause

Providing capital will be a key component of the Maximize Angel Investments group. But it's only one piece of the puzzle. Entrepreneurs are a resourceful bunch, says De Temple, but most lack the knowledge in basic business principals. Few have a comprehensive business plan, many are more than optimistic about their chances for success and rarely have they done due diligence on their competition.

"Entrepreneurs are too pie in the sky. Everyone of them thinks they're going to be the next Google," De Temple says. "The more you study competitors, the more you validate whether there really is a market for what you're offering. Doing the research helps you formulate a strategic plan on how to get market share."

Part of De Temple's job will be to match emerging companies with "champions" within the Maximize Angel Investments group. The champion is an angel investor who has experience in the target company's industry or field of expertise.

"One of the most valuable assets an angel network can provide is the knowledge that comes from experience and the contacts to get things done," says De Temple.

De Temple is quick to point out that Maximize Angel Investments is not an angel fund, but rather an angel network. In an angel fund members pool their monies and have a management group determine in which emerging companies to invest.

By contrast, an angel network has a management team that identifies potential companies for investment, but each member makes his own decision regarding which companies to fund.

De Temple and his management team will scout and scrutinize emerging companies in Central Florida. The network will meet 10 times annually to hear two to four company presentations chosen by the management team. If enough network members believe the company has potential, they create an angel sub group that mentors and coaches the company.

“The thing about having at least 80 investors in the network is it gives you a lot of diversity of experience,” says De Temple. “Plus as an investor, you don’t have to participate in every deal.”

De Temple anticipates that the Maximize Angel Investments group will provide between \$500,000 and \$2 million in funding for those companies selected to participate.

“We’ll also want to keep some money in reserve in case an entrepreneur needs a second round of funding,” says De Temple.

Not a social club

Maximize Angel Investments is open only to accredited investors, which the Securities and Exchange Commission (SEC) defines as an individual with a net worth exceeding \$1 million, an individual with income exceeding \$200,000 in each of the last two years or an individual whose joint income with their spouse exceeds \$300,000.

Annual membership fees are \$6,000. In addition, members are required to participate in two investments worth a minimum of \$25,000 each per year.

“We’re not interested in being a social club. This is for serious investors,” says De Temple.

To be sure, angel investing is not for the faint hearted. De Temple estimates that investors lose money on 50% of all deals. If an investor doesn’t lose money on a deal, he or she will most likely break even or make a small profit about 40% of the time.

It’s the less than 10% of deals where angels make their money — as much as 10 to 30 times the original investment.

“You have to be patient. Not every deal is going to work out, and those that do take between five to eight years to produce that kind of return,” says De Temple, adding that the average internal rate of return for angel investing is about 23%.

‘Success breeds success’

De Temple’s background is in starting new companies and turning around failing old ones. As a young man he built a small toy company into a \$12 million business before selling it to Teleco.

Later, Southern California-based Tech Coast Angels, the largest angel investing network in the U.S., funded one of De Temple’s startup ventures, Unefi Inc., a company that engineered and installed telecommunications equipment.

“We’re modeling the Orlando group on the Tech Coast Angels,” De Temple says.

The goal is for Maximize Angel Investments to find opportunities to fund local business by tapping into local assets like the University of Central Florida's Business Incubator program, the bio-medical research centers at Orlando's new "medical city" and highly skilled work force that is leaving the NASA's Space Shuttle program.

"A strong angel network attracts activity in the market," says De Temple. "Success breeds success when you talk about angel investing. The more we can succeed, the more companies and investors want to be in this area.

"We've got everything we need. I'm confident we can do this."