



## **Early-Stage Company Guide for South Mississippi Angel Network (SMAN)**

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## 1 What is an Angel Network?

An angel network is a combined effort by investors, entrepreneurs, and the surrounding community to help early-stage companies grow rapidly and successfully.

The definition used by Mississippi Technology Alliance is “A group of accredited investors interested in reviewing fundraising presentations from early-stage companies seeking capital.”

## 2 What is South Mississippi Angel Network?

The South Mississippi Angel Network (SMAN) is a collaborative partnership of Pine Belt and Coastal organizations, individuals, and early-stage companies with two goals:

1. Creating successful and competitive regional companies
2. Offering attractive investment opportunities for regional investors

## 3 How does a company participate with SMAN?

SMAN will work with early-stage companies that have developed an innovative product or service, regardless of industry.

Becoming involved with SMAN is simple. The application process is comprised of three parts:

1. Request AngelSoft and Venture Capital Tools log-in information from SMAN staff
2. Submit business plan data through AngelSoft
3. Complete Venture Capital Tools' *Venture Readiness* assessment

Before early-stage companies present to SMAN investors, they will meet with the SMAN Screening Team. The SMAN Screening Team will provide the early-stage company opportunities to create an attractive investment deal for SMAN angel investors.

The Screening Team will also provide the early-stage company with a regional business coach. The business coach will be available to work alongside the company while it develops opportunity areas identified by the Screening Team.

Once the company has addressed opportunities for improvement, the Screening Team will evaluate the company's progress and determine if the company is ready to present.

To begin the application process, contact Sunny Corral at 601.266.5515 or [sunny.corral@usm.edu](mailto:sunny.corral@usm.edu)

## 4 Who is on the SMAN Screening Team?

Each SMAN Screening team member has been strategically selected to provide professional expertise in one of the following evaluation areas:

1. Execution risk
2. Product risk

3. Market risk
4. Management risk
5. Financial risk

The team is composed of the following:

1. Director of Business LaunchPoint
2. Vice President of Economic Development for The Area Development Partnership
3. Director of the JCJC Small Business Development Center
4. Noetic Technologies representative
5. Local Attorney with small business expertise

## 5 Where does SMAN find Angel Investors?

Angel Investors typically become involved with SMAN through their personal connections within the local business community.

Organizations involved in referring investors include:

1. The Area Development Partnership
2. Noetic Technologies
3. Jones County Junior College Small Business Development Center
4. The Trent Lott National Center for Excellence in Entrepreneurship and Economic Development
5. Pine Belt Innovators
6. Students in Free Enterprise (SIFE) at Southern Miss
7. South Mississippi Youth Entrepreneurship Program
8. Local Business Incubators (Business Launchpoint)
9. The University of Southern Mississippi
10. Hub City Business Network
11. Hattiesburg Rotary
12. Petal Rotary
13. Mississippi Polymer Institute
14. Mississippi Development Authority
15. Mississippi Power

All SMAN investors must be "accredited investors" as defined by SEC Rule 501(6 and 7). The full SEC definition can be found at: <http://sec.gov/answers/accred.htm>

## 6 The SMAN Meeting

SMAN will meet on a quarterly basis, or as needed. SMAN staff will coordinate meeting logistics and notify companies of upcoming meeting dates and opportunities.

### 6.1 Pre-Meeting

Prior to the actual SMAN meeting, the Screening Team and local business coaches will aggressively work with the early-stage companies to create an attractive, high-quality presentation and deal proposal.

## 6.2 During Meeting

At the SMAN meeting, copies of the finalized executive summary, a 15-minute Power Point business presentation, and a 15-minute question and answers session will be expected from each presenting company. No more than three potential deals will be presented at a given SMAN meeting.

A sample meeting agenda is as follows:

7:00 am	Introduction
7:05 am	Company 1 presentation
7:20 am	Company 1 questions
7:35 am	Company 2 presentation
7:50 am	Company 2 questions
8:05 am	Adjourn

## 6.3 Post-Meeting

After the network meeting, investors are given the opportunity to discuss investment possibilities with companies that they find attractive. Investors and companies are responsible for constructing the contract and negotiating necessary terms.

SMAN will send out a post-meeting message highlighting the companies and announcing the next scheduled SMAN meeting.

## 7 What size of investments does SMAN offer?

The opportunity to invest in SMAN companies varies depending on the early-stage company's funding requirements and the attractiveness of the business to the investor(s). Nationally, Angel Networks typically invest anywhere from \$50,000 to \$5,000,000.

## 8 How long will it take to receive funding?

The amount of time to expect between first filing an application and receiving funding may vary considerably depending on factors including but not limited to:

1. The level of preparation achieved by the company before addressing the Screening Team
2. The company's ability to make necessary revisions to its business plan
3. The interest of an investor in the specific company

Once Angel Investors choose companies in which to invest, the deal negotiations become the responsibility of the company and Angel Investor(s) involved.

## 9 What terms does an Angel Investor expect in a deal?

Each deal's terms are constructed on an individual basis and depend entirely on the agreement negotiated between the company and investor. However, the Return on Investment (ROI) sought by most Angel Investors begins around 20 percent, and

repayment is typically expected in 7 years or less. It is also not uncommon for investors to require a specified percentage of equity in the company.

## **10 What benefits does SMAN offer?**

Risk aversion is a serious obstacle faced by many early-stage companies when seeking funding. The speculation involved in opening a new business often causes potential financiers to avoid such high-risk funding requests. Examples of traditional funding sources include personal and commercial loans, which are contingent upon one's personal financial history and often require large sums of collateral.

Angel Investors are aware of the higher rates of risk assumed in financing early-stage companies and are therefore more promising than the traditional sources of funding. Also, most SMAN investors have been successful entrepreneurs themselves and are therefore able to offer start-up companies guidance as well as financial assistance.

It is the sincere interest of SMAN to help provide high-quality investment deals for regional South Mississippi investors and entrepreneurs. In order to constantly provide these deals and their benefits, SMAN relies on a diversity of innovative early-stage companies that are actively in search of funding.

## **11 Questions?**

Questions can be directed to Sunny Corral at 601.266.5515 or [sunny.corral@usm.edu](mailto:sunny.corral@usm.edu)

We look forward to working with you to secure a successful future for the Pine Belt and Coastal regions of Mississippi.