IMPROVING INVESTMENT READINESS OF START-UPS FOR ANGEL INVESTMENT FUNDING: A CASE STUDY

Thesis submitted in accordance with the requirements of the University of Liverpool for the degree of Doctor of Business Administration

By

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ABSTRACT

The problem that I investigated in this research was that of a Canadian Angel Investor Group faced with the critical issue of seeing the proportion of funding requests that successfully made it through the evaluation process and reach deal closure being too low. Examining this issue within the context of the existing literature on Angel Investing revealed that the problem faced by our Organization is in fact quite common throughout the Angel Investment ecosystem and also prompted the consideration that information/guidance provided to entrepreneurs before embarking on the review process could potentially have a positive impact on the chances for the success of the investment submissions as they undergo detailed analysis. Stemming from the proposition that providing greater support to applicants during the screening phase could contribute to increasing the closing rate of investment files by better preparing the entrepreneurs for the subsequent stages of the Angel Investor Group's selection, the Organization decided on generating a Pilot Preparatory Program to attempt to address this issue. Using an Action Research paradigm, a single-case study was performed to try to derive the lessons learned through the introduction of an investment readiness program launched to help entrepreneurs improve their chances of undergoing the Organization's structured evaluation process (Due Diligence) successfully. The "case" studied comprised the four phases: 1. Developing the Pilot Preparatory Program, 2. Running three cohorts of the Pilot Preparatory Program, 3. Observing the effects of the Pilot Preparatory Program, and 4. Reflecting and planning future action.

Review of the literature illustrated the complex, multifaceted nature of entrepreneurship and the more “relational and emergent aspects” of Angel investing, which indicated that a holistic approach would be required to derive the overall meanings from the case. Within this context, I utilized a mixture of methods of data collection to inform different stages, and to ensure that the evidence addresses the initial research question. These include the review of documentation and

historical data, observations, as well as conducting 28 semi-structured interviews to examine the experiences of the stakeholders that had taken part in the Pilot Preparatory Program. After transcription of interview recordings and manual “broad brush” thematic coding, I used the qualitative data analysis software package NVivo to perform a systematic analysis of the interviews and to link the themes and sub-themes back to the research questions. Following this thematic coding process and my personal, reflexive pause, I conducted a group sense-making exercise which involved eight participants comprised of the Organization's permanent staff and the Chair of its Board of Directors.

This case study revealed that participating in the Pilot Preparatory Program increased the level of preparation of the entrepreneurs as it relates to defining their target markets, articulating their business model, and constructing their financial model, as well as improving the quality of their pitch. These learnings should enable them to present information that is relevant and to prepare better proposals for investor negotiations in the future.

The Pilot Preparatory Program had an impact on all stakeholders in terms of fostering the development of relationships based on trust between the entrepreneurs and individual Angel Investors, as well as between the entrepreneurs and the Angel Group Organization. Furthermore, the study also illustrated how creating a space where entrepreneurs can interact with a sub-group of seasoned Angel Investors during the screening phase can be conducive to the germination of a coaching relationship and the identification of champions for their project within members of the Angel Investor Network.

The Program was also a catalyst, from the Angel Organization's perspective, for enhancements to the dossier Pre-Selection process and practices to prepare entrepreneurs for the Organization's verification process. While bringing forward the notion that, for this Angel Investor Group, whose interest resides in ventures that are at the pre-commercial to the commercial

stage, the most relevant mandate of an in-house investment-readiness type of program would likely be that of a "polishing" step to help the entrepreneurs prepare pointedly for the Group's structured evaluation process. Moreover, the research uncovered that such a program should allow a degree of customization to the specific needs of the entrepreneur. The findings also made prominent the criticality, for the Organization, when developing a program, of clearly identifying its target audience upfront and articulating and communicating its differentiated offering.

Key words: Angel Investors, investment process, investment readiness, due diligence.

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DECLARATION ON OWN WORK

The principal researcher, Kathleen Ngassam, hereby declares the *Improving Investment Readiness of Start-ups for Angel Investment Funding: A Case Study* to represent original research that has not been submitted previously for publication. The researcher served as the sole author for the study, which was completed under the thesis supervision of Dr. Jim Hanly as a requirement for the degree of Doctor of Business Administration from the University of Liverpool. When drawing upon the work of others within the existing literature, the principal researcher has provided appropriate referencing and acknowledgment to the sources. There was no direct funding source for the Study.

TABLE OF CONTENTS

ABSTRACT 2

ACKNOWLEDGEMENTS 5

DECLARATION ON OWN WORK 6

LIST OF TABLES AND FIGURES 12

CHAPTER 1: INTRODUCTION 14

1.1. Background 14

1.2. Description of the Problem and Conceptualization of the Research 17

1.2.1. Stakeholder Perspective of the Issue 17

1.2.2. Emergence of the Research Question 21

1.2.3. Situating the Research vis-a-vis the Existing Body of Knowledge 23

1.3. My Role in the Research 24

1.3.1. Personal Background with the Organization 24

1.3.2. Research Position and Preoccupations 28

1.4. Roadmap of the Rest of the Thesis 30

CHAPTER 2: LITERATURE 32

2.1. Overview 32

2.2. Main Ideas from the Literature That Shaped My Thinking 34

2.2.1. The Equity Gap 34

2.2.2. The Critical Importance of Trust in the Angel Investment Decision Process 38

2.2.2.1. Trust Between Angel Investor and the Entrepreneur 38

2.2.2.2. Trust Among Angel Investors 41

2.2.3. Business Angels Utilize a Non-Compensatory Approach to Assess Investment Opportunities 43

2.2.4. Business Angels Evaluation Criteria Evolves as the Decision Process Unfolds 47
2.2.5. The Investment Paradox 53
2.2.6. The Benefits of Investment Readiness Programs 57
2.3. Reframing the Research Question 60
2.4. Chapter Summary and Roadmap of the Rest of the Thesis 61
CHAPTER 3: METHODOLOGICAL CONSIDERATIONS 63
3.1. Overview 63
3.2. Research Paradigm and Data Gathering Approach 64
3.2.1. Introduction-Theoretical Underpinnings 64
3.2.2. Adopting an Action Research Paradigm... 68
3.2.3. Case Study Methodology 72
3.3. Planning the Case Study.. 74
3.3.1. Negotiating Entry and Creating a Forum for Participation 74
3.3.2. The DBA Proposal.. 76
3.3.3. Design of the Multi-Layered Data Gathering Strategy.. 76
3.4. Preparing for the Case Study 79
3.4.1. Developing the Pilot Preparatory Program... 79
3.4.2. Situating the Pilot with Respect to the Pre-Existing Selection Process 83
3.5. Collecting Case Study Evidence.. 84
3.5.1. Taking Action: Running the Pilot Preparatory Program.. 84
3.5.2. Mechanism for Reflecting in Action.. 89
3.6. Observing the Effects of the Pilot Preparatory Program 91
3.6.1. Continuation of the Funding Application Process 91
3.6.2. Conducting Post-Program Interviews 92

3.6.3. Thematic Coding Process 96

3.6.4. Conducting a Group Sense-Making Exercise 98

3.7. Ethical Considerations 99

3.8. Chapter Summary and Roadmap of the Rest of the Thesis 102

CHAPTER 4: FINDINGS 104

4.1. Overview 104

4.2. Description of the Case 105

4.3. The Multi-Stage Process of Gathering Case Study Evidence 108

4.3.1. Data Collection 108

4.3.2. Iterative Thematic Coding Approach 111

4.3.2.1. Broad Brush Manual Coding 111

4.3.2.2. Systematic Analysis of Data with NVivo Software 111

4.4. Themes Uncovered While Studying the Case 114

4.4.1. Investment Readiness as an Emerging Theme 114

4.4.1.1. Most Companies Enrolled in the Program Were at a “Too Early" Stage 115

4.4.1.2. Unclear Target Market and Business Model 116

4.4.1.3. Gaps in Financial Projections 118

4.4.2. Emergent Theme Related to Areas Where the Pilot Program Made a Difference 120

4.4.2.1. Program Helped Entrepreneurs Get a Better Understanding of Angel Group Decision Process 121

4.4.2.2. Program Helped Entrepreneurs Improve the Quality of Their Pitch 123

4.4.2.3. Program Helped Entrepreneurs Refine Business Model and Strategies 125

4.4.2.4. Program Helped Entrepreneurs Refine Financial Model 127

4.4.2.5. Program Helped Enrich the Angel Organization's Practices for Dossier Pre-Selection 129

4.4.2.6. Program Helped Assess Fit and Compatibility of Entrepreneur with Angel Investment Framework 130
4.4.2.7. Program Fostered Trust and Relationship Building 132
4.4.3. Difficulties and Surprises as an Emerging Theme 135
4.4.3.1. Onboarding Challenges 136
4.4.3.2. Time Investment and Workload 138
4.4.3.3. Need for Depth, Continuity and Focus in Coaching Interactions 139
4.4.3.4. No "One Size Fits All": Program Structure Could Have Benefitted from More Customization 142
4.4.3.5. Critical Nature of Communicating and Managing Expectations 144
4.4.3.6. Need to Develop a Pipeline of Investment-Ready Opportunities 146
4.5. Post-Coding Reflective Pause 149
4.6. Chapter Summary and Roadmap of the Rest of the Thesis 155
CHAPTER 5: DISCUSSION 157
5.1. Overview 157
5.2. Review of Findings 157
5.2.1. Case Outline 157
5.2.2. Are the Entrepreneurs Ready to Undergo the Due Diligence Review? If Not, What Are They Missing? 160
5.2.3. Does the Preparatory Program Make a Difference? 160
5.2.4. What Are Some of the Difficulties, and Surprises That Emerged from Running the Pilot Preparatory Program? 162
5.3. Group Meaning-Making 164
5.3.1. Connecting the Dots 164
5.3.2. Emerging Vision for What to Do Next 173

5.4. Chapter Summary and Roadmap to the Rest of the Thesis 175
CHAPTER 6: CONCLUSIONS, ACTIONS AND REFLECTIONS 177
6.1. Conclusions and Implications 177
6.2. Transforming Inquiry Evidence into Action 178
6.3. Limitations and Future Research 181
6.4. Reflections on My Development as a Scholar-Practitioner 182
REFERENCES 184
APPENDICES 198
Appendix 1: Site Permission Letter 198
Appendix 2: Ethics Approval Letter 199
Appendix 3: Participant Information Sheet 201
Appendix 4: Participant Consent Form 205
.... 205
Appendix 5: Program Invitation and Information 207
Appendix 6: Entrepreneur Welcome Kit 214
Appendix 6.1.: Pitch Guide – First Presentation 214
Appendix 6.2.: Pitch Guide – Second Presentation 219
Appendix 6.3.: Due Diligence Summary 226
Appendix 6.4.: Due Diligence General 232
Appendix 6.5.: Company Information Sheet 236

LIST OF TABLES AND FIGURES

Figure 1.1: Outline of the Angel Investor Groups Funding Decision Process (adapted from Angel Organization Internal Documentation) ... 15
Figure 1.2: Capital Sources of the Early Stage Ecosystem (adapted from Pilette and Schwanen, 2018) ... 18
Figure 1.3: Emerging Rich Picture of the Angel Investor Group (generated through interactions with Angel Organization permanent staff) ... 27
Figure 1.4: Thesis Roadmap ... 31
Figure 2.1: Concept Map of How the Literature Shaped My Thinking ... 33
Figure 2.2: Sources of Capital vs. Stages of Development (adapted from NACO, 2016a, p.8) ... 36
Figure 2.3: Criteria Employed by Business Angels in "Elimination by Aspect Heuristics" to Pare Down Investment Opportunities (adapted from Maxwell et al., 2011) ... 45
Figure 2.4: Three Dimensions of Overall Investment Readiness (adapted from Douglas and Sheppard, 2002; Brush et al., 2012) ... 49
Figure 2.5: The Investment Paradox (adapted from Cox et al. 2017; Mitteness et al., 2012) ... 55
Figure 2.6: Roadmap of the Rest of the Thesis ... 62
Figure 3.1: Research Question and Related Sub-Questions ... 63
Figure 3.2: Research Roadmap: A Linear Yet Iterative Approach (adapted from Research Proposal submitted in 2017; and Yin, 2014) ... 71
Figure 3.3: Multi-Layered Data Gathering Strategy (adapted from Research Proposal submitted in 2017) ... 78
Figure 3.4: Discussion Guide of Semi-Structured Interviews Conducted During Program Development (generated through interactions with Angel Organization permanent staff) ... 81
Figure 3.5: Positioning the Pilot Preparatory Program within the Application Process ... 84
Figure 3.6: Outline of the Preparatory Program (generated through interactions with Angel Organization permanent staff) ... 86
Figure 3.7: Program Participant Evaluation Grid completed by Panel Members During Final 8-minute Pitch (adapted from Angel Organization internal documentation) ... 88

Figure 3.8: Evaluation Grid Completed by Entrepreneurs that Participated in the Preparatory Program (adapted from Angel Organization internal documentation)........ 90
Figure 3.9: Post-Program Interview Discussion Topics (generated through interactions with Angel Organization permanent staff) 95
Figure 3.10: Interviews and Thematic Coding Process for Addressing Questions (adapted from Research Proposal submitted in 2017)........ 97
Figure 3.11: Roadmap of the Rest of the Thesis 103
Figure 4.1: Dossier Progression Companies That Completed Preparatory Program (generated through interactions with Angel Organization permanent staff) 107
Figure 4.2: Data Collection and Analysis 110
Figure 4.3: Overview of Emergent Themes and Sub-themes from the Iterative Coding Exercise 113
Figure 4.4: Sub-themes Related to Investment Readiness 114
Figure 4.5: Emergent Theme Related to Areas Where Program Made a Difference 121
Figure 4.6: Sub-Themes Related to Difficulties and Surprises 135
Figure 4.7: Roadmap of the Rest of the Thesis 156
Figure 5.1: Overview of Findings........ 159
Figure 5.2: Highlights of Group Sense-Making Exercise 172
Figure 5.3: Roadmap to the Rest of the Thesis........ 176

CHAPTER 1: INTRODUCTION

1.1. Background

The problem investigated in this research was rooted in the "perceived needs" (Cassell and Johnson, 2006) of a Canadian Angel Investor Group I joined a few years ago, whose mission is to help its members make profitable investments in innovative enterprises in a broad range of industries. Founded in 2007, the Group counts over 200 experienced investors and professionals, who seek to fund the growth of high-potential innovation in a variety of markets and products, such as Clean Technologies, Industrial and Manufacturing. Sectors of interest also include Real Estate, Innovative Services, Information and Communications Technologies, as well as Healthcare. Members independently choose the proposals they entrust their funds to, and the amount of their investment. However, it is the Group's central office, counting a staff of 14 professionals, that manages the overall process -- from identifying and selecting the entrepreneurial projects to showcase, coaching the entrepreneurs and organizing the presentations, and overseeing the due diligence and investment arrangements -- all the way through to assisting member investors in their relationships with the investees. As outlined in Figure 1.1, the funding decision process can be summarized in the following steps: Pre-Screening; Screening; Pitch to Angel Investors; Second Presentation to Angel Investors; Term Sheet; Due Diligence Review; and Funding/Follow-up.

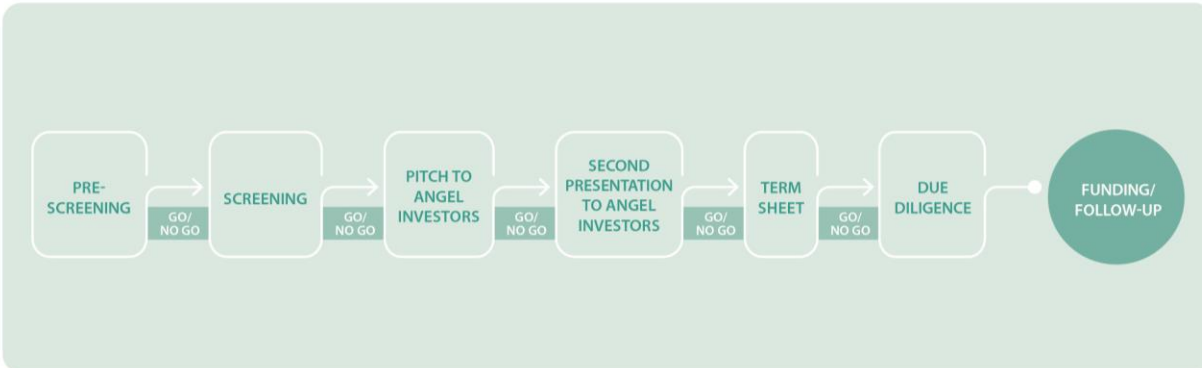

Figure 1.1: Outline of the Angel Investor Groups Funding Decision Process (adapted from Angel Organization Internal Documentation)

Entrepreneurs trigger the funding request process by applying through the Angel Investor Group's website. The first examination consists of a pre-screening exercise during which a gatekeeper, an employee of the Angel Group Organization, assesses projects according to scope. Upon successful completion of this hurdle, members of the Organization's selection committee review the applications to evaluate the potential interest of the venture to its members. Once approved to move on to the next step, entrepreneurs are invited to present their investment opportunity to the Angel Group members during one of their monthly meetings, where typically four to six candidates pitch their projects. The format consists of an 8-minute presentation followed by an 8-minute question and answer session (Q&A). After the Q&A, the entrepreneurs are asked to leave the meeting while the other applicants are presenting to the Angel Investors. Following the presentations, the entrepreneurs are invited back into the room where they can interact informally with individual members of the Angel Group and provide more details about their project during a cocktail reception. At the end of the monthly event, members of the Angel Group are asked to fill out a form and express their interest in the individual investment opportunities presented and are urged to indicate any questions or concerns they would like to see addressed. After compilation of the results, the entrepreneurs whose projects have garnered the most traction will be asked to prepare additional project documentation and invited back the following week to present a second, more detailed 30-minute presentation, followed by a 60-minute Q&A session with the interested Angel Group members. At the end of the 90 minutes, the entrepreneurs are asked to leave the room, and the Angel Group members are invited to provide the following information:

- Whether they are still interested in the investment opportunity
- If the answer to the first question is affirmative, the amount of money they would consider investing
- Whether they are available to lead the Due Diligence Review process
- Whether they are available to provide expertise in the Due Diligence Review process

After the second presentation, if a project holds the attention of enough members so that at least one Angel Group member steps forward to lead the Due Diligence Review, and that at least another two members accept to be part of the review team, the project moves on to the Term Sheet phase. These discussions, which start with presenting the entrepreneur with the Angel Group's standard Term Sheet offer, conditional to satisfactorily completing the Due Diligence Review process, are led by the previously mentioned Due Diligence Review “Lead." Upon successful completion of the Term Sheet negotiation, the Lead, along with a team of interested Angel Investors, proceeds with an in-depth examination of the business plan and financial projections. This endeavour typically takes place over a period of eight weeks, after which the Due Diligence Review Team will issue a report and investment recommendation to the interested Angel Group members. Firms that obtain a positive investment recommendation will then move on to the Funding stage. Regarding timing, approximately four and a half months will have elapsed between the application for funding and the deal closure (Carpentier and Surret, 2015).

1.2. Description of the Problem and Conceptualization of the Research

1.2.1. Stakeholder Perspective of the Issue

A critical issue faced by this Organization at the start of the research project was that the proportion of funding requests that successfully make it through the evaluation process and reach deal closure was relatively low. Though demand for Angel funding steadily increases, the Group's head office noted a 75% increase in dossiers halted during the Due Diligence Review step compared to the previous year. As the following paragraphs will illustrate, these low success rates are not only problematic for the Organization but consistently come forth as a concern for all stakeholders.

Securing funding is one of the most challenging aspects of growing a new business (Roach, 2010). In addition to cash flow problems, failure to access capital can result in cost opportunities and even the demise of a start-up (Van Auken, 2002). As illustrated in Figure 1.2, for the entrepreneurs who make funding requests, Angel Investments play a pivotal role in the start-up ecosystem by filling a void in the funding continuum. Namely, these funds bridge a void between initial start-up funds coming from informal channels, such as friends or family, and formal sources such as venture capital (Brush et al., 2012; Carpentier and Surret, 2015). Also, pre-established Business Angel Investment is often a condition for accessing venture capital funding (Maxwell et al., 2011). In addition, a particular contribution of Business Angels is their active contribution to a company's value creation by investing their know-how, in addition to their financial participation (Freear et al., 1995), due in part because most Angels possess an entrepreneurial background (Morissette, 2007). Moreover, data has shown that start-ups that were successful in achieving Angel funding have better outcomes regarding financing, survival, and exits compared to those that were unsuccessful at securing Angel funding (Kerr et al., 2014). As such, in the context of the entrepreneurs who apply to our Angel Investor Group for capital, the weak application success rate observed raises a concern regarding the ability of these start-ups to thrive and scale up their operations.

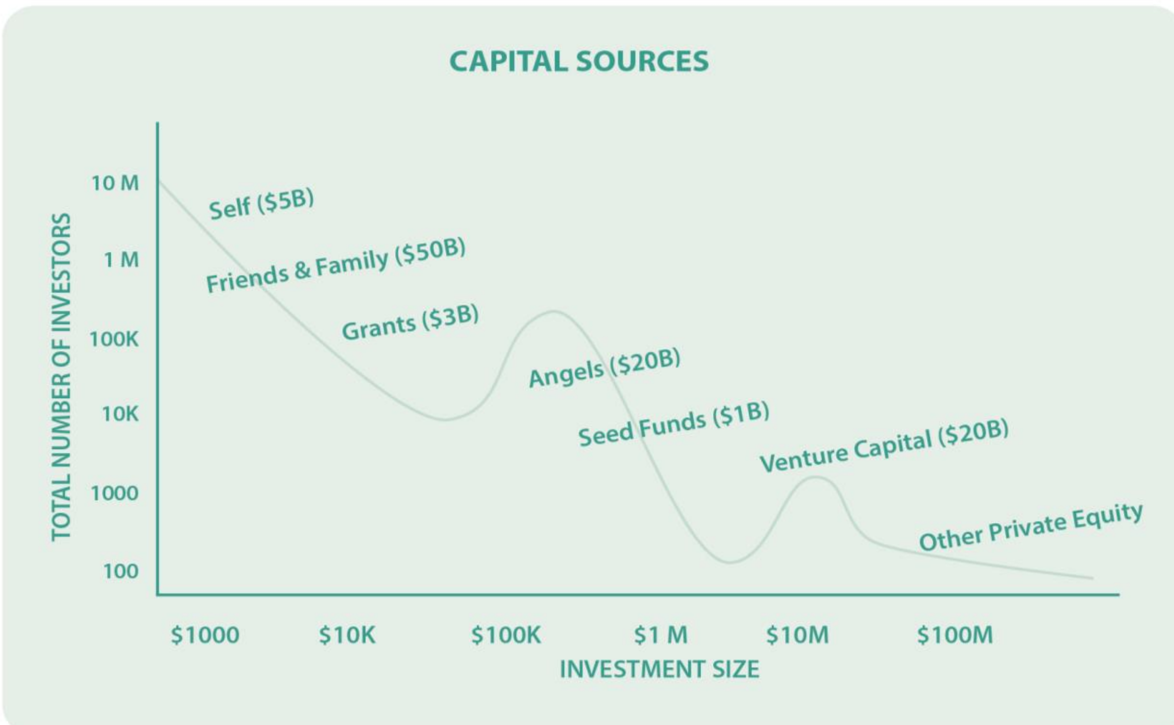

Figure 1.2: Capital Sources of the Early Stage Ecosystem (adapted from Pilette and Schwanen, 2018)

Business Angels are private investors, often former entrepreneurs, who invest their own money in early-stage businesses (Kerr et al., 2014). Since the mid-1990's, there has been growing interest from Angel Investors to organize into groups (Mason et al., 2016; NACO, 2016b), such as the one that is the focus of this research, to collectively appraise and invest in start-ups. These syndication efforts bring about several benefits to their members. On the one hand, these groups allow investors to pool funds, enabling them to participate in more significant investment opportunities than they would otherwise have been able to finance as a solo Angel. Furthermore, being part of a group allows individual members to reduce the cost burden associated to opportunity evaluation, while benefitting from a more systematic investment approach, as well as the expertise of other Angel Investors (Kerr et al., 2014; NACO, 2016b). It should be noted that a critical consideration for individual investors when joining a syndicate is that the visibility of Angel Groups provides the opportunity of expanding their portfolio by having access to a better deal flow than if they were to go about seeking investment opportunities alone (Bonini et al., 2018; NACO, 2016b). The two pillars of the “Capital Asset Pricing Model” (CAPM) provide an interesting lens to examine this issue (Roach 2010 quoting Sharpe, 1964). The first concept is that return from an asset should be correlated to its related risk. The second idea is that an asset can have two types of associated risk: "systematic" or "specific". The first risk is linked to price variability caused by the global market movement. Meanwhile, the "specific" risk is particular to a given asset. In the context of Angel Investing, the "specific" risk is the one linked to the early stage enterprise’s success or failure. CAPM proposes that the market does not recompense investors for bearing specific risks and that these can be mitigated through proper diversification (Roach, 2010). These ideas are convergent with the return data from the Angel Capital Association that indicates that more than 50% of Angel Investments will either fail completely or not recover the original sums. Moreover, results indicate that 7% of projects will generate returns higher than 10X, and that 10% of placements drive 90% of the yields. These distributions of returns highlight the need for a portfolio approach in Angel Investing (Gedeon, 2016). In this context, keeping Risk Management Theory in mind, the low deal closure rates raise concerns for individual group members around risk diversification and portfolio return optimization.

Finally, from the outlook of the Angel Investor Group itself, as an organization, this low application success rate is alarming, as it directly threatens the Organization’s raison d’être. In this regard, an analysis of archival data for 636 proposals, spanning the first five years of operation, examined the Group's decision-making process step-wise, from application to the final verdict. The results revealed that the step of the application evaluation process during which the majority of the projects were rejected (aside from Pre-Screening due to a significant number of out-of-scope applications) was the Due Diligence Review step, with a failure rate of 60% (Carpentier and Surret, 2015). In addition to preoccupations about productivity, this number raises the question as to whether some of the start-ups that failed the application process constituted lost opportunities for the Angel Investors – especially since anecdotal evidence suggests that some of the "failed-at-due-diligence" prospects dropped out because they had obtained funding elsewhere. As previously mentioned, a key motivation for individual investors in joining Angel Networks is to have access to a better deal flow so as to diversify risk and optimize portfolio returns. In addition to previous concerns, a low deal closure rate could eventually have an impact on the Organization's member retention, as well as its ability to increase its membership base. In fact, during my exploratory discussions with the Organization's staff members, exit interview notes were brought to my attention of a member who had decided to discontinue his membership and identified the reason for doing so as being investment opportunities looking good during the initial pitch but crumbling during a more detailed analysis of the opportunity.

All things considered, then, there was an urgency for this Organization to address the concern around the significant increase in dossiers halted during Due Diligence Review. This recurrent problem facing all concerned stakeholders raised the question as to whether additional support from the Angel Group at the beginning of the selection process might have helped foster more (and arguably more promising) prospects through the entire process (NACO, 2016b). In the spring of 2017, the Organization decided on the introduction of a Pilot Preparatory Program to help entrepreneurs improve the quality of their applications throughout the entire process. The rationale was that participating in a Pilot Preparatory Program would provide applicant entrepreneurs the opportunity to be coached and benefit from the expertise of the

Organization’s staff and a sub-group of seasoned Angel Investors. And that this support and information provided could help get a better understanding of the Angel Group’s criteria. The hope was that creating a space where they could get a head start with preparing the information required for the Due Diligence Review, very early in the Application process, even before presenting the first pitch to the Angel Group members at the monthly meeting, would augment the participant entrepreneurs’ chances of undergoing the Organization's structured evaluation process successfully.

1.2.2. Emergence of the Research Question

As presented in Chapter 2, my preliminary examination of the angel investor literature led me to uncover the existence of an "Equity Gap" and revealed that the problem faced by our Organization regarding the proportion of funding requests that successfully make it through the evaluation process and reach deal closure being too low is quite prevalent throughout the Angel Investment ecosystem. A common denominator I observed is the intense focus on how a better understanding of Angel investor decision processes could improve investment success rates. The studies reviewed on accelerators and investment-readiness initiatives also prompted me to envisage that information/guidance provided to entrepreneurs before embarking on the review process in the context of the Preparatory Program that our Angel Group was planning on implementing could potentially have a positive impact on the chances for success of investment submissions as they undergo detailed analysis. From a scholar-practitioner perspective, these considerations led me to surmise that the implementation of this new Pilot Preparatory Program by the Angel Investor Group constituted a "key moment of inquiry" (Ramsey, 2014) from the standpoint of investigating the effects of this initiative. As such, I initially formulated my potential research question as: *What is the impact of implementing a Pilot Preparatory Program in terms* *of helping entrepreneur applicants improve their chances of undergoing the Due Diligence Review successfully?*

However, as will be described in Sections 1.3 and Chapter 2, further problematizing this issue with members of the Angel Organization, as well as continuing my review of the Angel investing and Entrepreneurship literature, brought me to recognize that implementing a Pilot Preparatory Program did not lend itself to testing simple causal relationships associated with a simple, single set of outcomes. The readings also led me to acknowledge the critical nature of accounting for the more relational and emergent aspects of Practice in Entrepreneurial Research (Kevill and al., 2015). This awareness led me to ponder about wording the Research question around the notion of “impact” and whether it could give a myopic view which would limit us to sequential thinking and hinder our capacity to manage “dynamic complexity” (Senge, 2006). And that, in turn, this half-sighted perspective could lead to “bounded awareness” (Bazerman and Moore, 2008) which would prevent us from questioning “givens” and “micro-practices” (Chia, 1995), thus interfering with the overall meanings from the case, and limiting understanding and potential for action (Rhodes and al., 2010). These considerations triggered an “interiority shift” (Coghlan, 2011), from focusing on what we know to how we know. In this context, following the literature review, I reframed my problem and articulated my research question as follows:

RESEARCH QUESTION:
What are the lessons learned from implementing a preparatory program in terms of helping entrepreneurs undergo the Due Diligence Review successfully?

Sub-questions subsidiary to this Research are as follows:

- Are the entrepreneurs ready to undergo the Due Diligence Review? If not, what are they missing?
- Does the Pilot Preparatory Program make a difference?
- What are some of the difficulties, and surprises that emerged from running the Pilot Preparatory Program?

1.2.3. Situating the Research vis-a-vis the Existing Body of Knowledge

Objectives of this Research include identifying strategies that can increase the level of preparedness of entrepreneur applicants and improve the Organization's selection process such as to augment the number of investment-ready opportunities that complete the Organization's Due Diligence process with success. As previously mentioned, the literature work presented in Chapter 2 revealed that the issue faced by our Organization as it relates to the proportion of funding requests that are successful at completing the investor evaluation process being too low is quite widespread throughout the Angel Investment ecosystem. With this in mind, in addition to generating organizational learnings through experiencing cycles of action and reflection, another aim of this Research is to complement existing theory through the generation of a "small story" that could potentially resonate with readers such that others may find relevance in their context (Herr and Anderson, 2015) to inform their practice.

The literature review also brought to light that Entrepreneurship research has generally been grounded in "deductive logic" (Higgins et al., 2015), with much of the recent Angel Investment studies focused on the investor decision process by examining "basic relationships" between investment potential and explanatory constructs (Cox and al., 2017). In this context, another potential benefit of this case study adopting an Action Research paradigm is to contribute to addressing the need, identified in the literature, for "methodological diversity" in the field of Entrepreneurship and small firm Research (Higgins et al., 2015).

1.3. My Role in the Research

1.3.1. Personal Background with the Organization

I first encountered this Angel Investor Organization a few years ago when a start-up company in which I was one the early investors (along with friends and family) was undergoing a Due Diligence Review process with the Group for a round of financing. As a result of this interaction, I became a member of the network in 2016 as I felt that this syndication with other Angel Investors would allow reducing investment risk while giving me to access a larger pool of business opportunities for investment. Thus, I started attending monthly meetings during which entrepreneurs pre-selected by the Angel Group present their investment opportunities. To date, I have had the chance to access several opportunities and experience benefits such as professional training, networking, practice sharing and support with prioritization of investments. I have also acted as a Due Diligence Review Lead during the assessment of an investment opportunity. On a few occasions since I became a member, I have also experienced the disappointment of seeing business opportunities I found interesting dropping out during the Due Diligence Review process. These setbacks, combined with my previous experience of being on the demand side of Angel funding, made me wonder whether a deeper understanding of the requirements at the very beginning of the selection process could have helped those enterprises be better equipped for the Due Diligence Review process: this became a central source of inspiration for my research project.

One element that has struck me in my interaction with this Angel Investor Group is the constant preoccupation with trying to find better ways to support investors and entrepreneurs. Indeed, shortly after I joined the group, following my orientation meeting, the opportunity to embed my DBA thesis research within the Organization emerged during one of my first discussions with the President. From a developmental perspective, this opportunity was threefold. On the one hand, as a new member, I felt that researching within the Angel Investor Group would allow me to get a deeper understanding of the Organization, its processes, and its ecosystem. As a novice Angel Investor, convergent with Schön's (1983) notion of a reflective practitioner, I felt that this journey of inquiry would help me learn about the practice of Angel investing. I also felt that this could help me become better equipped to make successful investments and refine my skills to support entrepreneurs in building and growing companies. Brydon-Miller et al (2003) argued that the only way to understand the "social world" is by attempting to change it. From a scholarly perspective, I felt that collaborating with professionals from the organization and other investor members on a transformational initiative to resolve a problem represented an opportunity for me to contribute to the creation of local knowledge that hopefully would resonate with others, such that they may see applicability in their context (Herr and Anderson, 2015).

Familiarizing myself with some research situated within the Angel Group conducted by researchers from a local university led me to witness the Organization's commitment to foster systematic inquiry (Greenwood et al, 1993). In fact, this research project has been made possible primarily because of management attention and the availability of information (Björkman and Sundgren, 2005). Indeed, starting at my Doctoral Development Plan phase, I had numerous discussions with members of the central office's team to get a better appreciation of the workings of the Organization, as well as to start getting a sense of some of the drivers and irritants and get a better sense of the Organization's ecosystem. These exchanges allowed me to start developing a wide and “high-grained” (Monk and Howard, 1998) understanding of the Organization, which I captured in the Rich Picture presented in Figure 1.3. It was also during these discussions that the organizational concern about too few files reaching deal closure became apparent, and that I uncovered the strategic preoccupation around better equipping the Due Diligence Review process to render the reviews simpler and more efficient through the introduction of a Pilot Preparatory Program.

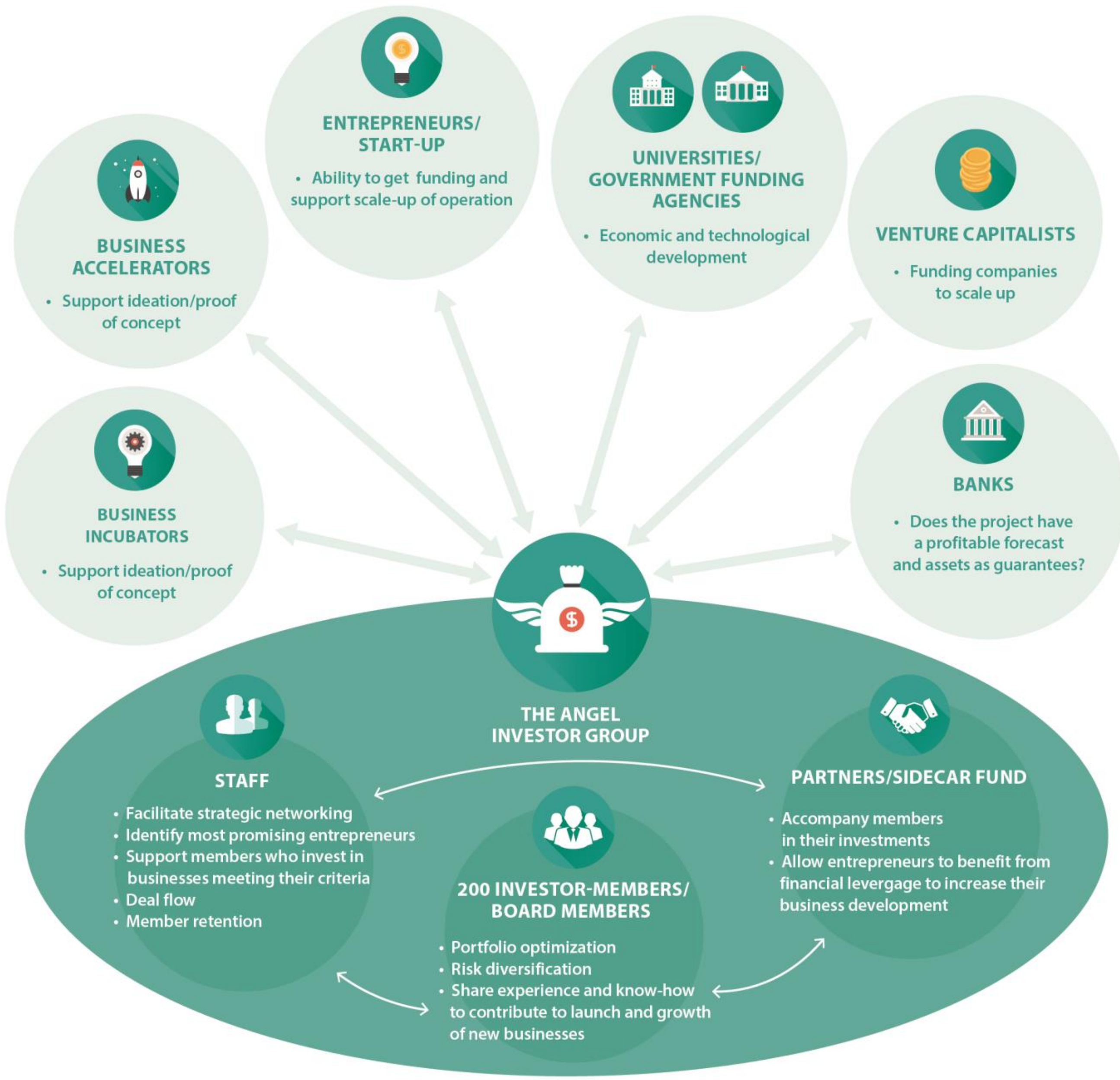

Figure 1.3: Emerging Rich Picture of the Angel Investor Group (generated through interactions with Angel Organization permanent staff)

1.3.2. Research Position and Preoccupations

As I will articulate in the following paragraphs, reflecting on “positionality” (Herr and Anderson, 2015), or who I was in relation to my Research participants and the Angel Investor Group setting, brought me to converge with Gunter et al. (2011) who argued the multilayered and fluid nature of the notions of insider and outsider and highlighted how these could shift at various times during a research study. Firstly, though not an employee of the Organization, I would argue that as an active member of the Angel Group, attending monthly meetings as well as training and networking activities, I qualified as an "insider researcher”. As such, from a “primary access” (Brannick and Coughlan, 2007) standpoint, I had the chance to have access to information on how the Organization works and a significant amount of historical data. However, as will be described in Section 3.7, maintaining the confidentiality of the Angel Group’s members, as well as the companies who seek funding, was of primary concern for me throughout this entire endeavour.

My decision to study the outcomes of a program in my own professional community of practice, in collaboration with other insiders emanated from a combined aspiration for self/professional development and organizational transformation. Indeed, I saw this case study as a tool to deepen my reflection on "practice toward problem-solving" to generate knowledge of the practice of Angel investing within this Angel Investor Network, from the "inside-out" (Herr and Anderson, 2015). This perception triggered the recognition of the problem being part of me as much as I am part of the problem and that even the action of collecting data is, in and of itself, an intervention. This realization led me to write this dissertation in the first person and brought to light the important nature of developing an awareness of my assumptions and pre-understandings and exercising self-critique. Another preoccupation I harbored was the need to be attentive to how I framed things while focusing on active listening, questioning information and testing ideas (Brannick and Coghlan, 2007). A constant concern was the need to be lucid about the fact that mine was "a truth amongst many" (Herr and Anderson, 2015), and that as a researcher I needed to avoid positioning myself as a lone voice scrutinizing everybody's words. Moreover, the investigative work project conducted during the Residency Modules of the DBA alerted me to my responsibility as a researcher to leave the data enough space to speak for itself as well as ensuring that “all voices” be heard (Calàs and Smircich, 1999). With these considerations in mind, I ensured to build-in reflective pauses and to conduct a group sense-making exercise, as well as submitting my thoughts for testing by the team throughout this entire Research endeavor.

The work of Herr and Anderson (2015) reminded me of the importance of challenging the status quo in describing the valuable nature of "independent critical friends" who can help with problematizing aspects of one's setting that are "taken for granted". I believe that being an investor member and the associated fact that I am not involved in the Organization’s daily operations and that I was not involved in the pre-selection process rendered me somewhat of a more uninformed researcher (Coghlan, 2001). Overall, I viewed my role as a consultative one, working collaboratively with the staff members in charge of Training and Due Diligence Facilitation. I tried to remain attentive throughout this journey about the potentially disruptive impact of insider Action Research on my relationships within the Organization. As such, I ensured to work in a collaborative manner and to engage with the staff responsible for pre-screening and decision making throughout the inquiry process to keep them both informed and actively involved in the design and execution of this case study.

Coghlan and Brannick (2014) argued that the democratic nature of Action Research goes beyond consulting research participants on design and entails alternating between being the “director” and the “actor.” Consistent with this paradigm, I would describe my positionality within this research as one that evolved over the different parts of the study. For instance, while I was on the insider portion of the positionality continuum during the problem-posing and data-gathering part of the study, I migrated more towards the outsider end of the spectrum during the program implantation which was directed by the Vice-President for Screening and her colleagues from the Angel Organization's central office.

1.4. Roadmap of the Rest of the Thesis

Using an Action Research paradigm, this single-case study was performed to derive the lessons learned through the introduction of the Pilot Preparatory Program to help entrepreneurs improve their chances of undergoing the Organization's structured evaluation process (Due Diligence) successfully. The "case" studied comprised developing the Pilot Preparatory Program, running three cohorts of the Program, observing the effects of the Pilot Preparatory Program, as well as reflecting and planning future action. This thesis will chronicle that process and its findings and Figure 1.4 provides an outline of the remaining chapters of this thesis.

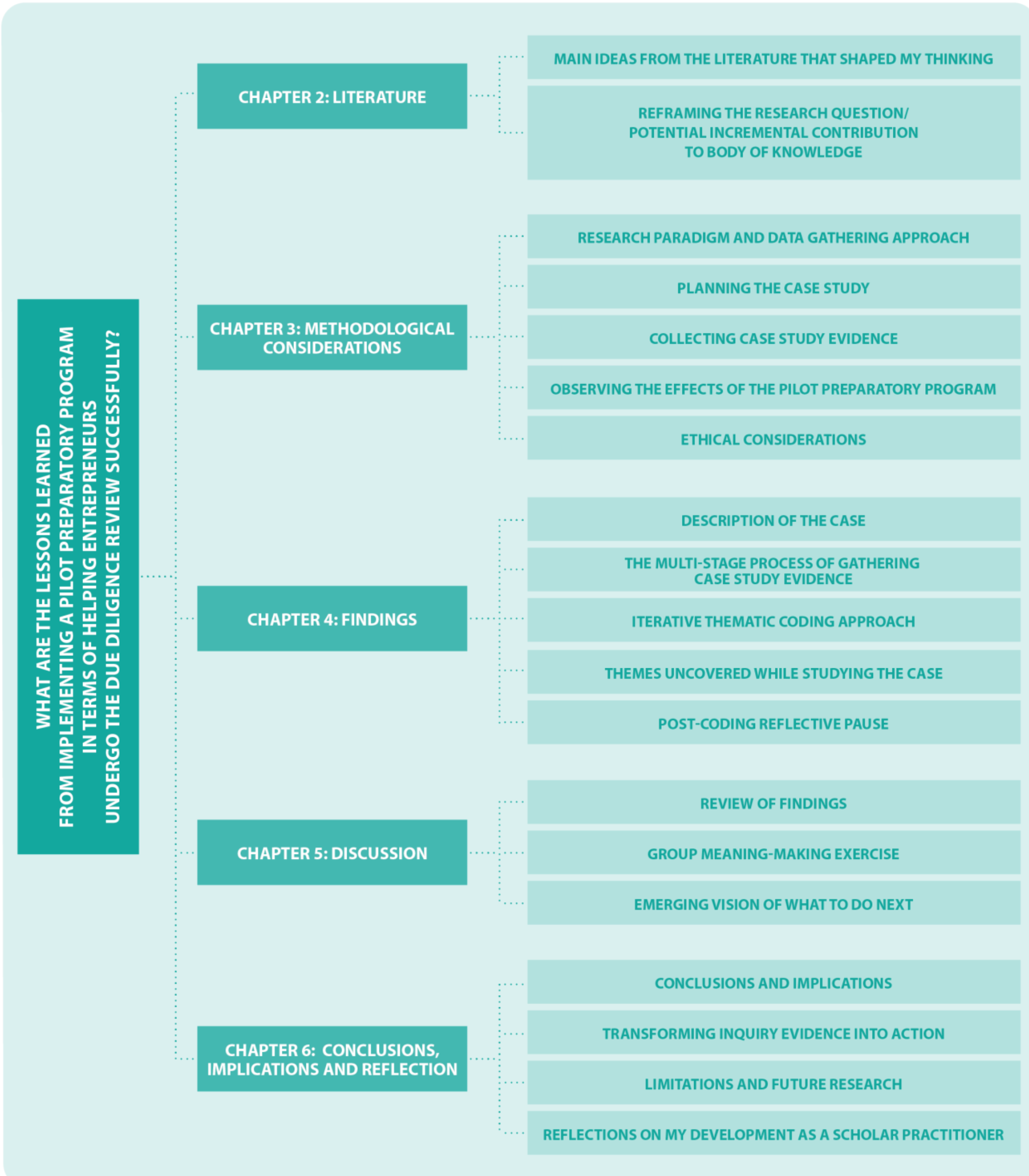

Figure 1.4: Thesis Roadmap

CHAPTER 2: LITERATURE

2.1. Overview

Considering the essential nature of familiarization with the literature in one's field of interest (Easterby-Smith et al., 2012) to help to define an angle for the investigation, I initiated a review of the literature to locate my research problem within the extant body of knowledge (Levy and Ellis, 2006). The search was constructed on the concepts of "angel investing", "start-up", "investment readiness", and "decision-making". As described in the concept map presented in Figure 2.1, the sources uncovered helped me start drawing out relevant notions within the Angel Investment literature and begin to understand why investment opportunities are turned down by Angel Investor Syndicates, as well as what has been attempted to improve the success rates of Angel funding requests submitted by entrepreneurs . As articulated in the sections below, the literature examined allowed me to recognize the critical nature of the entrepreneurs' understanding of the Angel decision processes and how "investment readiness programs" (Mason and Kwok, 2010) can positively impact the success rates for Angel financing requests.

Figure 2.1: Concept Map of How the Literature Shaped My Thinking

2.2. Main Ideas from the Literature That Shaped My Thinking

2.2.1. The Equity Gap

Business Angels are widely recognized as the principal funding source for early-stage enterprises searching for capital (Mason and Harrison, 2015). For the longest time, most Angel Investment activity took place "under the radar" and, as such, remained largely unreported (Mason et al., 2017). Initial Business Angel research was conducted in the early 1980's and 1990's and focused on trying to evaluate the magnitude of this informal capital market and examined the characteristics, attitudes, and behaviours of Business Angels (Wetzel, 1983; Short and Riding, 1989; Haar et al., 1988; Hindle and Wenban, 1999; Mason and Harrison, 2000; Stedler and Peters, 2003). These works shed light on what had remained up to that point a largely ignored occurrence and uncovered that Business Angels were hard to single out because of their preference for operating incognito. The findings formed the paradigm of the Business Angel as being wealthy, active, self-made individuals of the male gender with a penchant for local investments in early-stage companies. Another critical attribute brought to light by these early studies was the heavy reliance of Business Angels on their network to bring deals to the table (Kelly, 2007).

The modus operandi of Angel Investors differs significantly from that of banks and venture capitalists. On the one hand, contrary to venture capitalists and banks, Angels are amenable to investing in enterprises that are in the early stages (Wiltbank and Boeker, 2007). Furthermore, though there is broad variability, the average investment by Angels in the U.S. is $350,000. This amount is considerably less than venture capitalists and more than banks, who determine the investment amount by the availability of collateral (Cox et al., 2017). Moreover, while banks and venture capitalists are investing third-party money, Angels are spending their personal funds, which confers on them the ability to make faster investment judgments (Cox et al., 2017). Finally, data indicates that bankers stress the financial aspects while giving little regard to the entrepreneur or the market, whereas venture capitalists and Angels accentuate the market in addition to finances (Mason and Stark, 2004).

Upon reviewing the literature, it quickly became apparent that, much like the Angel Network that is the focus of the Study, there is a growing tendency for Business Angels to organize themselves into managed groups. Indeed, individual Angels recognizing the benefits of investing as part of a group, including augmenting deal flow volume and quality, as well as sharing knowledge and experience in the evaluation of investment opportunities (Mason et al., 2016). This increase in syndication has allowed for better documentation and visibility of Angel Investment activity (Sohl, 2012; Gregson et al., 2013; Mason et al., 2016) and made possible the validation of previous approximations concerning the prevalence of Angel Investments in early-stage funding (Mason and Harrison, 2000). The data gathered indicates that, in recent years, Angel Investment activity has been trending upwards (Mason and Harrison, 2015; NACO, 2017). At the same time, syndicated Angel Groups provide significant diversification benefits (Bonini et al., 2018), and, because of their combined financial capacity, are making more significant initial investments and follow-up more frequently compared to previous periods when Business Angels operated on a more individual basis (Mason et al., 2016). Ventures they fund will likely be innovative, geared at technology and distinguished by significant growth potential (Cox et al., 2017). Evidence illustrates that most of the Angel financing (75%) occurs during the seed or start-up stage, with less than 10% happening in later phases (Wiltbank and Boeker, 2007). As illustrated in Figure 2.2, Angel Investment bridges an essential void between personal (e.g., family and friends) and traditional institutional funding (e.g., venture capital) and banks (Brush et al., 2012).

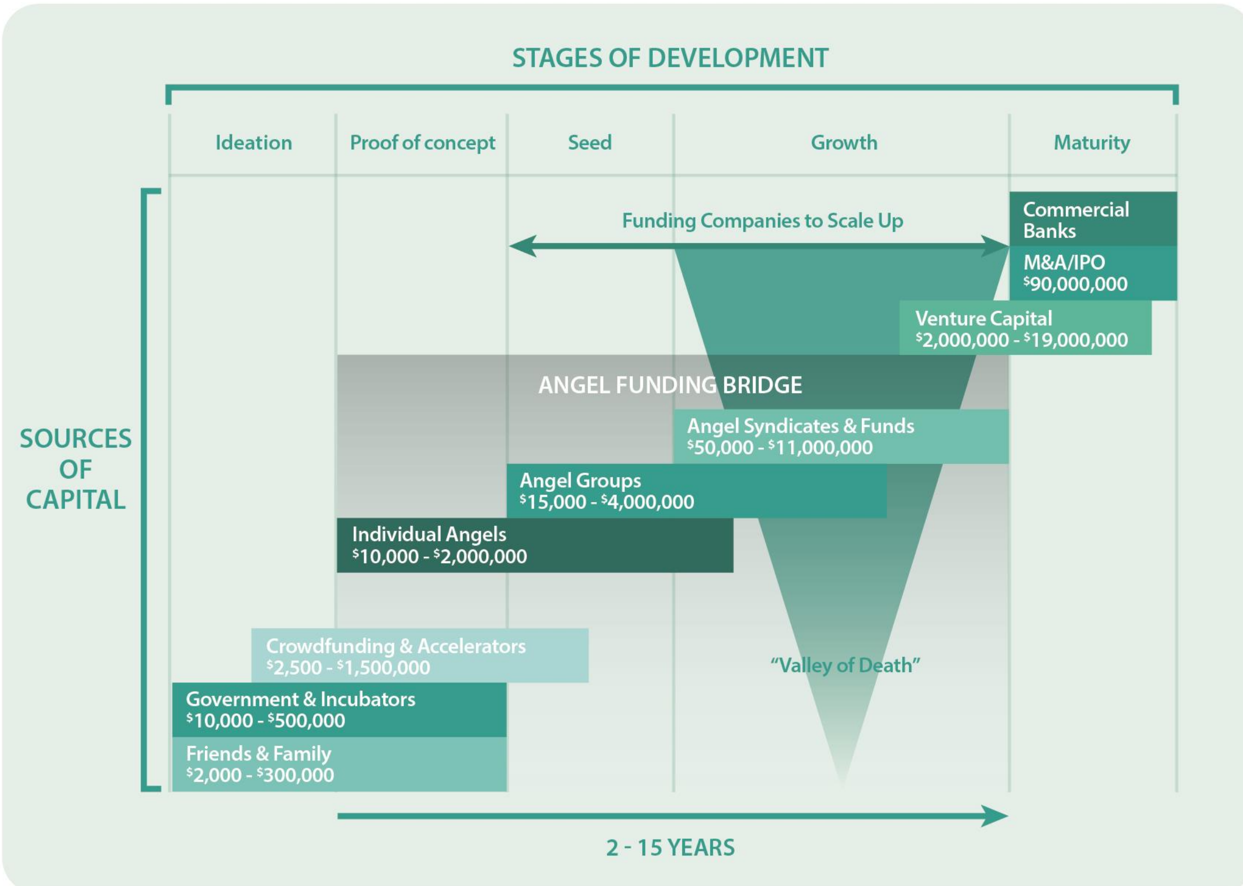

Figure 2.2: Sources of Capital vs. Stages of Development (adapted from NACO, 2016a, p.8)

Data presented in the 2016 Report on Angel Investment Activity in Canada (NACO, 2017) indicates that Canadian Angel Groups contributed more than 133 million dollars to over 280 investments in 2015. Meanwhile, the European Trade Association for Business Angels, Seed Funds and other Early Stage Market Players (EBAN, 2014) evaluated that Business Angel Investments at the early-stage market are threefold versus those of venture capital funds. Furthermore, an American study revealed that, in 2013, Angel Investments funded over 70,000 entrepreneurial ventures which created economic benefits in the form of nearly 300,000 new jobs in the U.S.A., an average of 4.1 jobs per investment (Cox et al., 2017). These findings underline the significance of Angel Investing as a vital element of the foundation of an entrepreneurial economy (Mason et al., 2017).

Moreover, the literature revealed that the problem faced by our Organization regarding the proportion of funding requests that successfully make it through the evaluation process and reach deal closure being too low is quite common throughout the Angel Investment ecosystem. Indeed, despite a significant number of active Business Angel Groups, start-up ventures seem to have a limited ability to attract funding (Maxwell et al., 2011). Securing Angel Investments has proven to be an onerous task for entrepreneurs, with reported global failure rates varying from 75% to 95% (Argerich et al., 2013). In a study of U.K. Angel Networks, Mason and Harrison (2015) found that only 3% of the requests attracted funding, with barely 30% of the proposals making it past the initial screening process. Similarly, the findings of an Italian study revealed that a mere 4% of investment opportunities successfully underwent pre-screening and screening (Croce et al., 2017). In Canada, though demand for Angel Funding increased by 50% in 2015 versus 2014, the application success rate decreased from 8% to 6% (NACO, 2016b). Meanwhile, Carpentier and Surret (2015) found that a Canadian Angel Group invested in only 2.4% of the proposals received over the first five years of its existence.

I found it perplexing and counter-intuitive to uncover that the development of Business Angel Networks, with the stated goal of augmenting market efficiency by matching investors to entrepreneurs looking for funding, has not expanded investor ability to invest, with entrepreneurs still struggling to secure financing. Studies have reported the frustration of investors vis-a-vis the low quality of the investment opportunities put before them, which renders them unable to invest as much and as frequently as they would like (Mason and Harrison 2002; Paul et al., 2007). Brush et al. (2012) argue that the entrepreneur's notion of organizational readiness for outside funding may diverge significantly from the Angel Investor’s perception. Furthermore, data has demonstrated that these failures to achieve funding happen because most of the opportunities presented to the Angel Investors are not investment ready (Mason and Harrison, 2001; Mason and Harrison, 2002; Knyphausen-Aufseb and Westphal, 2008) with entrepreneurs not understanding how to "sell themselves or their business" (Mason and Kwok, 2010). Riding et al. (2007) make a case for the need for entrepreneurs to increase their understanding of the Angel Investor decision-making processes to enable them to present information that is pertinent and to conduct negotiations from a standpoint that is better-informed. As I will further develop in the paragraphs below, the literature also intersected with one of the premises behind our Angel Groups decision to implement a Pilot Preparatory Program. Namely, that a better understanding of decision processes could improve application investment success rates (Mason and Harrison, 2002).

2.2.2. The Critical Importance of Trust in the Angel Investment Decision Process

2.2.2.1. Trust Between Angel Investor and the Entrepreneur

A good part of the research conducted to date on Angel Investing focused on the evaluation of investment opportunities and the related decision process (Cox et al., 2017). Early research has routinely found that Angel Investors are more likely to base investment decisions on a host of non-financial factors, compared to venture capitalists who unequivocally base decisions on the anticipated ROI (Van Onsabrugge and Robinson, 2000). For instance, the satisfaction drawn from involvement in a start-up and helping entrepreneurs constitutes a significant motivation for Angel Investors (Freear et al., 1995). In fact, there is a common thread across studies that the entrepreneur and his/her team is the single, most crucial investment element (Mason and Stark, 2004; Paul et al., 2007). Research has also underlined the emergent character of entrepreneurial practice (Kevill et al., 2015), the relational complexity as it relates to achieving confidence in partner co-operation (Shepherd and Zacharakis, 2001) as well as highlighted the significance of entrepreneur motivation and adherence to ethical principles (Lumme et al, 1998 and Kelly, 2007). In the meantime, trust has been identified as a critical “lubricant,” indispensable for the emergence of a partnership to arise in the entrepreneurial context (Low and Srivatsan, 1993 in Harrison et al. 1997). In an exploratory study conducted in the UK, Harrison et al. (1997) developed and applied a framework for the analysis of trust and cooperation in the investment decision process. Using verbal protocol analysis to examine the reactions of investors in real-time to a given investment project during the screening stage, the authors identified trust between the entrepreneur and investors as a necessary component of a successful funding process. Shepherd and Zacharis (2001) bring to our attention the critical nature of recognizing that rather than a behaviour or a choice, trust is a psychological state about “perceived probabilities,” “positive expectations” and “confidence.” As it relates to the Pilot Preparatory Program that our Organization was planning to implement, I found that these early works identifying trust as an essential component of the investors' assessment of opportunities, supported the notion that by allowing the applicant entrepreneurs to interact with members of the Organization’s staff, as well as a sub-group of Angel Investors very early in the application process, could provide the opportunity to gauge this “transactional lubricant” (Kelly and Hay, 2003) between a sub-group of investors and the entrepreneurs before presenting the first pitch to the entire Angel Group membership during the monthly meeting .

In a study conducted with Norwegian investors using "social capital" as a lens to examine structural, relational and cognitive aspects of the Angel Investor/entrepreneur relationship, Sorheim (2003) concluded that developing "common ground" is a pre-requisite for the establishment of a long-term relation defined by trust. Based on the notion that to become confident about the entrepreneur's expected conduct, a relational contract must be secured between the Angel Investor and the entrepreneur, Maxwell et al. (2014) described a relationship based on trust as one where the parties are amenable to exposing their vulnerability. This trust speaks to the confidence that the other individual will behave in a certain manner, regardless of the possibility of dictating the actions of the other party. The authors observed 54 entrepreneur/Angel Investor relationships to examine how the entrepreneur's trust-based behaviours can impact the investor's evaluation of relational risk, ultimately impacting the investment decision. Their statistical analysis indicated that those entrepreneurs that exhibit the most "trust-based" behaviours combined to a low number of "trust-damaging" behaviours are more susceptible to secure financing. These findings intersect with the works of Parhankangas and Erhlich (2014) on "impression management strategies." Using a data set of 595 start-up enterprises seeking Angel funding in New York, the authors found that the act of revealing one's weaknesses — might initially be constructive for entrepreneurs in their fundraising journey.

In another study, conducted in the U.K., Mason et al. (2017) collected interview data from 30 Investment Angels, which was supplemented by an internet survey filled out by nearly 240 Angel Investors. The purpose of the research was to gather information on quintessential "deal killers." Interestingly, the results mirror the findings of Sorheim (2003) and Maxwell et al. (2014) by identifying the entrepreneur and the team as the primary basis for deal rejection when they adopt a behaviour of one that is not straightforward and reliable. In terms of practical implication from the standpoint of my work-based problem, the above-mentioned studies triggered the realization that the Pilot Preparatory Program, by taking the applicant entrepreneurs, members of the Organization's staff, as well as a sub-group of Angel Investors through a shared experience, would likely foster a mutual understanding between the entrepreneur and the member(s) of the Angel Investor Group. And that in turn, this common ground would constitute a foundation for building trust between the applicant entrepreneurs and Angel Investors.

2.2.2.2. Trust Among Angel Investors

Research has illustrated that there is no single homogeneous Angel Investor profile (Botelho, 2017). Given the variety of Angel Investors, one would expect to see diversity manifested in the reasons for turning down investment opportunities based on the traits of different investors. Indeed, Mitteness et al. (2012) found that variances between Angels, specifically as it relates to their industrial background, have a moderating effect on how they evaluate investment opportunities. Interestingly, Mason et al. (2017) found that Angel features are not predictive of reasons to reject deals nor do they justify the number of explanations provided. Using the notion of "communities of practice," the authors argue that this finding could be attributed to the growing tendency for Angel Investors to join structured groups. This syndication results in the emergence of shared investment approaches, which has been referred to as investing on the “coat tails” of other Angels who possess the most relevant skill set to assess a deal (Mason et al., 2016). This analogy concurs with earlier research data to the effect that for many business angels, the source of referral influences their view of the investment opportunity (Harrison et al., 1997) and those suggesting that referred investment opportunities have a higher ability to come through the first screening step if the investor has confidence in the individual who recommended the project (Fried and Hisrich 1994). These observations highlight the critical nature for capital-seeking entrepreneurs to try to establish contact via a referral source that is familiar with them and whose opinions and judgments are respected by peer investors (Kelly and Hay, 2003).

These findings converge with my own experience as an Angel Investor as part of an organized group. Indeed, I have observed in several meetings with entrepreneurs, how interest -- or reservations, manifested by a fellow Angel Investor having expertise in the industrial sector of an investment proposal presented by an entrepreneur or a familiarity with the entrepreneur, can have a carry-over effect on the interest level of other members, myself included. There is trust in what that fellow Angel-investor's background brings to understanding and assessing the business opportunity. Mason et al. (2016) further opine that this tendency to leverage the experience of other Angels reduces the significance of individual "fit" in the assessment of investment opportunities.

Analysing a data set of 1,942 companies that requested Angel funding from an Italian Angel Investor Group between 2008 and 2014, the finding of Croce et al. (2017) supported previous findings to the effect that Angel Investors assign more value to investment opportunities from people they know (Mason et al., 2017). One explanation for this tendency is the knowledge that the individuals that are making the referral are putting their credibility at risk by doing so. Furthermore, the study revealed that recommendations from venture capitalists have a higher chance of undergoing initial screening successfully (Croce et al., 2017).

In terms of practical implications, I surmised that previously mentioned studies supported the idea that the Pilot Preparatory Program could constitute an opportunity for entrepreneurs to identify potential "ambassadors" for their project amongst the Angel Investor members. Indeed, I felt that interactions during the Pilot Preparatory Program, while creating a space where the Angel investors acting as coaches in the Program could get to know the entrepreneurs, potentially fostering the development of trust between the entrepreneur participants and coaches in the Program, could possibly lead to the identification of Angel Investor champions for their project, who could become a trusted referral source for the other members of the Angel Investor Group before presenting the investment opportunity to the entire membership at the monthly meeting.

2.2.3. Business Angels Utilize a Non-Compensatory Approach to Assess Investment Opportunities

The literature also showed that deriving reasons for rejections from the criteria applied to assess investment opportunities would be problematic. Indeed, contrasting the results of studies that looked at reasons to invest (Landstrom, 1998) with others that ascertained reasons for rejection (Mason and Harrison, 1999), leads to the realization that the basis for turning down proposals are not polar opposites of the reasons to proceed (Cox et al., 2017). Angel Investors do not let gaps in some areas be canceled out by high points in other aspects. One exception is data showing that Angels sometimes base their judgments on "feeling" more than financial analysis (Shane, 2009). In this context, they can be prepared to trade off some financial return in cases where the start-up ventures have a product that will provide social benefits (Sullivan and Miller, 1996). In a study among 153 Canadian Angel Investors, Feeney et al. (1999) found that the desirable features of an opportunity and its weaknesses are not exact counterparts. For instance, while "poor management" ability was the principal "deal killer," management ability did not "make" deals. Instead, the Angels prioritized the opportunity's growth potential and the entrepreneur's ability to accomplish the company's potential, which is not merely the reverse of weak management abilities. In the context of our intervention, the implication is that while management ability is a necessary condition, it is not sufficient to secure funding. These findings prompted me to envisage that the Preparatory Program could be helpful to entrepreneurs from the perspective of developing a sense, within the context of this specific Angel Investor Group, of the criteria which are “essential to success” and those that are simply “desirable for success.”

There are those who make the case that Angel Investors need to stave off the "no hopers" so as to preserve enough time and energy to concentrate on the opportunities that have potential (Douglas and Sheppard, 2002; Brush et al., 2012). Scrutinizing 150 interactions between entrepreneurs seeking funding and private investors in the context of a Canadian reality show, Maxwell et al., (2011) discovered that Business Angels, in their selection process, do not adhere to a framework where they attribute a score and weight to numerous attributes. Instead, the authors found that Business Angels, to pare down investment opportunities, employ "elimination-by-aspect" heuristics where they appraise a limited number of criteria (8), presented in Figure 2.3, against a threshold value. Projects spotted with a "fatal flaw" on one of these key venture criteria are discarded at the first stage of the decision-making process, while all investment opportunities without an “Achilles Heel” progress to the next steps. One aspect of this research that was unprecedented is the fact that contrary to many studies, which aimed their attention at the decision criteria itself, it focused on the actual process the Business Angels employed. From a methodological perspective, their approach was innovative from the standpoint of utilizing observational interaction, rather than depending on recollections from research participants. As it relates to my work problem, I found that the most valuable contribution of this research was its demonstration that a better comprehension of the determinants used to pare down investment opportunities could augment an entrepreneur’s odds for securing funds. Specifically, because this understanding provided the opportunity to search for ways to reduce causes for rejection before the presentation to potential investors. Indeed, at the end of the study, the authors offered a series of webinars to the entrepreneurs taking part in the following season of the show. The content of these seminars concentrated on recognizing and addressing the previously identified fatal weaknesses. This cohort had twice the success rate of previous groups as it relates to passing the screening, while the number of dollars invested more than tripled. Meanwhile, 90% of the entrepreneurs who secured funding affirmed that they felt the sessions had contributed constructively to structuring their exposés and comprehension of intercommunication dynamics; thereby confirming that the webinars were responsible for the improvements observed.

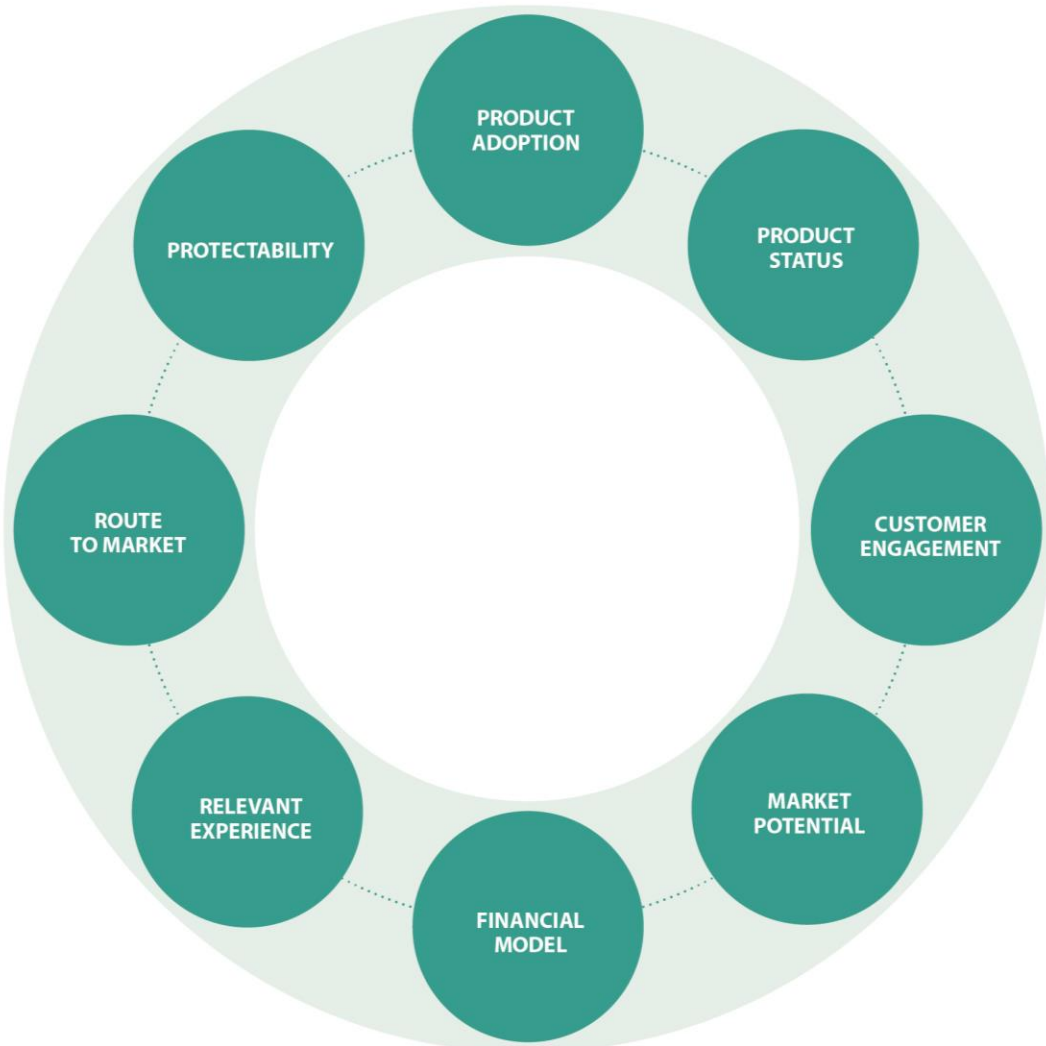

Figure 2.3: Criteria Employed by Business Angels in "Elimination by Aspect Heuristics" to Pare Down Investment Opportunities (adapted from Maxwell et al., 2011)

From the perspective of improving success rates of funding requests throughout the Due Diligence Review process, one limitation of the study by Maxwell et al. (2011) is that it explicitly focused on interaction throughout the first screening stage rather than the entire decision process. Picking up where the previous study left off, with the help of a dataset of over 600 Angel

Investor/entrepreneur interactions in the context of the previously mentioned reality TV show, Jeffrey et al. (2016) examined deals that had passed the early stage of interaction without a fatal weakness. The authors found that to evaluate risk and return, Angel Investors aggregate the eight criteria identified by Maxwell et al., (2011) into composite measures of these variables. Moreover, instead of treating risk and return in the compensatory manner recommended by traditional portfolio theory (Jeffrey et al., 2016 quoting Markovitz 1952), Angel Investors assess these features independently. As such, for an investment opportunity not to be rejected, both risk and return must attain a certain threshold, without any trade-offs. Combined with the work of Maxwell et al. (2011), Jeffrey et al (2016) illustrate that because of the additional significant cognitive energy needed as the assessment process moves forward, Angel Investors try to discard deals that have slim chances of securing funding as soon as possible (Jeffrey et al, 2016). These findings converge with Brush et al. (2012) who made the case about Angel Investors needing to fend off less promising opportunities in order to dedicate time and energy to those that show promise.

Keeping in mind my work-based problem, one limitation of this study by Jeffrey et al. (2016), is that these artificial interactions might be fundamentally different from “real-life” Angel Investor-entrepreneur interplay. Another consideration is that the entrepreneurs could be uncharacteristic of those who apply for funding from Angel Investor Groups. Despite some differences, I believe that the similarities with Angel Investor interactions in “real life” outweighed the differences. Namely, by involving high-stakes, while necessitating the exchange of large amounts of complex information in a time-constrained period.

One of the practical implications of the above-mentioned studies is that with a better comprehension of how Angel Investors determine risk and return, entrepreneurs can become more effective at presenting to Business Angels the critical information they require to inform their assessment of these elements. These studies should help entrepreneurs to develop an appreciation for the logic behind the requests of Business Angels. Furthermore, it will also help entrepreneurs address investor preoccupations around strategies to mitigate risk while also addressing concerns about returns with an action plan to generate revenue (Jeffrey et al., 2016). As such, I found that this research provided support to the notion that information/guidance provided to entrepreneurs, before embarking on the review process in the context of the Pilot Preparatory Program the Angel Organization had decided to implement, could potentially have a positive impact on the chances for success of the investment submissions as they undergo Due Diligence.

2.2.4. Business Angels Evaluation Criteria Evolves as the Decision Process Unfolds

There seems to be broad consensus in the literature that the emphasis on the different criteria considered by Business Angels evolves as investment opportunities go through the various stages of the decision process. Douglas and Shepherd (2002) put forward the concept of investor readiness, presenting three sub-areas of readiness: technology, market and management. In a study conducted in the Australian venture capital industry in 2001, they found that investor ratings in terms of readiness for funding stem from the aggregation of these three parameters. Furthermore, the study also indicates that the entrepreneur’s perceptions in terms of readiness can contrast with the investor’s assessment. In a more recent study, Brush et al. (2012) also found that the entrepreneur's notion of organizational readiness for outside funding may diverge significantly from the Angel Investor’s perception. Indeed, when an entrepreneur chooses to request Angel funding, he/she has stipulated that the company is ready to move forward regardless of the hazards involved. Furthermore, Angel Investors will often base their assessment of company-readiness based on scalability, ratios on risk and return, as well as the exit strategy.

Using data from 332 companies pursuing funding from a high-profile Angel Investor Group from Massachusetts during 2007 and 2008; their study investigated the appraisal of the investment-seeking ventures’ readiness by the Angel Investors throughout the evaluation process. Deriving concepts related to organizational, strategic and technological readiness literature, the authors examined how the candidate companies displayed these different aspects of readiness and the degree to which these were influential throughout the process (Brush et al., 2012). As presented in Figure 2.4, Organizational Readiness, the first dimension of overall "readiness" refers to the degree to which a company's team has the requisite experience, attitudes, and aplomb to proceed with the change. The second, Strategic Readiness, is preoccupied with the structure and systems and their ability to support growth. Meanwhile, the Technological sphere of readiness relates to the demonstration of feasibility and level of acceptance of the innovation. Convergent with the findings of Mitteness et al. (2012), the study by Brush et al. (2012) illustrated an evolution of the criteria, as investment opportunities migrate through the Angel Investment decision-making continuum. Indeed, results indicate that technology readiness was the most potent influential factor in determining whether a deal would make it past the Screening phase. The statistical evidence illustrates that as the opportunity progresses throughout later stages of evaluation, tangible and objective elements stop being the constant determinants, with downstream decision phases appearing to be increasingly concerned with subjective intangibles. The factors are based on inner experience and include trustworthiness, passion, commitment and the ability to persuade. Moreover, the data gathered suggests that, although entrepreneurs may harbor the perception that their enterprise is investment-ready, they may be driven mainly by urgency. As such, there exists a potential gap between the entrepreneur's internally driven idea of investment readiness and the Angel Investor’s external perspective.

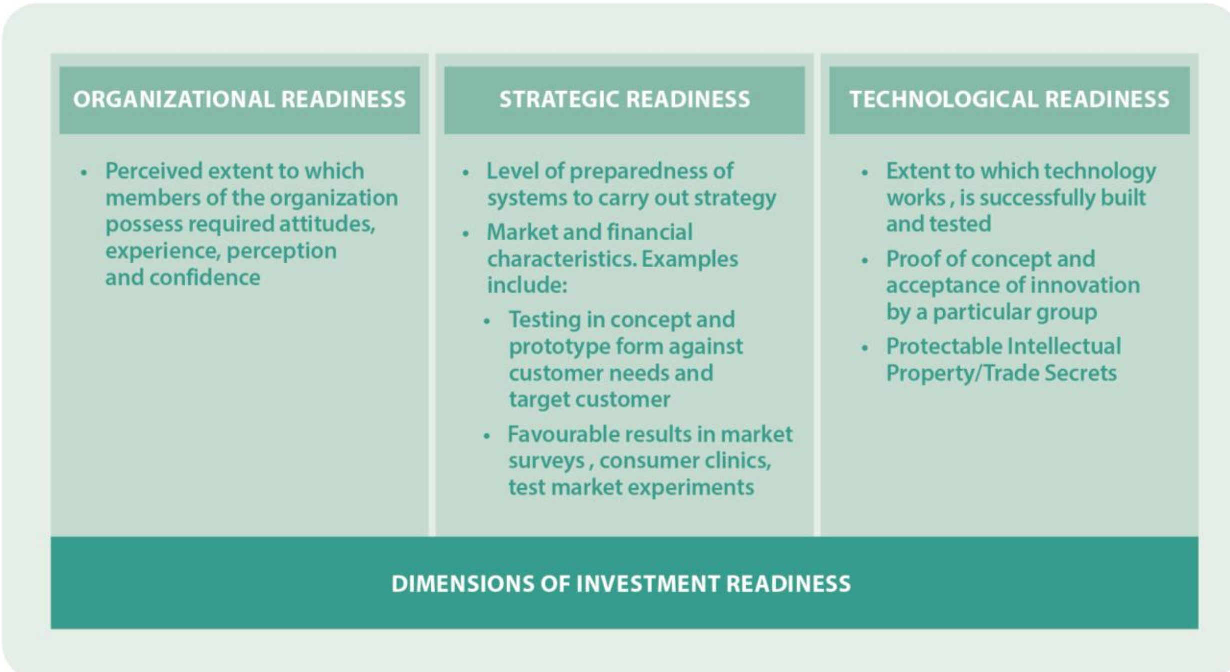

Figure 2.4: Three Dimensions of Overall Investment Readiness (adapted from Douglas and Sheppard, 2002; Brush et al., 2012)

Given the demonstrated importance of measurable factors in early decision making, the first practical implication drawn from the research of Brush et al. (2012) is that entrepreneurs who are considering requesting Angel financing should ensure they have the elements in place that demonstrate their technological, strategic and organizational readiness. Specifically, baseline conditions include having a team with a product in late development stages, some form of intellectual property, customers as well as substantiated projections about the capital sought and use of proceeds. Furthermore, the invisible readiness components underlined by the authors highlight the need for entrepreneurs to dedicate time upfront familiarizing themselves with Angel Investor biases and subjective considerations. I found this work supportive of one of the underlying premises of the Pilot Preparatory Program. Specifically, the thinking was that creating a space early in the selection process where entrepreneurs could interact with some individual members of the Angel Group could potentially foster the generation of “intuitive hunches” (Matzler et al., 2014) that would help the entrepreneurs interiorize what the Angels would consider persuasive, committed and trustworthy.

Mitteness et al. (2012) studied a group of 57 investors from one of the largest Angel Syndicates in the U.S. to investigate how the significance they attribute to distinct evaluation parameters varies throughout the process. Further information gathering occurred at the Funding step to capture whether these Angel group members ended up proceeding with investing. Data collection took place through the Screening phase as the Investors were appraising the entrepreneur and the deal and made a determination as to whether the investment proposal should advance to the Due Diligence Review stage, in addition to mediating their concernment with involvement with the investment. This syndicate did not have a joint investment strategy. Rather, each member made an individual decision on whether to invest or not. Data collection consisted of self-administered questionnaires from the beginning to the end of the Screening stage. This real-time gathering of information not only contributed to minimizing problems related to hypothetical feedback, but it also helped mitigate "self-reporting bias" on account of the fact that the investment verdict was unknown at the time of information gathering (Mitteness et al., 2012).

The authors (Mitteness et al., 2012) illustrated that the weight attributed to a given criterion fluctuates as the process unwinds. Results indicated that as the Angel Investors migrate through the funding evaluation continuum, the strength of the "entrepreneur" as a variable is more marked during the Screening phase when they assess whether an opportunity should progress to the Due Diligence Review step. As the deal continues through the assessment process, the strength of the variable fades when the investors ponder on how the investment opportunity aligns with their personal investment objectives. The predictive strength of the entrepreneur variable further dwindles when the deal reaches the final go/no-go steps where the investors determine whether or not to invest in the project. These outcomes indicate that the entrepreneur counts the most when the investors are establishing whether an opportunity should pass on to the Due Diligence Review step. From that moment on, the strength of the opportunity becomes a more influential factor in the Investor assessment. I observed a disconnect between these findings and my own biases. Specifically, because they diverged from a commonly floated idea in Angel Investment literature: that Angels attribute more weight to the "jockey" than to the "horse" (Fiet, 1995; Van Osnabrugge and Robinson, 2000; Mason and Harrison, 2002; Harrison and Mason, 2017).

The work of Mitteness et al. (2012) has practical implications for entrepreneurs making funding requests to Angel Investor Groups. Firstly, an entrepreneur may envisage starting off their pitch by demonstrating the existence of an opportunity, and then highlight why they are the right individual to go after this unmet need. Furthermore, their work suggests that finding out the type of industry background of Angel Investors and being pro-active at trying to overthrow potential industry-related objections may be helpful regarding getting the Angels to see the proposed deal as consistent with their specific investment aims.

Similarly, a study by Croce et al. (2017), using a methodological approach that investigated the different evaluation steps and their associated motivations leading to rejection instead of acceptance, of proposals, demonstrated that the importance that Angel Investors place on different rejection factors fluctuates throughout the various phases of the decision sequence. The authors found that, at the Screening phase compared to Pre-screening, investment opportunities tend to be rejected more for reasons associated with features of the entrepreneur and the management team and less frequently for deficiencies in terms of business innovation. Meanwhile, applications forecasting lower profitability levels were more susceptible to be rejected during the Due Diligence step.

In a study conducted within a Canadian Investor Group, Carpentier and Surret (2015) examined the decision-making process stepwise, from application to a final verdict, and studied archival data from 636 proposals spanning from the Network's creation up to 2012. Interestingly the authors found that apart from the pre-screening and final negotiation step, the difference in reasons for rejection throughout the process was not as statistically significant as in the previously mentioned studies. The authors conducted an in-depth longitudinal analysis that uncovered that the reasons for refusing deals that underwent Pre-Screening were mainly associated with market and execution type of hazards. Meanwhile, entrepreneurs without experience were less inclined to secure financing because of market and product factors. Although they found that "experienced" entrepreneurs were more inclined to secure financing, "inexperience" was identified as the principal reason for rejection in only a small number of cases. The authors explain this inconsistency by the fact that the correlation between success and experience resides in the elaboration of a more efficient proposal. In terms of practical implications in the context of my work-based problem, my assessment was that, combined with the publications mentioned earlier, this work supports the notion that additional guidance early in the selection process could improve the applicant's "readiness for funding" (Brush et al., 2012), by helping them improve the quality of their proposal, thereby rendering these enterprises more "investable" (NACO, 2016b).

One of the limitations pointed out by Carpentier and Surret (2015) is that their study did not consider non-recorded meeting dynamics between the Angels and the entrepreneurs. This gap piqued my interest regarding getting an understanding of how the entrepreneurs, the lead Angel investors, and the Angel Group staff interact throughout the decision process. The consideration was that collecting data on meeting dynamics could potentially provide some unprecedented insights regarding some of the previously mentioned subjective intangibles that may be getting in the way of projects completing the Due Diligence Review successfully. I surmised that capturing this information, in the context of this single-case study, could help determine what type of additional support early in the selection process would be helpful to the entrepreneurs early that could contribute to enhancing this interaction.

2.2.5. The Investment Paradox

Previously mentioned studies have pinpointed an extensive list of factors that directly impact whether a deal is appealing to Business Angels. Cox et al. (2017) complemented this research by demonstrating the existence of what they refer to as the "investment paradox". This phenomenon takes place when a deal meets the basic evaluation standards, yet, at the same time, the investment opportunity is judged to present low investment promise. This contradiction takes place when investors harbour a positive assessment of a new venture, yet, concurrently, perceive the investment potential in a less favourable light in comparison to other benchmarks. The authors point out anecdotal evidence of this reality by reminding the reader of the frequent occurrence of pitch contests where, often, winners obtain almost perfect grades only to find themselves unable to secure investments. Thereby illustrating that while Angel Investors may view the deal as a good idea, they may continue to be investment averse.

The authors propose a model to explain this apparent paradox, in which the relation between necessary evaluation measures and the global potential of an opportunity is mediated by "fit-based" technological benchmarks. With the help of multi-level modeling, the framework is tested using a large pool of screening data from a business plan competition taking place at a Southeastern University in the U.S. from 2012 through 2014 (Cox et al., 2017). Judges for the contest included both Angel Investors and other individuals with a specific grasp of the Angel Investor decision process. At least four judges assessed the plans on specific criteria in addition to appraising the global potential of the investment opportunity. The different rules were grouped into three categories: internal, external, fit and technology. Internal benchmarks comprised constructs connected to the entrepreneur, while external criteria encompassed constructs associated with the sustainability of the market opportunity, such as the size of the addressable market, growth potential, and incremental benefit. "Fit" criteria involved conceptual elements that describe the extent to which an investment opportunity is suitable for an investor. To that effect, the authors concentrated on industry and educational background. Statistical analysis supports the proposed theory of the investment paradox. The authors make the case that given the uncertainty and risk levels associated with start-ups, meeting internal and external rules of evaluation may generate a favourable view of a deal, without meaning that it attracts them from a personal commitment perspective. Interestingly, the findings of the above study overlap with the previously mentioned work by Mitteness et al. (2012), who uncovered that the factors that are initially taken into account at the commencement of the screening develop as the investors shift from judging the deal separate from themselves regarding whether they "fit" with the opportunity. As an Angel investor, these findings intersect with instances where I have participated in a Due Diligence Review team that issued a positive investment recommendation in their report on an investment opportunity, only to find ourselves struggling to find enough interested Angel Investors who identified sufficient "fit" with the project to translate into willingness to sign a cheque.

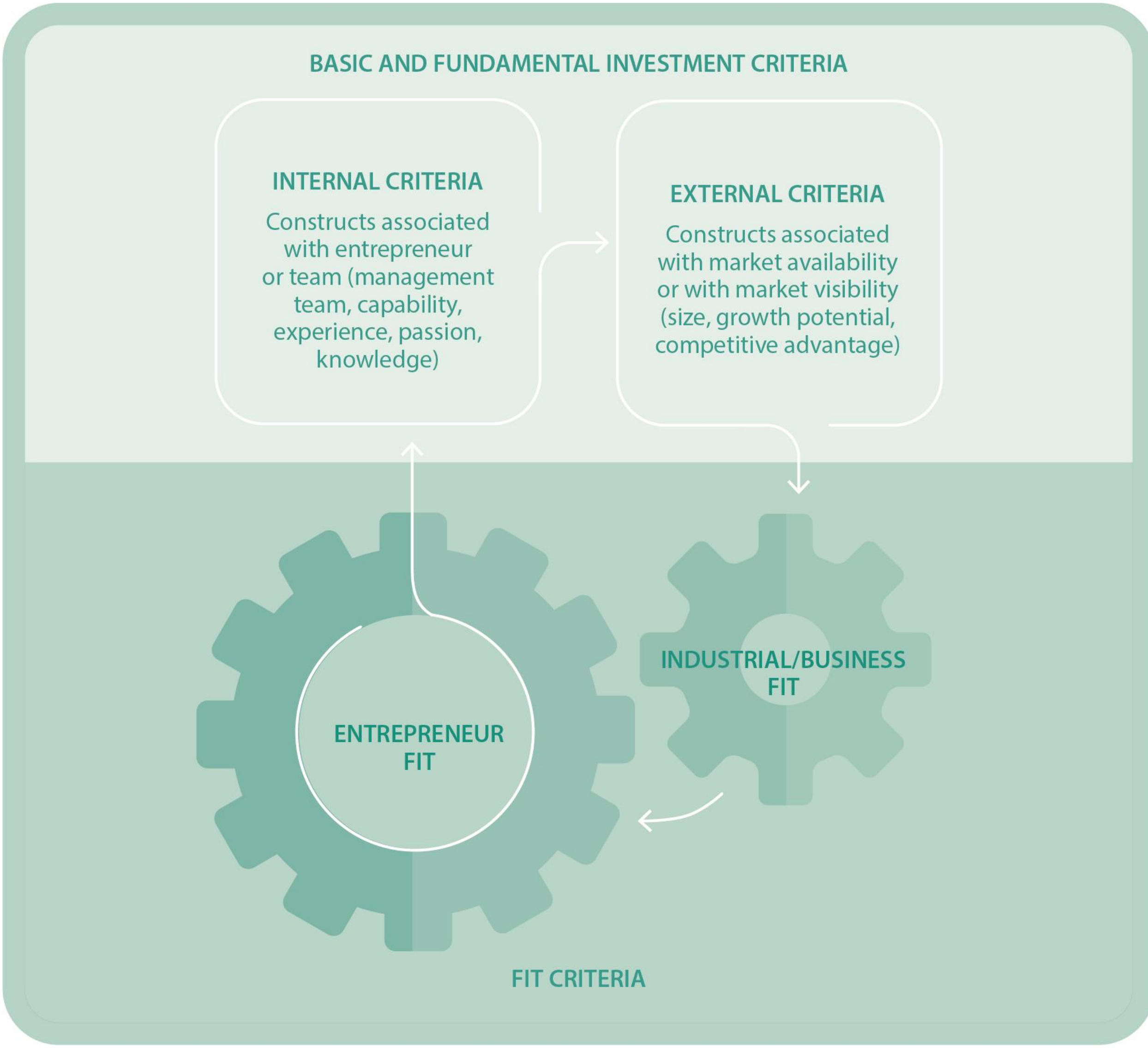

Figure 2.5: The Investment Paradox (adapted from Cox et al. 2017; Mitteness et al., 2012)

The notion of the investment paradox as explored by Cox et al. (2017) converges with the findings of Huang and Pierce (2015), who conducted a longitudinal field test to investigate early-stage entrepreneurial investment decision making under conditions of extreme uncertainty. They proposed a theoretical framework in which, formal analysis enhances the confidence in decisions when intuition was positive, whereas the inverse is not automatically true. Study results demonstrated that formal analysis did not undercut intuition. Rather, when faced with dissonance in the context of unknowable exposure, seasoned Angel Investors favor intuition over formal analyses.

One of the practical implications of these two studies is that they underline the fact that entrepreneurs who are looking for capital need to go above and beyond trying to satisfy baseline Angel requirements. They also need to make sure not to minimize the critical nature of "fit" elements between the industry, entrepreneur, technology and the Angel Investor. Taking "fit" indicators into account can help the entrepreneurs ascertain which Angels or Angel-groups would be the most appropriate to approach (Cox et al., 2017). These papers helped me realize that entrepreneurs seeking Angel funding must be concerned about much more than just effectively filling out the forms and templates required by investor groups. Indeed, entrepreneurs must also try to get a deeper understanding of their audience and try to get a sense of whether there could be a fit between the Angel Investors and their project. As it relates to my work-based problem, these works resonated with me deeply from the perspective of alerting me to the extent to which the industry experience of the Angel Investors can impact the assessment of the investment opportunity "fit". This sparked the consideration that our Pilot Preparatory Program, through the introduction of a forum at the beginning of the application process, where entrepreneurs would have the chance to interact with a sub-set of Angel Group members, could help entrepreneurs gauge "fit" indicators and potentially improve Due Diligence Review outcomes. The data also underlined the importance of trying to configure the Preparatory Program in a way that seeks to allow entrepreneurs to interact with Angel investor members with relevant industry background.

2.2.6. The Benefits of Investment Readiness Programs

As mentioned previously, there seems to be broad agreement in the literature about how augmenting the ability of start-ups to secure financing is not merely a matter of supply. This gap in investment readiness brought to light the need for demand-side initiatives that enhance the quality of deal flow in addition to the supply-side strategies already in place, which triggered the creation of “investment ready programs" (Mason and Kwok, 2010). Mason and Harrison (2001) put forward that the core objective of any investment-readiness program should be to augment the quality of investment opportunities by educating entrepreneurs on the criteria utilized by investors to appraise opportunities and providing support to help entrepreneurs to meet these standards. Another critical consideration from the study regards the importance of customizing programs to the needs of the entrepreneur and considering investment readiness as a long-term process as it relates to the start-ups and the programme itself. As it pertains to designing the Pilot Preparatory Program, I was also inspired by the work of Mason and Kwok (2010), who reviewed the design and delivery of early investment readiness initiatives in the UK and proposed a program format involving a series of seminars, workshops, and one-to-one consultations encompassing the following five elements:

- Information Seminar
- Investment Ready Review
- Development Program
- Presentation Review
- Investment Networking

This work emphasised the critical nature of not underestimating the power of “local” knowledge as it relates to the design and set-up of an effective program. The authors also highlighted the need for entrepreneurs to access appropriate individual support when addressing the issues raised by potential investors that are crucial to their investment decision. These insights led me to appreciate the relevance of leveraging the strengths of the Angel Investor Organization, its partners, as well as its members in the program development and roll out. I also realized the critical nature, of examining during the design of the Program why the applications that dropped out during Due Diligence failed, as well as which elements of the Due Diligence Review presented more of a challenge to the entrepreneurs. Even though the programs reviewed by the authors were government funded and of a different order of magnitude compared to the Angel Group that is the focus of this study, my thought was that some of their findings were transposable to shaping my thinking around my business problem because of a significant common denominator -- the aim of enlarging the pool of investable opportunities.

Hallen et al. (2014) argue that start-up enterprises must deal with the burden of "newness" associated with inadequate resources, their embryonic nature and the absence of validity with stakeholders. An accelerator program aspires to bridge these gaps and refers to a temporally compressed, cohort-based program providing contingents of start-ups with formal training and mentorship, rising to a grand finale in a "public pitch event". Cohen (2013) makes the case that although accelerators are frequently correlated with incubators, they may have more commonalities with Angel Investor Groups. Explicitly, this relates to their motivation which is convergent with that of the entrepreneurs, who want their business to blossom and become autonomous. There are a few ways, however, in which accelerator programs diverge from Angel Investing. Although they are both groups of investors, the focus of accelerators is more about providing education and mentorship than funds. For instance, though Angels are involved with the businesses they invest in through board meetings and informal coaching, accelerators physically "co-locate" with the start-up companies in their cohort and link them with mentors and experts. The feature, however, that distinguishes accelerators is their limited time duration (approximately three months), with intense attention dedicated by program directors and mentors on the burgeoning business and its founder for the duration of the accelerator. The authors present stakeholder testimonials which illustrate how the combination of social norms with limited time creates a structured space where young entrepreneurs benefit from full-time help to improve the direction of their start-ups. Interestingly, taking part in an accelerator program does not necessarily signify that a start-up will thrive. It will, in fact, increase the speed at which the venture will either grow or fail. In the context of a "real options logic" (Coff and Laverty, 2001), accelerators allow investors to start with a small financial commitment that provides them with the opportunity to find out more about the companies prior to making a significant investment. From the perspective of the entrepreneur, the quick death of a venture presents the advantage of freeing him/her up to progress to better and more productive projects (Cohen, 2013).

Considering the relative novelty of the accelerator phenomenon and the small amount of data on hand, the amount of research on this aspect is limited. Nevertheless, accelerators have been shown to be effective at stimulating dialogue, venture learning and adaptation capability (Cohen, 2013). Furthermore, although there is asymmetrical variability across different accelerators, there is evidence that these types of programs can increase the speed of reaching early milestones of success such as venture financing (Hallen et al., 2014).

I think that it would be unrealistic to believe that the Angel Group Organization investigated in the context of this single case study has the means to establish an investment program like the government-funded ones described by Mason and Kwok (2010). Nor do I think the Organization would want to set up a full accelerator program which would compete with some of its stakeholders from the early stage entrepreneurial ecosystem. However, the Angel Group does have access to a significant pool of entrepreneurial expertise through its partners, members, and their professional networks. With these considerations in mind, I assessed that these readings supported the idea that the creation of this Pilot Preparatory Program would offer the capital-seeking entrepreneurs who enroll, an increased understanding of the elements required during the Angel Investor Group's structured dossier evaluation process.

2.3. Reframing the Research Question

Upon examination of the Angel Investor literature, a common denominator that emerged is the intense focus on how a better understanding of the Angel Investor decision processes could improve investment success rates. Wenger (2000) put forward that in today's knowledge-based economy, enduring success is contingent on an organization's ability to engage in further-reaching learning systems. Moreover, the Angel Investor and accelerator literatures illustrated how "investment readiness", as well as time-compressed programs providing start-ups with formal training and mentorship, stimulate venture learning (Cohen, 2013) and can help start-up ventures reach financing milestones faster (Hallen et al., 2014). These studies show that information/guidance provided to entrepreneurs before embarking on the review process could potentially have a positive impact on the chances for the success of the investment submissions as they undergo detailed analysis. The literature also helped me to develop an appreciation for the more "relational and emergent aspects" (Kevill et al., 2015) of Angel investing and to recognize trust as a "transactional lubricant" (Kelly and Hay, 2003). As such, I realized that implementing a Preparatory Program for entrepreneurs did not lend itself to testing simple causal relationships associated to a clear, single set of outcomes, and that a holistic approach would be required to derive the overall meanings from the case. In this context, following the literature review, I reframed my problem and articulated my Research Question as follows:

> *What are the lessons learned from implementing a Pilot Preparatory Program in terms of helping entrepreneurs undergo the Due Diligence Review successfully?*

Sub-questions subsidiary to this problem include:

- Are the entrepreneurs ready to undergo the Due Diligence Review? If not, what are they missing?
- Does the Preparatory Program make a difference?
- What are some of the difficulties, and surprises that emerged from running the Pilot Preparatory Program?

While the central aim of this research was to address a work-based problem, the incremental research value associated with this single case study resides in its complementarities to the existing studies. Specifically, by focusing on the interaction between the entrepreneurs, the Angel investor coaches, and Angel Group staff throughout the Pilot Preparatory Program and aiming attention to the "how" in addition to the "what," the study allowed the generation of unprecedented situated insights. This localized knowledge has the potential to resonate with readers such that others may find relevance in their context (Herr and Anderson, 2015) to inform their practice.

2.4. Chapter Summary and Roadmap of the Rest of the Thesis

The sources uncovered during the review of the literature helped identify pertinent notions within the Angel Investment literature as well as situate my work-based problem within the current body of knowledge. This exercise remained an ongoing process throughout the subsequent stages of the study, outlined in Figure 2.6. As will be described in the remaining chapters, the literature was instrumental in shaping the development of the Pilot Preparatory

Program and informing my choices concerning methodology for carrying out this case study, while providing an additional lens for conducting meaning-making.

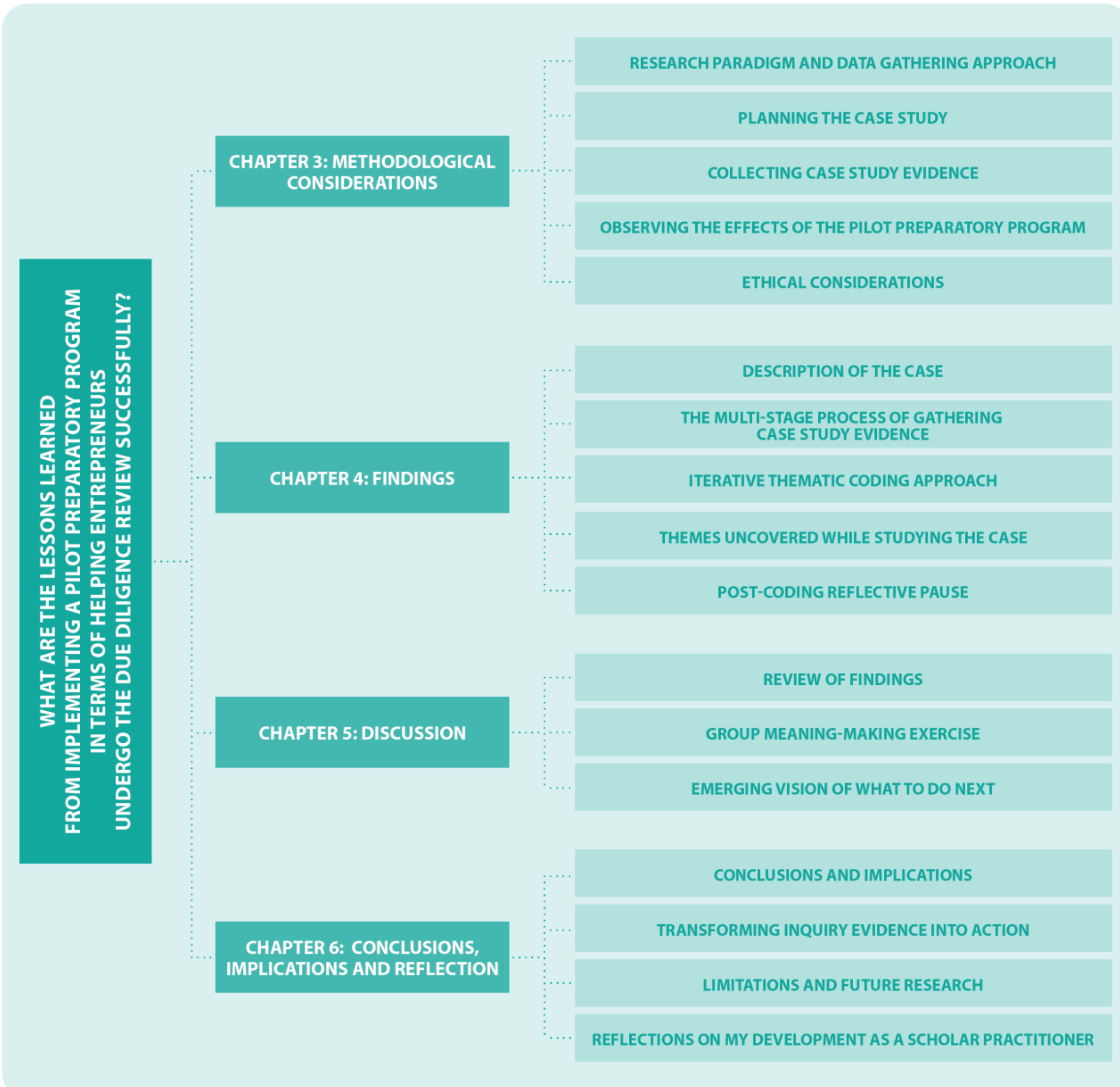

Figure 2.6: Roadmap of the Rest of the Thesis

CHAPTER 3: METHODOLOGICAL CONSIDERATIONS

3.1. Overview

The objective of this chapter is to describe the methodological basis of my study, explain the techniques adopted as part of my methodology, and to provide details of the research cycles I conducted to investigate my question, as presented in Figure 3.1, around identifying the lessons learned from implementing a Pilot Preparatory Program to help entrepreneurs to go through the Angel Group's selection process.

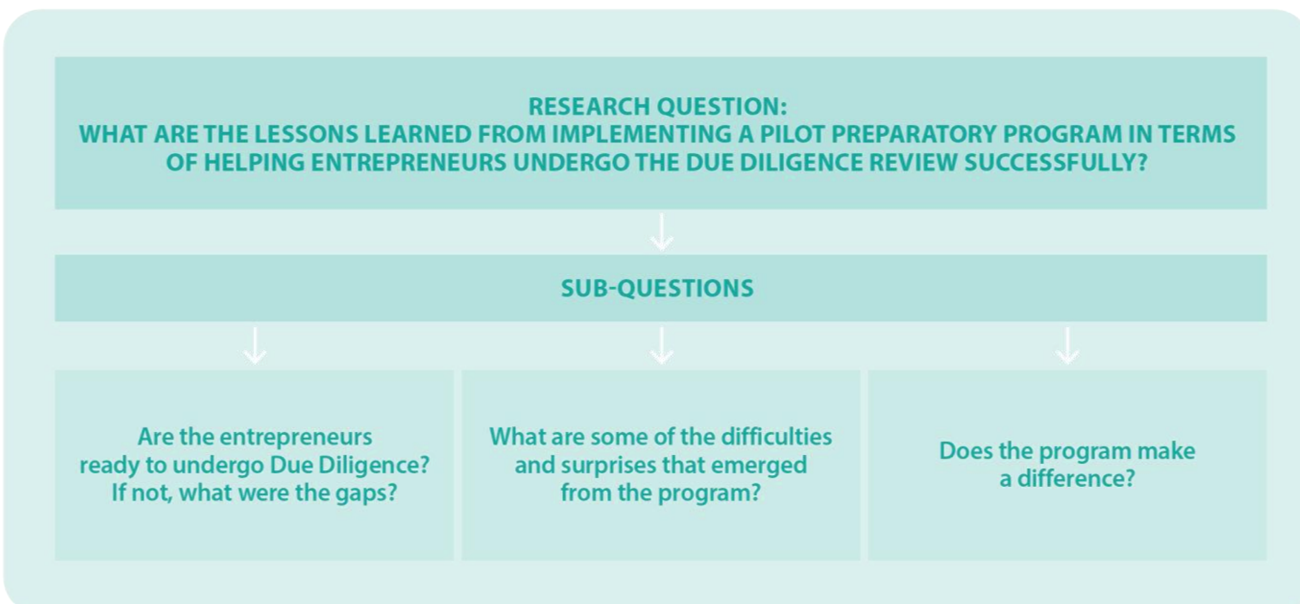

Figure 3.1: Research Question and Related Sub-Questions

The following sections delineate the overall research parameters, including its theoretical underpinnings, Action Research as an appropriate paradigm and the Case Study as a research methodology. The chapter also chronicles and explains the linear, yet iterative process followed, including the planning, design, and preparation of the Case Study, as well as data collection, analysis, and sharing.

3.2. Research Paradigm and Data Gathering Approach

3.2.1. Introduction-Theoretical Underpinnings

Given the importance of Angel investing and its associated consideration from policymakers, it is imperative to build up a deeper understanding of the dynamics among its key stakeholders (Mason et al., 2017). Individual research decisions add up to form a “cumulative picture” of how an area is taking shape (MacDonald et al., 2015). While much of the research on business angels has focused on examining decision-making and investment criteria mostly using surveys and checklists, entrepreneurship research, globally, has also been dominated by surveys (MacDonald et al., 2015). There is a progression in recent years towards a more pluralistic approach to data gathering and an increase in qualitative paths (MacDonald et al., 2015). Nevertheless, the functionalist research position with hypothetico-deductive strategies (Higgins et al., 2015) still dominates entrepreneurship research. Indeed, only a minute proportion of studies within the field have proceeded qualitatively (Henry and Foss, 2015). Research conducted within a positivist paradigm has proven its worth when the topic relates to the “how many” and “how much” (Higgins et al., 2015; MacDonald et al., 2015). However, while being valuable in many instances, this view of entrepreneurship is myopic (MacDonald et al., 2015). More widespread use of qualitative methods can provide a deeper understanding of phenomena such as social norms and practices, thereby informing practitioners, policy makers, and entrepreneurship scholars. There is a need for methodological diversity (Higgins et al., 2015) to provide richer insights into the complex, multifaceted nature of entrepreneurship (MacDonald et al., 2015).

Yin makes the point that research design is a matter of logic, rather than logistics, to avert circumstances in which the data gathered fails to address the Research question posed (Yin, 2014). Rather than the sheer application of a clear-cut data-gathering technique, the choice of methods is reflective of a specific stance as it relates to the study of knowledge and how to reach it (Perren and Ram, 2004; Higgins et al., 2015). Exploring Angel investing as well as Entrepreneurship literature helped me recognize that entrepreneurs evolve in highly dynamic conditions mediated by intricate action and practice (Kevill et al., 2015). The readings also allowed me to interiorize the more relational and emergent aspects of the Angel investment decision process and to appreciate trust as a "transactional lubricant" (Kelly and Hay, 2003). Kevill et al. (2015) make the point that the complexity of entrepreneurship research is associated with the fact that entrepreneurs progress in a social environment that is fluid. Shaving situations of their complexity and uniqueness can potentially blind the researcher to nuances and alternative explications outside of the imposed analytical framework (Perren and Ram, 2004). Such scientific reduction, while to some extent inevitable, in some instances bears the risk of overlooking crucial insights (Berglund, 2015). Another argument made is that research based on a more profound recognition of the entrepreneurs' lived experience is more likely to be informative as it relates to the design of support structures (Berglund, 2015). And that gaining insight into the subjective experience of the entrepreneur is impossible without understanding the settings in which they take place (Perren and Ram, 2004).

As it relates to my Research question, the above-mentioned considerations nudged me to embrace a "systemic" view of both the context and the research process (Checkland, 2000). In the context of implementing a Pilot Preparatory Program to help entrepreneurs to go through the Angel Group's selection process, this perspective led me to envision the nature of reality being multiple and relative. With knowledge and the process of developing understanding, being socially constructed through the way the researcher engages with the setting of the inquiry (Higgins et al., 2015). This awareness triggered the realization that addressing my Research Question did not lend itself to a "traditional hypothetico-deductive approach" (Dana and Dana, 2005) or to testing simple causal relationships associated with a unique set of outcomes. And that a holistic, socially embedded process would be required to derive the overall meanings from my study. As such, I embraced an approach to the inquiry of a qualitative nature for the investigation of my exploratory-type Research question. I surmised that a qualitative approach, because of the interplay between myself, as a researcher and the research participants could provide insight into the lived experiences of the entrepreneur as well as the social structures of their setting (Kevill et al., 2015). And that this understanding could potentially reduce the likelihood of posing the wrong questions or solving the wrong problem (Dana and Dana, 2005), thereby contributing to strengthening my study's internal validity.

Qualitative research presents an "exploratory opportunity" to achieve a better understanding of the dynamic interrelations between entrepreneurs, setting, and social structures (Kevill et al., 2015). However, this favorable prospect carries a methodological mandate for the researcher. Specifically, that of being sensitive to context, inductive as well as naturalistic (Dana and Dana, 2005). This process, through which the researcher becomes capable of openness towards "whatever" emanates from the data (Dana and Dana, 2005 quoting Patton, 1982), involves the researcher getting close to the research phenomenon (Higgins et al., 2015; Thorpe and Holt, 2008). By being submerged in the same environment that the entrepreneur, the researcher can get a better grasp of motives and responses (Dana and Dana, 2005). This notion of researcher immersed within the context and openness to what arises from the data brought to mind the idea of Action Research, a collaborative process of inquiry aiming to solve practical problems where research is conducted "in" as opposed to "about" the action (Coghlan and Brannick, 2014) and carried out "with" rather than "on" people (Coghlan, 2011). While the notion of being open to everything that transpires from the information also intersects with Action Research from the standpoint of utilizing "intended" as well as "unintended" results as sources of learning (Coghlan and Brannick, 2014). In this context, I opined that, as an Angel investor/researcher with an inside view into the Angel organization, that an AR paradigm presented an opportunity for developing qualitative research skills while fostering a richness of understanding and multiple realities of the social world and perhaps avoid the trap of over-simplified models. All the while enabling us with the "methodological openness" (MacDonald et al., 2015 quoting Aldrich, 2000; Huse and Landström, 1997 and Welter and Lasch, 2008) to correlate, in real-time, the research design to our ongoing problem and research question. Section 3.2.2 will address with more specificity the application of an Action Research paradigm in the context of the Research question around the lessons learned from implementing a Pilot Preparatory Program to helping entrepreneurs undergo the Due Diligence Review successfully.

Within this Action Research paradigm, I opted to utilize the case-study methodology, which has a lengthy and valued history in the field of social sciences and is also increasingly gaining acceptance in the entrepreneurial research field (Perren and Ram, 2004). It is considered an appropriate research strategy for exploratory investigations. Specifically, those involving a "novel and contemporary phenomenon" and to address "how" and "why" type of inquiries." (Henry and Foss, 2015, Yin, 2014). It is a highly qualitative form of research implicating an intricate examination of one or more organizations. Case studies involve collecting over some time and aim to produce an investigation of the context and processes implicated in the phenomenon researched. Both an inductive and exploratory approach, the case study allows the researcher to gather rich and insightful data in the field "face-to-face with real people" (Henry and Foss, 2015 quoting Rossman and Rallis, 1998. In entrepreneurship research, the value of the case study emanates from the fact that the specific phenomenon under review is not isolated from its context. (Henry and Foss, 2015). Section 3.2.3 will address applying the case study methodology in the context of my particular research question, while the following sections of this chapter will introduce the Pilot Preparatory Program and outline the specific data collection methods used.

3.2.2. Adopting an Action Research Paradigm

At the very beginning of this endeavour, in the early stages of formulating my proposal, I had envisaged that creating knowledge on what type of additional support could be provided to the entrepreneurs could only be possible through an effort to understand the “interpretation” (Shah and Corley, 2006) of the individuals who had already gone through the process. Thus, I had pondered the notion of a historical approach to allow the sketching of a "composite picture" (Creswell, 2013) of the different entrepreneur experiences that had failed the Due Diligence/Negotiation phase of the Angel funding process. However, as I became more familiar with the Organization, I started to realize that such a backward-facing approach was not the most suited to the context. As previously mentioned, a critical consideration for individual investors when joining an Angel Group is that the visibility of syndication presents favourable circumstances to expand their portfolio by providing access to a higher quality deal flow than they would have access to if they were searching for investment opportunities on their own (NACO, 2016b). Within this framework, the stated mission of the Angel Organization under study is to help the members make the most profitable returns on their investments by presenting them with a steady stream of funding opportunities that are judged to be investment-ready. In this context, there was a time-sensitivity for this Organization to address their concern around the significant increase in dossiers dropping out during the Due Diligence Review. As such, I realized that there was a disconnect between the retrospective path that I had initially considered and the team's urgency concerning taking action by generating an intervention to address this pressing issue.

As I increased my interactions with the Organization, one characteristic that rapidly became apparent about this Angel Investor Group is the constant preoccupation with finding better ways to support entrepreneurs and investors by testing different initiatives. As previously mentioned, in the spring of 2017 the Organization decided on the introduction of a Pilot Preparatory Program by August 2017 to help entrepreneurs improve the quality of their applications throughout the entire process. I felt that this partiality to learning "through" experiences (Christianson et al., 2009), indicative of a culture favouring intellectualizing of "promising practices" over the adoption of "best practices" (Antonacopoulou, 2010), helped me interiorize the focal importance of responsiveness and flexibility for this Angel Group. Recognizing that one cannot separate knowledge creation and culture (Leidner et al, 2006), it became clear to me that the centrality of action within the organizational culture highlighted the inescapable nature of espousing a research approach that had direct practical ramifications. Thus, I adopted an Action Research paradigm to conduct my investigation and leverage the opportunity to generate organizational learnings in action through the implementation of the program. Bearing in mind that the only way to understand the “social world” is by striving to change it (Brydon-Miller et al., 2003), I felt that as a scholar-practitioner, the implementation of this new Pilot Preparatory Program constituted a "key moment of inquiry" for evaluating action (Ramsey, 2014). In line with the incredulity vis-à-vis meta-narratives of Calàs and Smircich (1999), I believed that, in addition to generating organizational learnings through experiencing cycles of action and reflection, the project presented the opportunity to contribute to theory development by generating a "small story" that hopefully would resonate with readers such that others may see applicability in their context (Herr and Anderson, 2015).

One of the passages that resonated deeply with me during my review of the Angel Investment literature pertains to the critical nature of not underestimating the power of "local" knowledge as it relates to designing an effective investment readiness program (Mason and Kwok, 2010).

These insights led me to appreciate the fact that my research needed to be collaborative and involve extensive discussions and “pooling” (Kindon et al., 2010) of the different skills of the Angel Investor Organization, its partners, as well as its members. As will be described in further sections, I made a conscious effort to conduct an inquiry “with” rather than “on” people (Coghlan, 2011). As such, I involved the Organization’s staff throughout this entire endeavor; from proposal development and running the program, all the way up to reviewing and providing comments on my draft Case Study report to increase its "construct validity" (Yin, 2014).

As noted earlier, a distinguishing feature of Angel Investors compared to venture capitalists and the general investor is the significance of non-financial motivations, such as job-creation and helping entrepreneurs succeed. Thus, beyond the practical objective of helping its members optimize portfolio return, a significant part of this Angel Group's purpose is to improve the socio-economic reality of its ecosystem. As such, I felt that the growth and development of the participants represented an essential part of the desired outcome of this research initiative. Pondering on these elements helped me recognize how the spread of resources and power can be uneven in the context of entrepreneurs seeking Angel funding, recalling the reflections of Calàs and Smircich on post-modernism (1999) and triggering the realization of the importance of making sure that my research made room for hearing all "voices". As will be illustrated in later sections, another modality of Action Research which was adopted throughout this inquiry is the notion of democratic collaboration with the preoccupation to foster a level of “psychological safety” (Edmonson, 1999) for the entrepreneurs seeking funding conducive to expressing themselves freely without fearing negative repercussions (Morrison and Milliken, 2000). Furthermore, the cycles of action and reflection provided the opportunity to take the feedback that in other circumstances could have been discounted as resistance and utilize it as a positive force to bring about improvements (Ford and Ford, 2010).

Figure 3.2 illustrates the linear, yet an iterative process that served as the basic roadmap (Yin, 2014) for completing the case study.

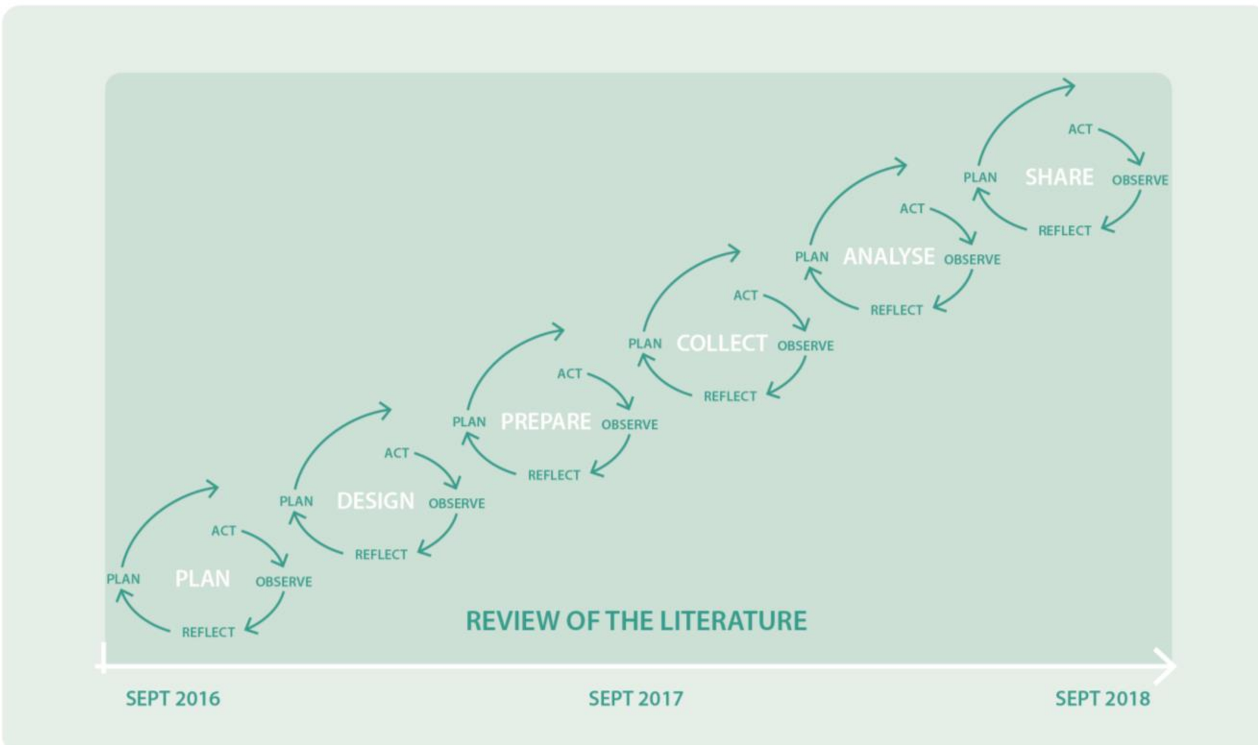

Figure 3.2: Research Roadmap: A Linear Yet Iterative Approach (adapted from Research Proposal submitted in 2017; and Yin, 2014)

3.2.3. Case Study Methodology

The distinctive feature of the case study as a methodology is the concentration on a "bounded situation" and the emphasis on an in-depth exploration of the context (Bryman and Bell, 2011). The intent is to delve into a problem through the examination of a system that is contemporary circumscribed, gathering data from a multitude of sources, such as observations, interviews, and documents (Creswell, 2013).

Looking at my issue through different lenses, I settled on case study research as my preferred methodology to achieve the multi-factorial understanding required to answer the research question posed around the lessons learned from implementing a Preparatory Program for entrepreneurs seeking Angel funding. Yin (2014) makes the argument that the notable need for case study as a research methodology is rooted in the aspiration to comprehend "complex social phenomena". Creswell (2013) concurs with this assessment and further refers to this approach as instrumental case studies. As described in the literature, the Angel Investor decision processes are multi-factorial and largely trust-dependant (Sorheim, 2003; Maxwell and Lévesque, 2014). As such, I opined that they did not lend themselves to testing simple causal relationships related to a clear, single set of outcomes. Another significant consideration I harboured in selecting this methodology was that as a researcher, I had no control over behavioural events. Indeed, I had no influence over which entrepreneurs submitted applications for funding, nor which participants were selected to enroll in the program. Furthermore, I felt that a case study would be the preferred methodology to examine the program as it was being developed and launched in its real-world setting, in a contemporary fashion (Yin, 2014).

Moreover, Business Angels use an approach when appraising investment opportunity that is non-compensatory (Cox et al., 2017), with criteria that evolves as the process unfolds (Mitteness et al., 2012). These characteristics contribute to the complexity of Angel Investing as a social phenomenon which adds to the unique need for a case study (Yin, 2014). In this context, the assessment I made was that a case study around the development and implementation of the preparatory program would foster the generation of a holistic view. And that this perspective would help me generate a more profound understanding on how this Angel Investor Group can help entrepreneurs that apply improve their chances of undergoing the Due Diligence Review successfully, while helping the Angel Group enhance the efficiency and effectiveness of its dossier evaluation process.

The work of Carpentier and Surret (2015), who examined the decision-making process of the Angel Investor Group which is the focus of my research, step-wise from application to a final verdict, also inspired my methodology selection in this inquiry. Indeed, one of the limitations pointed out in the publication is that their study did not consider non-recorded meeting dynamics between the Angels and entrepreneurs. As an individual who tends to approach business problems from a relational constructionist point of view (Hosking and MacNamme, 2006), the gap highlighted by the authors piqued my interest regarding getting an understanding of how the entrepreneurs; the Due Diligence Review Leads; as well as the Angel Group staff interact throughout the process. Therefore, I felt that the potential incremental additive research value of my case study would reside in its complementarities with existing research by exploring in a contemporary fashion, "how," in addition to "what" we know through the voices of all its participants (Coghlan and Brannick, 2014). Indeed, as I will describe later, multiple sources of information, such as observations, interviews, and documents, were employed for data collection to allow for the development of an in-depth understanding of the case.

Upon examination of the research question posed around the lessons learned from implementing an investment readiness program, it quickly emerged that this "what" type of question was exploratory in nature which bestowed a justified rationale for conducting a single case study on the design and implementation of a preparatory program for entrepreneurs. The goal was to know "how" or "why" the program had worked (or not) (Yin, 2014), and to develop pertinent propositions on what to do next to help entrepreneurs get ready to undergo the Due Diligence Review process successfully.

3.3. Planning the Case Study

3.3.1. Negotiating Entry and Creating a Forum for Participation

I was very lucid about the fact that, while being organic to the Angel Investor Organization, discussions around my thesis had been the catalyst for developing the Preparatory Program. I was also keenly aware of the additional workload this project would generate for members of the staff. In this context, it was indispensable for me to create a partnership around this project early on to increase commitment to the initiative and to seek alignment on the organizational relevance of the project. Moreover, I was also mindful of the fact that familiarity with a subject likely forms the issues one considers relevant (Antonacopoulou, 2010). Furthermore, I was also cognizant that Action Research requires an extensive amount of pre-understanding of the practice under study. With these elements in mind, I invested substantial time and effort at the beginning of this journey to get a deeper understanding of the Organization and establish a rapport with the team (Herr and Anderson, 2015). Thus, throughout 2016-2017, during my final DBA module work and DDP stages, I participated in several of the Organization's training modules for members, as well as activities organized for entrepreneurs. To immerse myself in the application process, I also attended several entrepreneur presentations (First Pitch and Second Meetings). To familiarize myself with the Term Sheet and Due Diligence Review steps, I acted as lead-investor for one opportunity, while I was part of the Due Diligence Review Team in another dossier.

Coghlan and Brannick (2014) remind us that large-scale transformational changes are only possible if the whole system commits to self-study in action. As such, I felt that participant involvement of the Angel Organization's team members throughout the different stages of my thesis was a *sine qua non* condition to the catalytic validity of the research (Herr and Anderson, 2015). Thus, during the proposal preparation phase, at the end of 2016 and in the first part of 2017, I had several individual meetings with the Organization's President and the members of his staff. These exchanges gave me the opportunity to discuss some of their drivers and irritants, as well as to start gathering their impressions on my germinating proposal. There were also sessions with the entire group where we were able to discuss Action Research basics and pressure test my research proposal. This entry process fostered group alignment around a desirable outcome and the articulation of the aspired future Pilot Preparatory Program. Explicitly, the group agreed that the program was meant to be a tool to support dossier preparation and file selection, in collaboration with the Organization's sectoral cells and business partners, with the objectives of the program as follows:

- Increase the closing rate of investment files by optimizing and facilitating all stages of the selection process
- Optimize selection efforts by providing greater support to entrepreneurs before moving to monthly presentations
- Accelerate the time between the first meeting and the closing

Upon the Group's commitment to "self-study in action" (Coghlan and Brannick, 2014), we were able to start elaborating a concrete work-plan which allowed to crystallize the research proposal.

3.3.2. The DBA Proposal

In parallel to the activities mentioned above within the Angel Organization, I produced a draft research proposal for the University of Liverpool within the DBA learning set. I underwent the supervisor matching process in December 2016-January 2017, and then proceeded with a few iterations of my research proposal into the final research proposal which was submitted concurrently with the documents for ethics approval for which I received approval from the committee in June 2017.

In the summer of 2017, I participated in a residency program at the University of Liverpool. This forum provided the opportunity to present my ideas and methodologies for conducting my DBA Thesis project to an audience consisting of nine of my peers and two doctoral tutors and receive constructive feedback. Discussions also included thesis expectations, how to present data analysis and findings. This residency triggered the realization that in my eagerness to get the ball rolling with conducting my “own” research, I was perhaps myopically looking at literature from the perspective of finding a gap and had started to lose sight of the importance of drawing on the literature to anchor my choice of methodology and research questions. Another realization that occurred during these residency discussions pertained to the critical nature of sequencing in data collection (Yin, 2014) and wariness about haphazardly stacking up different sources of data under the pretense of triangulation.

3.3.3. Design of the Multi-Layered Data Gathering Strategy

This single-case study was trying to derive the lessons learned via the introduction of the investment readiness program launched to help entrepreneurs improve their chances of undergoing the Due Diligence Review successfully. Keeping in mind that research design is concerned with a logical problem rather than a logistical problem, the first step consisted in identifying the case and establishing the logical sequence of the case study. The "case" studied comprised the following phases:

1. Developing the Pilot Preparatory Program
2. Running three cohorts of the Pilot Preparatory Program
3. Observing the effects of the Pilot Preparatory Program
4. Reflecting and planning future action

As it relates to temporal limits of the case, the study followed the program for the period it took for the files to go through the entire review process and was bounded by time limitations of my thesis deliverables and the duration of the Due Diligence Review. This time window ranged from June 2017 to April 2018.

As it relates to scope, ancillary questions included:

- Were the entrepreneurs ready to undergo the Due Diligence Review? If not, what were they missing?
- What are some of the difficulties and surprises that emerged from running the program?
- Did the Pilot Preparatory Program make a difference?

Figure 3.3 provides a holistic view of the multi-layered data gathering this approach followed. Considering the usefulness of using of a multitude of complementary evidence sources in order to maximize the chances that the evidence addresses the initial research question (Yin, 2014), and focus on what each can contribute instead of attributing blame (Deetz, 2000), a mixture of data gathering methods was employed to inform the different stages. These include the review of documentation and historical data, observations, semi-structured interviews, and a group sense-making exercise. Furthermore, I created a program data room -- distinct from the final study report -- which contains all my case study notes, field materials provided by program participants, as well as all my preliminary narratives or notes about the data.

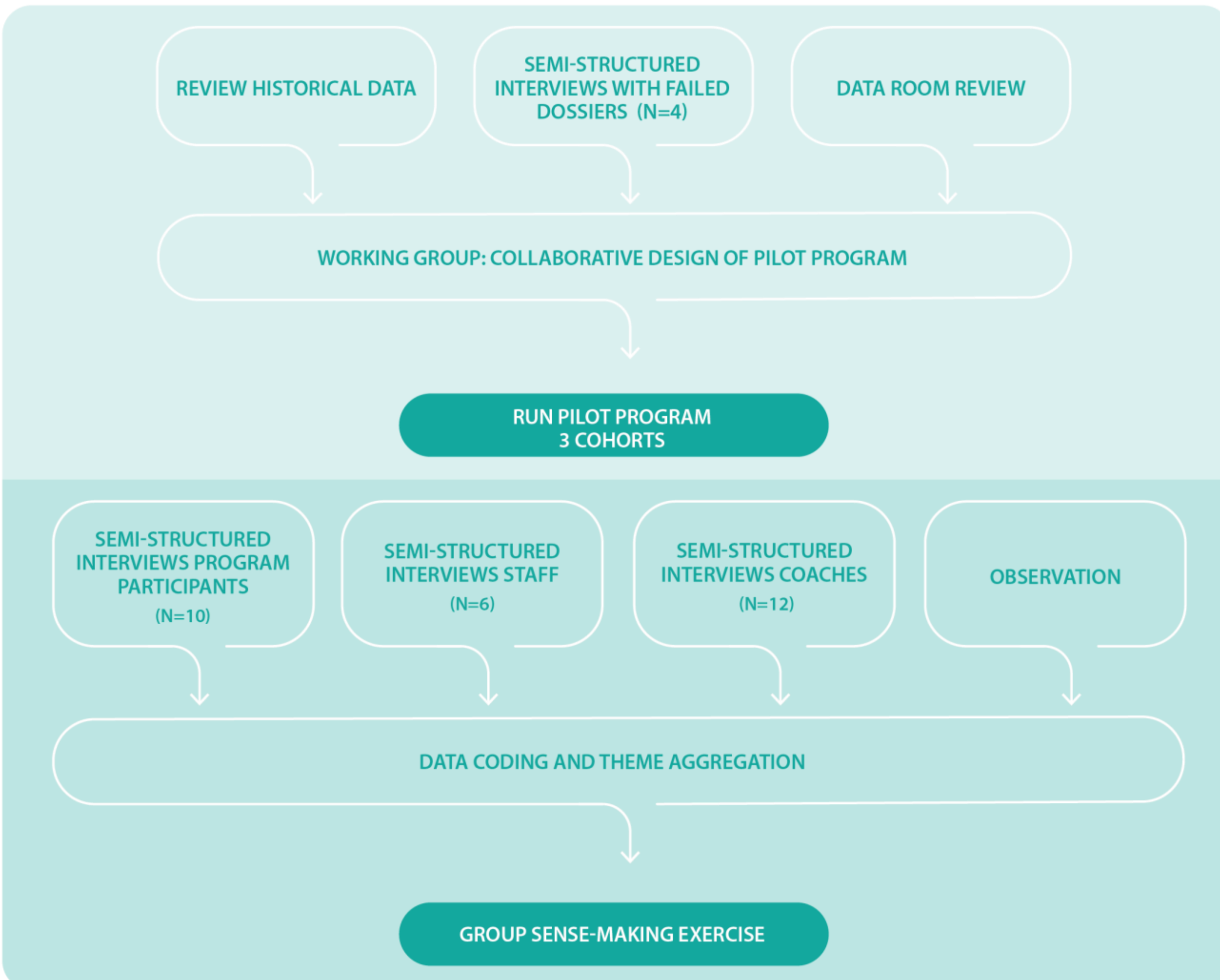

Figure 3.3: Multi-Layered Data Gathering Strategy (adapted from Research Proposal submitted in 2017)

3.4. Preparing for the Case Study

3.4.1. Developing the Pilot Preparatory Program

The first component of the case study consisted of planning the action by developing the Pilot Preparatory Program. Convergent with the work of Mason and Harrison (2001), the core objective of the program was to augment the quality of the investment dossiers by educating the entrepreneurs on the criteria utilized by the Angel Investor Group to appraise these opportunities and providing support to help the applicants to meet these standards. As the paragraphs below will describe, this exercise involved collaborative action planning to articulate the aspired design of the Pilot Preparatory Program as well as a preliminary diagnostic effort.

As previously mentioned, the work of Mason and Kwok (2010) had alerted me to the critical nature of leveraging the strengths of the Angel Investor Organization, its partners, as well as its members in the program development and roll out. In June 2017, shortly after receiving the ethics approval for the project, we started holding meetings with the working group to articulate the program objectives and develop its content and agenda. The team, which consisted of six individuals, included the Angel Organization's President as well as its staff members responsible for Training, Dossier Selection and Due Diligence Review Process. Meetings took place approximately once a week throughout the end of June and July (with whoever was available to attend), our interactions included reviewing historical diligent review data. The purpose was to examine the following elements:

- Why were the applications that failed the Due Diligence Review rejected?
- What features should be included in the Pilot Preparatory Program to help the entrepreneurs get ready to undergo the review process?

A constant preoccupation of the team centered on how to conduct this research in a way that was responsible. Indeed, the team recognized the urgency to get funding many of the start-ups who approached the Angel Group for investment and had a healthy respect for the fact that, while they are trying to raise capital, entrepreneurs have businesses to run. As such, one of the key considerations was to render the entire dossier evaluation process shorter, and as straightforward as possible for the entrepreneurs; from the time they apply for funding, until the final investment decision verdict. Thus, with these imperatives in mind, we designed the program agenda such as not to take the entrepreneurs away from their business more than once a week. Also, led by the Vice-President in charge of dossier screening, the team proceeded to a complete review of the data room and information requested from entrepreneurs from the moment they apply for funding, until the Due Diligence Review process to try to avoid redundancies and make it as streamlined as possible.

As commented earlier, a fundamental consideration for this program was the critical nature of customizing the content to the needs of the entrepreneurs. According to Johnson and Onwuegbuzie (2004), the first step towards developing a plan to improve a situation involves first developing an understanding of the interpretation of the individuals who underwent the experience. With this advice in mind, I proceeded to conducting a series of semi-structured interviews. I collected data from entrepreneurs and Angel Investors to examine their personal experience with this review process and explore the type of additional support from the Angel Group they felt could potentially have made a positive difference in the outcome of their application. My preliminary review of the literature had prompted the consideration that information/guidance provided to entrepreneurs before embarking on the review process could positively impact on the chances for success of the investment submissions. In this context, I anchored the interview themes into investment readiness (Brush et al, 2012), understanding of the Business Angels' decision process (Mason and Harrison, 2002; Maxwell et al., 2011; Jeffrey et al, 2016), as well as the reasons for dossier rejection. Furthermore, as the notion of "trust" had also surfaced as a common denominator in my readings (Maxwell and Lévesque, 2014; Dyer and Chu, 2003; Sorheim, 2003), the interviews explored this element as well. The interview discussion guides are presented in the following table (Figure 3.4).

THEMES	QUESTIONS	FOLLOW-UP QUESTIONS
PERCEIVED INVESTMENT READINESS	Can you walk me through how your story began with this project and what brought you to being involved with this application for Angel funding?	• How prepared did you feel the company's systems were to carry out its strategy? Why? • What about the Company's Business model?
	Looking back to this specific application process, to the beginning of the Due Diligence, could you explain which elements you felt made the company "investment ready" for Angel funding? How so?	
ENTREPRENEURS' UNDERSTANDING OF BA DECISION PROCESS	How was your experience with the data room? Can you explain?	
	How was your experience with the questions from the Due Diligence team?	• What questions were the most difficult to answer? Why? • What questions required the most work/follow-up? Why?
	If you were to rewind to the beginning of this Due Diligence review process, are there things that you would do differently to prepare for discussions on valuation? Can you explain?	• What about discussions on multiple financing rounds? • What about discussions on the Exit strategy?
PERCEIVED TRUSTWORTHINESS	Can you explain what you appreciated the most and the least about the interactions between the entrepreneur team and the Angel Group's Due Diligence team during the review? Why?	• How would you qualify the level of information sharing (green light/red light)? Why? • How was the accuracy of the information provided verified? • How would you qualify the level of openness (green light/red light)? Why? • How did the team manifest its willingness to be coached ? • What about the team's willingness to be vulnerable?
UNDERSTANDING OF REJECTION DECISION	Can you walk me through the reasons why this project was stopped during Due Diligence?	
	Where is the business at now?	
	In hindsight, are there things that you would have done differently during this Due Diligence? Can you explain?	
	Are there elements that you feel the Due Diligence team should have focused more on or less on during this specific review? Why?	

Figure 3.4: Discussion Guide of Semi-Structured Interviews Conducted During Program Development (generated through interactions with Angel Organization permanent staff)

Regarding participant recruitment for these interviews, I "purposefully" selected (Creswell, 2014) three entrepreneurs and one Angel Investor involved in Due Diligence Reviews that ended with a decision of "not to invest". The purpose of this composite exercise was to allow weaving together the different interpretations to sketch a composite picture (Creswell, 2013) of the different entrepreneur and Angel Investor experiences. Therefore, theoretically, it would have made sense to weave in the perspectives of both successful and unsuccessful applications. Such an approach could have provided insights as to what elements worked best, in addition to information as to the gaps. However, as previously mentioned, one of the challenges we faced was that the organizational timing constraints left merely five weeks to complete the design and set-up of the program. Furthermore, we ran up against scheduling challenges associated with the fact that these preparation activities were ongoing during the summer vacation period. In this context, because we were first and foremost trying to get a sense of what was missing in the experience so as to take it into account in the design of the program, I opted to focus on gathering entrepreneur and Due Diligence Review Lead insights from dossiers that had been unsuccessful in obtaining funding for their project. In addition to providing validation to the content, which was under design, reviewing my interview notes, as well as the recordings, led to the identification of broad-brush ideas which we could then infuse in the workshop materials. Also, given that pilot testing is recommended to refine information gathering plans (Yin, 2014), I felt that conducting these interviews was helpful from the perspective of developing lines of questioning and my interview skills for information gathering later in the project. Also, as will be outlined in a later chapter, re-visiting the notes and recordings was useful during the reflection step after the program concluded.

In parallel to the interview-related activities described above, the Vice-President for Screening led the development of the program material, with the participation of subject matter experts from the Angel Organization, its sidecar fund partners, as well as its members (including myself). The program outline is the focus of a later section.

3.4.2. Situating the Pilot with Respect to the Pre-Existing Selection Process

As previously stated, entrepreneurs trigger the funding request process by applying through the Angel Investor Group's website. The first examination consists of a Pre-Screening exercise during which a gatekeeper assesses projects according to scope. Upon successful completion of this hurdle, members of the Organization's staff responsible for Dossier Selection review the applications to evaluate the potential interest of the venture to its members. Once approved to move on to the next step, entrepreneurs are invited to present their investment opportunity to the Angel Group members during one of their monthly meetings, where typically four to six candidates pitch their projects.

The program aimed to improve the quality of the submissions throughout the entire process, as well as reducing evaluation timelines. Meanwhile, another preoccupation pertained to minimizing the time the training would take the entrepreneurs away from their daily business. With these considerations in mind, the work team determined that the most appropriate window to situate the Pilot Preparatory Program within the application process was between the Screening Phase and the Pitch to the Angel Investor Group during monthly meetings (see Figure 3.5).

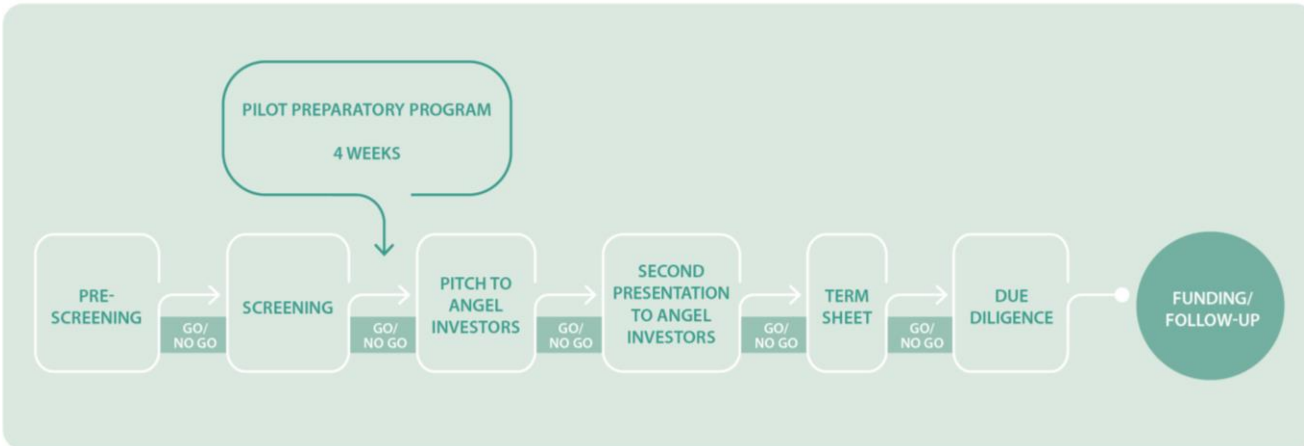

Figure 3.5: Positioning the Pilot Preparatory Program within the Application Process

The second stage of this case study consisted of rolling out the Pilot Preparatory Program developed in Stage 1. For this doctoral thesis, three groups of selected entrepreneurs (for a total of 14 investment opportunities) completed the program. As described in the next section, the cohorts, which took place in August, October and November 2017, consisted of once-weekly full-day sessions for four weeks.

3.5. Collecting Case Study Evidence

3.5.1. Taking Action: Running the Pilot Preparatory Program

Upon enrollment into the program, participants signed an agreement confirming their commitment to the process. These entrepreneurs received an onboarding kit, which included a program overview; a detailed agenda of the four weeks; as well as copies of all relevant documents associated with the Due Diligence Review Process (such as presentation guidelines for the first and second pitch, due diligence checklists, and standard term sheet). At that point, they also received access to a data room on the Angel Group's Network to give them the opportunity to start populating it with the relevant information as early as possible with the data required for the Due Diligence Review.

Following the Mason and Harrison model (2001), the program consisted of a series of group lectures, workshops and one-to-one consultations designed to educate the entrepreneurs on the criteria utilized by the members of the Angel Organization to assess potential investments and provide support to participants in meeting these standards. The subject-matter experts that were giving the lectures were either employees of the Angel Group Organization or one of their partners. As highlighted in the literature review, Angel Investors are more partial to investment opportunities from people they know (Mason et al., 2017; Croce et al., 2017). In this context, another aspiration was for this cooperation to potentially lead to the identification of ambassadors/champions for their project before presenting the investment opportunity to the entire membership during the monthly meeting. Thus, in the case of the one-to-one sessions, the Screening Vice-President tried as much as possible to find volunteers within the Angel Group members with the most relevant industry background and skillset to coach the entrepreneurs.

The program included four days of training and work sessions throughout four consecutive weeks. The curriculum addressed all facets of the investment projects, with a specific focus on the marketing and financial plan components, identified during the planning phase as the two main factors of dossier failure. The following table (Figure 3.6) outlines the central topics covered weekly and the associated format.

	MAIN THEMES
WEEK 1	• Program overview/introductions • Dry run #1 of 8 minute pitch (plenary) • Testimonial on working with the Angel Investor Group: the entrepreneur perspective (plenary) • Value Proposition and Business Model Canvas workshop (plenary)
Homework for Week 2: Prepare 30 minute presentation; Due Diligence check-list (populate relevant sections of data room)	
WEEK 2	• Individual Commercialization plan review (one-on-one with subject matter expert) • Financial model and valuation (plenary) • Term sheet (plenary) • Testimonial on working with the Angel Investor Group: the investor perspective (plenary)
Homework for Week 3: Revisit 8-min presentation; Due Diligence check-list (populate relevant sections of data room)	
WEEK 3	• Individual Financial Plan review (one-on-one with subject matter expert) • Dry run #2 of 8 minute pitch • Legal/ Intellectual property
Homework for Week 4: Finalize 8 and 30 minute pitches & Due Diligence check-list	
WEEK 4	Dry run #3 of 8 minute pitch: **GO/NO GO**

Figure 3.6: Outline of the Preparatory Program (generated through interactions with Angel Organization permanent staff)

In addition to the central topics, as described in the detailed agenda provided in Appendix 5, the schedule also included testimonials as well as Q&A sessions with entrepreneurs who were part of the Angel Group's portfolio, as well as the President of the Angel Group Organization. The hope was these interactions could help program participants develop a sense of some of the Angel Group's shared investment criteria and formulate “intuitive hunches” (Matzler et al., 2014) as it relates to what they would regard as being persuasive and trustworthy. Furthermore, at the end of each training day, a wrap-up session was conducted for participants to share their impressions of the workshops. Also, the Selection Vice-President would present an overview of the objectives and deliverables for the following week.

Convergent with the program described by Cohen (2013), the “grand finale” of the Pilot Preparatory Program was an 8-minute pitch followed by a question and answer period to a Selection Committee composed of three to four staff members of the Angel Organization and side-fund, and three members of the Angel Group Network. Once the entire cohort had completed their pitch, the entrepreneurs were asked to leave the room. The panel members were then asked to share with the group the appreciation of each investment opportunity. As presented in Figure 3.7, the elements considered included the value proposition, revenue model, market size, commercialization strategy, team, quality of the oral presentation, company valuation, stage of advancement and overall appreciation. The elements considered included the value proposition, revenue model, market size, commercialization strategy, team, quality of the oral presentation, company valuation, stage of advancement and overall appreciation. Based on the panel's comments, the Screening Vice-President made the final decision as to which candidates would be invited to present to the Angel Group members during a monthly meeting.

COMPANY #	POINTS	COMMENTS
VALUE PROPOSITION	1 2 3 4	
REVENUE MODEL	1 2 3 4	
MARKET SIZE	1 2 3 4	
MARKET STRATEGY	1 2 3 4	
TEAM	1 2 3 4	
QUALITY OF THE ORAL PRESENTATION	1 2 3 4	
COMPANY VALUATION	1 2 3 4	
PROGRESS STAGE	1 2 3 4	
OVERALL ASSESSMENT	1 2 3 4	

GRADING SCHEME

1: Insufficient 2: Needs improvement 3: Satisfactory 4: Excellent

Figure 3.7: Program Participant Evaluation Grid completed by Panel Members During Final 8-minute Pitch (adapted from Angel Organization internal documentation)

3.5.2. Mechanism for Reflecting in Action

Congruent with Marshall's (1999) paradigm of living continuously "in-process" by bringing things into question and adjusting, the process involved sending out a participant-survey to gauge their overall satisfaction. The questionnaire, presented in Figure 3.8, included elements related to the formative value and relevance of the content, as well as the organization and program logistics. This element of "reflection-in-action" (Schön, 1983) allowed adjusting the content or schedule as the program was progressing.

	QUESTION	GRADING SCHEME	COMMENTS
1	HOW SATISFIED WERE YOU WITH THIS PREPARATORY PROGRAM DAY:	1 2 3 4 5 6 7 8 9 10	
	TRAINING VALUE OF THE CONTENT		
	SPEAKER PRESENTATIONS		
	ORGANIZATION AND LOGISTICS		
	OVERALL ASSESSMENT		
2	INTRODUCTION AND PRESENTATION OF THE PROGRAM	1 2 3 4 5 6 7 8 9 10	
	INFORMATIONAL VALUE OF THE CONTENT		
	TIME PROVIDED		
	OVERALL ASSESSMENT		
3	PITCH PRESENTATIONS AND COMMENTS (DRY RUNS)	1 2 3 4 5 6 7 8 9 10	
	RELEVANCE OF THE FORMAT		
	TRAINING VALUE OF THE CONTENT		
	TIME PROVIDED		
	OVERALL ASSESSMENT		
4	TESTIMONIALS	1 2 3 4 5 6 7 8 9 10	
	RELEVANCE OF THE FORMAT		
	TRAINING VALUE OF THE CONTENT		
	TIME PROVIDED		
	OVERALL ASSESSMENT		
5	BUSINESS MODEL CANVAS/ MARKETING STRATEGIES AND BUSINESS MEETINGS	1 2 3 4 5 6 7 8 9 10	
	RELEVANCE OF THE FORMAT		
	TRAINING VALUE OF THE CONTENT		
	TIME PROVIDED		
	OVERALL ASSESSMENT		

GRADING SCHEME
0-3: Poor; **3-5:** Acceptable; **5-7** Very Good; **7-10:** Excellent

Figure 3.8: Evaluation Grid Completed by Entrepreneurs that Participated in the Preparatory Program (adapted from Angel Organization internal documentation)

I made it a point to attend most of the sessions during the program roll-out, which provided the opportunity to experience the case, and capture my observation through field notes. Indeed, I tried to be systematic about jotting comments and questions in real-time throughout the program and capturing my impressions at the end of each day while they were fresh in my mind. This exercise, which provided me the flexibility of navigating between a full-fledged outsider to a total insider (Creswell, 2013), also fostered developing an understanding that taking notes was much more comprehensive than just scribbling down everything that was said. It is a multi-sensorial, multi-dimensional process, which involved being attentive to the participants, their interactions, the physical context, as well as my behaviour. It also included considerable reflection. These observations, which on a few occasions prompted a few adjustments to individual sessions during the program, also informed the interview discussion guide preparation and subsequent coding. The central preoccupation which led to choosing this unobtrusive approach was the inherent vulnerability to errors which often accompanies the awareness of being tested (Krippendorff, 2012). Also, being new to case study research, I did not want complex instruments to take me away from actively taking part in the program.

3.6. Observing the Effects of the Pilot Preparatory Program

3.6.1. Continuation of the Funding Application Process

Upon completion of the Pilot Preparatory Program, program participants that received a favourable recommendation were invited to pitch their project during one of the Angel Group's monthly meetings. From that point onwards merging into the standard steps of the Angel Investor Group's evaluation process. After the first pitch, the companies that generated enough interest amongst the Angel Investors during the monthly meeting were subsequently invited for a second, more detailed presentation to the potential investors. After this second meeting, for projects that garnered enough traction with the group during this step, the entrepreneurs received a Term Sheet Offer, conditional to satisfactorily completing the Due Diligence Review process. During this detailed review, the Lead and a team of two or three interested Angel Investors proceeded with an in-depth examination of the business plan and financial projections, after which they issued a report and investment recommendation to the interested Angel Group members. If firms obtained a favourable investment recommendation, they then moved on to the Final Negotiations and Funding stage.

3.6.2. Conducting Post-Program Interviews

This exploratory case study was trying to identify the lessons learned through the implementation of this Pilot Preparatory Program as it relates to helping entrepreneurs improve their chances of undergoing the Due Diligence Review successfully. As such, the following sub-questions needed to be examined to assess the Pilot Preparatory Program:

- Were the entrepreneurs ready to go through the Due Diligence Review?
- Did the program make a difference?
- What are some of the difficulties and surprises that emerged from running the program?

Following the completion of the three cohorts of the Pilot Preparatory Program, described in the previous section, and my gathering of data through observations and field notes, the next step in the investigation consisted of conducting a series of interviews to examine the experiences of the stakeholders that had been taken part in the pilot program. Inspired by some of my Module readings, I had a deep preoccupation with being systematic about examining different perspectives (De Bono, 2010) across the entire range of positions (Creswell, 2013). Moreover, as mentioned earlier, I was intensely aware of my responsibility to ensure that “all voices” were heard (Calàs and Smircich, 1999) and the focal nature for the research process of identifying and considering rival explanations throughout the entire process. Therefore, I sent invitations to all the entrepreneurs who had been involved with the program (14 companies), regardless of whether or not they had made it to the end of the evaluation process. Also, convergent with Denzin and Lincoln’s (2012) quilt maker metaphor, I ensured to weave in the perspectives of all the Angel Organization's staff members involved, of the Angel Investors that volunteered as coaches during the program, as well as those that had been involved with the Due Diligence Review Process of the program participants that had made it to that stage. I conducted a total of 28 post-program interviews (10 program participants, six members of the Angel Organization’s staff, 12 coaches).

Before settling on one-to-one interviews, I had also envisaged the potential use of focus groups as a dynamic and time-efficient way to collect information from many participants. However, upon further consideration, I found that one of the challenges specific to focus groups is the need to stimulate all participants to speak, while managing those individuals who tend to have a propensity to monopolize discussions (Creswell, 2013). As such, I thought that focus groups would have made it more difficult to get a sense of relative emphasis on different issues. Moreover, I felt that focus groups were less appropriate than individual interviews to discuss sensitive or confidential matters. Therefore, I opted for interviews as the most suitable tool to dig deeply into my topic.

Upon consideration of Harrell and Bradley's (2009) interview continuum, I settled on the semi-structured format. On the one hand, gathering information in a completely unstructured manner, while having the potential to generate very rich and nuanced data, would have taken more time than myself, the Angel Organization or the entrepreneurs could afford. At the opposite end of the spectrum, I felt that structured interviews would equate to a survey read-aloud and, as such, would not have allowed me to thoroughly comprehend the answers provided (Harrell and Bradley, 2009). With these considerations in mind, I opted for semi-structured interviews as the most appropriate tool.

The following table (Figure 3.9) presents the discussion topics explored during the post-program interviews.

	POST-PROGRAM INTERVIEWS DISCUSSION TOPICS
GENERAL QUESTIONS	• Can you walk me through how your story began with this project and what brought you to being involved with this application for Angel funding? • In your opinion, what were the strengths and weakness of this pilot program? Why? • In your opinion, how did the pilot program prepare you for the Due Diligence process? (for those who did make it) • How has your pilot participation changed the way you run your company? • Which parts of the program gave you useful new information (or skills) that you use in your day-to-day life?
EXPERIENCE DURING GROUP SESSIONS	• How was your experience during the plenary sessions? o Experience with the dry runs of the pitches? o Business model canvas o Financial model o Term sheet review session? o IP session? o Testimonials?
EXPERIENCE DURING THE ONE-ON-ONE SESSIONS	• How was your experience during the one-on-one sessions on finance? o What questions were the most difficult to answer? Why? o What questions required the most work/follow-up? Why? o Can you explain what you appreciated the most and the least about the interactions between you and the coach during this one-on-one session? o Are there things that you would have done differently to prepare for these sessions, or things that you wish you would have known from the get-go? • How was your experience during the one-on-one sessions on commercialization? o What questions were the most difficult to answer? Why? o What questions required the most work/follow-up? Why? o Can you explain what you appreciated the most and the least about the interactions between you and the coach during this one-on-one session? o Are there things that you would have done differently to prepare for these sessions, or things that you wish you would have known from the get-go?
EXPERIENCE WITH DATA ROOM	• How was your experience with the data room during the pilot?
CLOSING QUESTIONS	• We often say that hindsight is 20/20, given the chance, would you enrol in this program again? • What advice would you give to the Angel group on how they could improve such that other entrepreneurs could benefit from such a program?

Figure 3.9: Post-Program Interview Discussion Topics (generated through interactions with Angel Organization permanent staff)

Feedback received on the investigative work project I conducted during my DBA Residency in 2016 had triggered an awareness of my responsibility as a researcher to let the data speak for itself and to avoid positioning myself as the "lone voice" scrutinizing everyone's words (Coughlan and Brannick, 2014). As such, I opted for a "responsive interviewing" approach (Rubin and Rubin, 2012), favouring a flexible pattern of inquiry that tapped into the knowledge and experience of the individuals interviewed, and where the questions evolved in correlation to interviewee responses. The semi-structured interviews, which lasted between 30 and 60 minutes, gravitated around the experience of the different stakeholders with the Pilot Preparatory Program to get a composite picture of its impact in terms of the investment readiness of the entrepreneurs (Brush et al, 2012) and understanding of the Business Angels' decision process (Mason and Harrison, 2002; Maxwell et al., 2011; Jeffrey et al, 2016). The conversations also explored difficulties and surprises that resulted from the implementation of the program. The interview discussion guides are in Figure 3.9. Most interviews were a face-to-face format (25), except for three interviews that were conducted via telephone because the participants were unable to be physically present at the Angel Organization because of the geographical distance. All the above-mentioned interviews were transcribed and coded as per the process described in the following paragraphs.

3.6.3. Thematic Coding Process

I started with a coding approach that was prioritized by revisiting my literature review, together with my observations as noted during the program implementation, which led to the identification of potential core themes that manifested themselves in the data. I did not, however, limit myself to these themes. Instead, I migrated to an approach that was more emergent by listening to the recordings and re-reading the transcripts to immerse myself in the data and perform broad brush manual coding that led me to identify surfacing themes.

As previously mentioned, letting the data speak for itself was a central preoccupation for me during this inquiry. As such, I used a qualitative data analysis software package (NVivo) to perform a systematic analysis of the transcribed interviews. I felt NVivo could help me enrich the robustness of my research from the perspective of adding more transparency to my sense-making (Paulus et al., 2015 quoting Bringer, Johnston, and Brackenridge, 2004 and Jackson, 2014). As outlined in Figure 3.10, the thematic coding process was multi-staged and iterative.

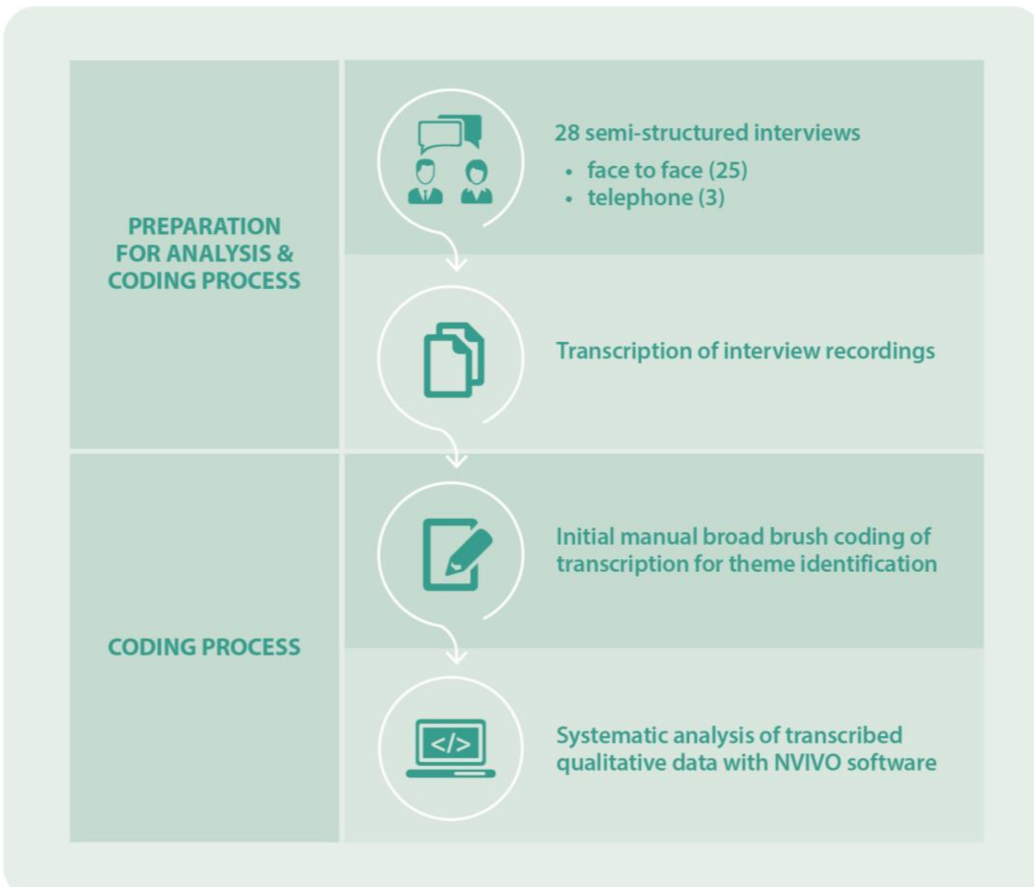

Figure 3.10: Interviews and Thematic Coding Process for Addressing Questions (adapted from Research Proposal submitted in 2017)

Once I had created the nodes (themes) and sub-nodes (sub-themes) that I felt reflected the data, I then reviewed those nodes looking for commonalities and differences and re-structured them to better reflect my understanding of the process or the experiences of the stakeholders. I was wary of the fact that while they can help explore trends, test theories and make sense of what is happening in source materials, the software cannot replace judgment. Therefore, I made a conscious effort to try to stay away from uniquely focusing on compiling data and detecting “broad patterns” (Donaldson, 2005). I was also aware of my tendency to find comfort in numbers and correlations and wanted to ensure that I did not generate charts and graphs that were not obtained at the expense of “knowing why” (Tranfield and Starkey, 1998). As such, I conducted a group sense-making exercise which I describe in the following section.

3.6.4. Conducting a Group Sense-Making Exercise

Bearing in mind that the emergence and evaluation of a multitude of plausible interpretations represents an essential step in the collective creation of knowledge (Kindon et al., 2010), I proceeded with conducting a group sense-making exercise after the thematic coding process. This professional review exercise involved eight participants, in addition to myself. The group, which represented most of the Organization's permanent staff, included the three staff members involved in the design and program implementation, the Organization's President as well as the President of its Board of Directors.

The meeting started with an overview of the findings, during which I presented the themes that had emerged from the initial steps of my analyses. I also shared elements of my own reflection based on my observation and initial examination of the emergent themes. As previously mentioned, it was critical for me to make sure that I let the data speak for itself. As such, following the interactive presentation, we moved on to an open discussion to examine which of the emergent themes resonated more with the group; and before going back to revisit the data I wanted to explore whether there was something that the group felt was missing. I thought that this exercise played a vital role in detecting incorrect inferences that I could have made due to reflexivity and holding my feet to the fire as it relates to considering and testing rival explanations. This step contributed to increasing the internal validity of my research. Finally, considering the Action Research paradigm I adopted and its constant preoccupation with determining what to do next, the purpose of the discussion was to identify whether there were some elements that the team wanted to prioritize regarding taking action.

3.7. Ethical Considerations

From the onset of this project, I was particularly attentive to carrying out a research study that was ethical and, as such, made sure to consider all ethics-related aspects this study could potentially involve. The readings I completed during the Module portion of my DBA program triggered the realization that concern for ethics should be omnipresent throughout the entire research process and that I must regularly revisit what participants can gain from the study, be attentive to potential disturbances, and be wary of unbalances of power that can occur in the interview process (Creswell, 2013). As a scholar-practitioner/Angel Investor, my primary responsibility was not only to the Organization and its staff but also to my fellow Angel Investor members of this group and the entrepreneurs who approach the Organization to apply for funding. I was keenly aware of the fundamental nature of understanding the context surrounding the research, analyzing the study's "social location" as well as the possible intended and inadvertent consequences in a politicized environment (Boser, 2006). With these considerations in mind, I negotiated the design and interpretations of the study with the stakeholders directly concerned with the research. For instance, at the initiation of the project, I discussed my research with the President of the Organization and his staff and gained their approval. Throughout the investigation, I was upfront with participants regarding the nature of the inquiry (Creswell, 2013) and shared the methods for data collection and analyses and the way in which I would present them (Winter, 1996).

Because this case study involved increasing the level of support provided to the entrepreneurs during the application process for Angel funding, the potential benefits of the research outweighed any risks to the participants. Indeed, taking part in this research did not cause any discomfort or disadvantages. The possible physical or psychological effects of involvement in the study for participants were the same as any experience in everyday life. In the worst-case scenario, if the Pilot Preparatory Program had no impact, the effect on the participants was null. However, the hope was that this work would be beneficial to the level of preparation of entrepreneurs, as well as the efficiency and effectiveness of the Angel Group's Due Diligence Review Process. Furthermore, study results were shared with participants to inform their practice. I was sensitive to the fact that management research "messes" with humans (Clegg, 2002), and that social research implicates the possibility of compromising privacy which confers more power to the individuals already holding it (Hammersley and Atkinson, 2007). The President of the Angel Investor Group provided an authorization letter to grant access for research purposes to the Organization's system, facilities and participants with the stated imperative to protect the confidentiality of participants and the Organization (refer to the letter in Appendix 1). As such, as described in the Ethics Approval Form which was approved in June 2017 (refer to Appendix 2), I anonymized participants and companies during data collection. Data storage was electronic in a password-protected form. Details that could potentially have allowed deducing the identification of participants or their organization did not appear in the report. Moreover, I provided information sheets and the consent forms to participants before data collection, such as to allow reviewing the information and providing clarifications as necessary. Additionally, right before the interviews, additional time was provided to confirm that participants had understood the study information adequately and to offer the possibility of further clarifications if any questions remained.

Bell and Bryman (2007) flagged the vulnerability of management researchers to conflicts of interest and the need to protect the participants from "exploitation." Although I did not expect any conflicts of interests in the context of this research, I was keenly aware that AR can never be fully decided in advance (Gutberlet, 2008), and is likely to evolve in directions that are impossible to predict at the onset of a project (Coughlan and Brannick, 2014). As such, throughout the entire research, I made a conscious effort to remain attentive to power patterns and stakeholder-participant affiliation to ensure that if a conflict of interest situation emerged, I would address it in a proactive and transparent manner. For example, when I was asked to be part of the Due Diligence Review Team for one of the enterprises that had participated in the pilot program, I made it clear up front to the Due Diligence Review Lead that I would decline the compensation, in the form of stock options, that participants of Due Diligence Review Teams generally received.

To ensure that research participants were fully-informed and had the chance to become familiar with the objectives of my research before consenting to participate, I provided them with a participant information sheet and consent form (refer to the Appendices 3 and 4) at least a day before data collection, to give the opportunity to review the information and obtain clarification as necessary. Also, at the beginning of every interview, a few minutes were reserved for confirmation that participants had understood the study information and clarification of any remaining questions.

Given that Action Research is inevitably linked to change, I felt that the most significant potential adverse event was the possible disturbing impact the insider Action Research can have on relationships within the Organization. I tried to minimize this relational risk by making sure to explore with the work team on a regular basis, the potentially disruptive effects of the research.

Another mitigating measure that I took was to try to demonstrate transparency about the evolution of my research with the Organization’s decision makers and keep them informed and engaged throughout the different stages.

3.8. Chapter Summary and Roadmap of the Rest of the Thesis

This chapter delineated the overall research parameters, and explained the linear, yet iterative process followed to identifying the lessons learned from implementing a Pilot Preparatory Program to help entrepreneurs to go through the Angel Group's selection process. Figure 3.11, below, presents a roadmap of the rest of the thesis.

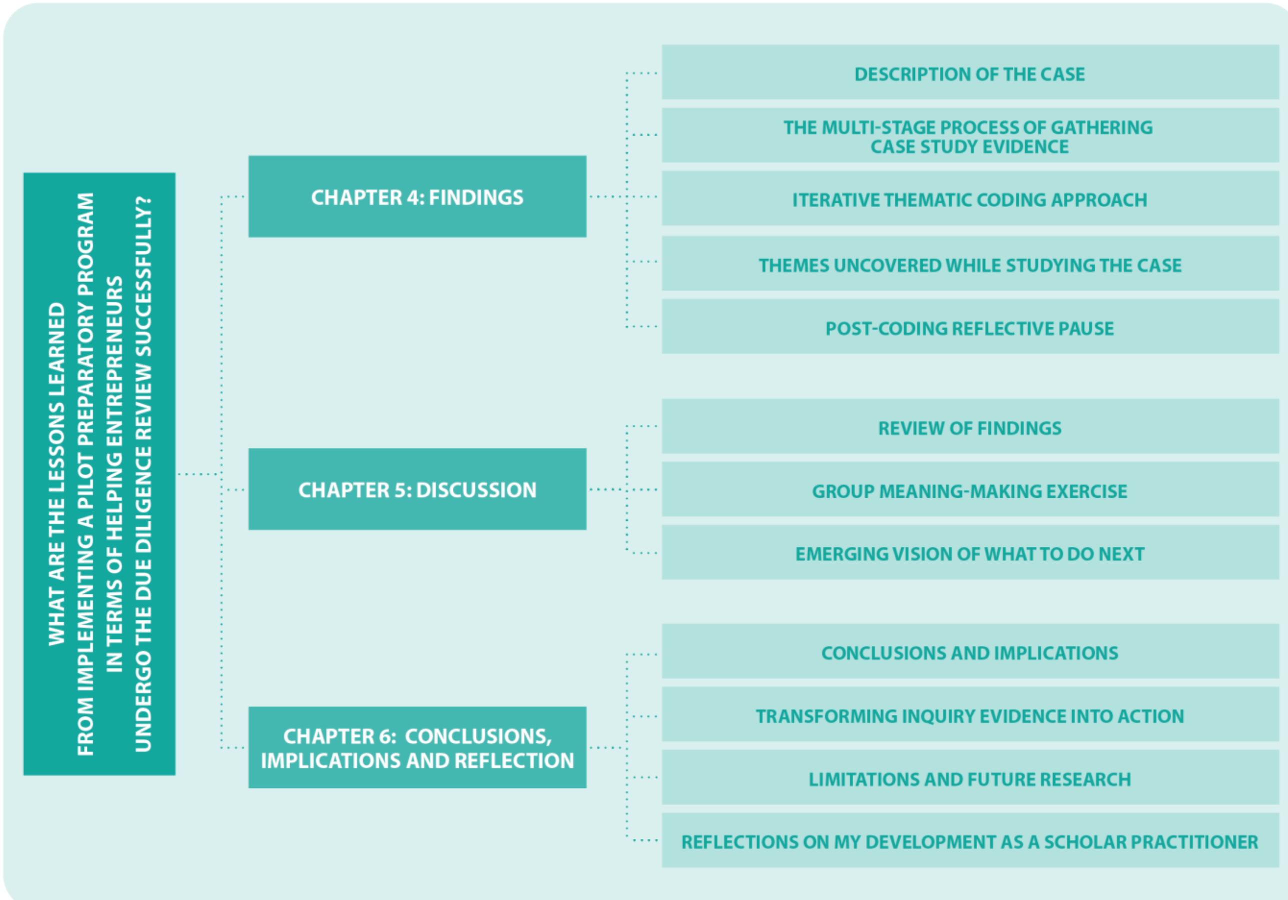

Figure 3.11: Roadmap of the Rest of the Thesis

CHAPTER 4: FINDINGS

4.1. Overview

As stated previously, the core objective of this research was to identify the lessons learned from implementing an investment readiness program in the early stages of the Angel Investor Group's application process. This inquiry involved evaluating whether entrepreneurs were ready to undergo Due Diligence Review upon completion of the Pilot Preparatory Program; exploring some of the difficulties and surprises that emerged from running this initiative; evaluating whether its implementation made a difference for the stakeholders. In this context, the format of this chapter is designed to allow scholars, as well as practitioners, to become immersed in the lived experience of the Angel Funding application process. Also, to simultaneously gain real insights into the needs of the entrepreneurs, and the Angel Investor Group and its members, as it relates to improving the investment readiness of entrepreneurs who enter the selection process.

The following sections contain both a description of the case and an exploration of the themes and sub-themes that I uncovered through studying the program as it relates to the research question and sub-questions. Throughout the chapter, summary figures provide transparency into the findings from the research interviews and data analysis, which led to the identification of the major ideas. Having attended most of the workshops as part of my research, I also tried to juxtapose my observations with the themes that emanated from the interviews. Moreover, I bolstered each emerging topic with illustrative quotations from the semi-structured interviews to bring the voices of the stakeholders and their experiences to the forefront of the research. I felt that these quotations would be more effective at capturing the richness of the lived experience rather than through descriptive summaries alone. Furthermore, as a means to minimize reflexivity (Yin, 2014), the chapter comprises a reflective pause as a means for bracketing my pre-judgments (Creswell, 2013; Moustakas, 1994).

4.2. Description of the Case

This case study followed the Pilot Preparatory Program between August and November 2017, during which a total of fourteen companies completed the pilot program. In the weeks preceding the program roll-out, the Organization, out of concern to ensure that launching the program would not hinder the number of files available for presentation to its members, made the decision to run this program in parallel with its standard pre-selection. As such, during the early discussions of applicant screening, the individuals responsible for Screening would evaluate which companies would directly present at the monthly meeting, and which companies would enroll in the program. This assessment depended on the investment readiness of their files, their urgency to get funding, as well as the willingness of the entrepreneurs to enrol in the program.

As described earlier, the curriculum included four days of training spread over four consecutive weeks and tackled all facets of the investment projects, with a specific focus on the business model and financial plan components. As indicated in Figure 3.6 and aligned with the recommendations of Mason and Kwok (2010), the schedule included a combination of group lectures, workshops and one-to-one consultations designed to enlighten the entrepreneurs on the criteria utilized by the members of the Angel Organization to assess potential investments and provide them with support in meeting these standards. Although the core elements of the program remained constant throughout the different cohorts, aspects of "reflection-in-action" (Schön, 1983), such as participant surveys at the end of each week and observations, led to incremental adjustments to the content and scheduling. For instance, these retroaction exercises led to streamlining the Intellectual Property content and breaking down some of the group exercises into smaller groups to allow running more activities in parallel and minimize downtime. These adjustments allowed us to trim down the program duration from four full days to three and a half days and reduce the amount of time the entrepreneurs were away from their business, which was of primary concern for us.

The seven subject-matter experts who hosted the plenary sessions were either employees of the Angel Group Organization or one of its partners, while 11 volunteer members of the Angel Group performed the one-to-one coaching. Bearing in mind the previously mentioned "investment paradox" (Cox et al., 2017) associated with the moderating role of fit between internal and external investment criteria in investment assessment of opportunity potential, matching was based, as much as possible, on industry experience and area of expertise. At the end of the four weeks, the “Grand Finale” for the entrepreneurs consisted of conducting an 8-minute pitch to a selection panel composed of 3 to 4 staff members of the Angel Organization and three members of the Angel Group Network. The panel members were then asked to share with the group the appreciation of each investment opportunity based on criteria which included the value proposition, business model, financial model, stage of advancement and quality of the presentation (refer to the Evaluation Grid in Figure 3.7). Based on the panel's feedback, the Screening Vice-President made the final decision as to which candidates would be invited to present to the Angel Group members during a monthly meeting. From that point onwards, the entrepreneurs who had completed the program with success merged into the Angel Group's standard selection process.

As outlined in Figure 4.1, a total of fourteen start-ups completed the Pilot Preparatory Program. Out of those 14 participants, four were pre-selected to present to the Angel Investor Group during the monthly meeting. After this 8-minute pitch, all four of these enterprises garnered enough traction to be invited to the second meeting for a more detailed 30-minute presentation followed by a 60-minute Question and Answer session with the interested Angel Group members. Subsequently, three companies made it to the Term Sheet stage. At the time I stopped studying the program for the purpose of this case study, one out of these four enterprises had completed the Due Diligence Review, and the report recommendation was favourable.

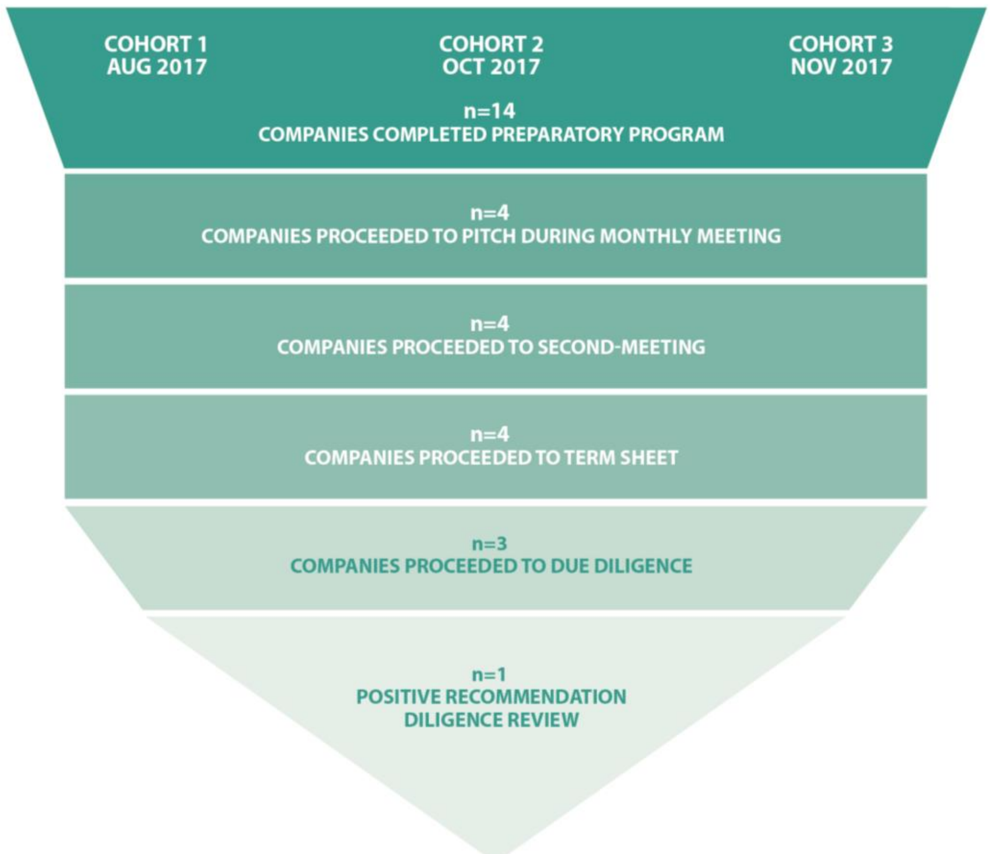

Figure 4.1: Dossier Progression Companies That Completed Preparatory Program (generated through interactions with Angel Organization permanent staff)

It is also important to highlight that at the time of writing this thesis, two other companies that had proceeded to the Term Sheet phase remained active, with the entrepreneurs still collaborating with their Due Diligence Review Leads, either re-vamping their business plans or negotiating the Term Sheet. Though beyond the time window covered by this thesis, one could expect to see these investment opportunities continue to evolve through the Angel Organization's evaluation process.

Although the number of applications that completed the process, up to and including Due Diligence Review was lower than had initially been anticipated, it is interesting to note that all the companies that completed the Pilot Preparatory Program went on to maintain investor interest throughout the first and second presentations. Indeed, for the year preceding the pilot program, approximately 80% of the companies that were invited to present during the monthly meeting progressed to the second meeting and 70% of those investment opportunities succeeded at maintaining investor interest after the presentation

4.3. The Multi-Stage Process of Gathering Case Study Evidence

4.3.1. Data Collection

As described in Section 3.3.3, I utilized different complementary sources of information to address the research question around the lessons learned from implementing the Pilot Preparatory Program as it relates to helping entrepreneurs undergo the Angel Group’s Due Diligence process successfully. These sources include observations, documents, as well as semi-structured interviews.

I attended 11 of the 12 days of the three cohorts during the program roll-out, which provided the opportunity to experience the technique of being a “participating observant” (Dana and Dana, 2005). Indeed, my approach was to interact with the organization’s staff, coaches, and participants during the plenary and individual sessions. This multi-sensorial and multi-dimensional process led me to appreciate how the observation process is much more comprehensive than merely taking notes on everything discussed. It involved being attentive to the participants, their interactions, the physical setting, the documents shared by the entrepreneurs, as well as my behaviour. In this context, I tried to be systematic about jotting down comments and questions in real-time throughout the program and capturing my impressions at the end of each day while they were fresh in my mind. On a few occasions, these observations did trigger a few adjustments to individual sessions during the program. As will be discussed below, they also informed the interview discussion guide preparation and subsequent thematic coding.

Utilizing a “responsive interviewing” approach, I conducted 28 semi-structured interviews to tap into the experience of the three stakeholder groups, i.e., the organization staff, the entrepreneur participants, and the coaches. These discussions lasted between 30 and 60 minutes and were mostly of the face-to-face format (25). Three interviews took place via telephone because of participants being unable to be physically present at the Angel Organization due to scheduling and geographical distance constraints. Aligned with the research question and reflecting elements from my literature review and observations, the meetings gravitated around the experience of the different stakeholders with the Pilot Preparatory Program (refer to discussion guide presented in Figure 3.9). The discussions explored the notion of investment readiness of the entrepreneurs (Brush et al., 2012) as well as the evolution of their understanding of the Business Angels’ decision process (Mason and Harrison, 2002; Maxwell et al., 2011; Jeffrey et al., 2016). The conversations also probed into the interactions between the program participants, coaches, and organization staff to develop an understanding of the dynamic interrelations between entrepreneurs, setting, and social structures (Kevill et al., 2015). All the interviews were recorded and subsequently transcribed.

Figure 4.2 outlines how the different data sources were juxtaposed to inform the different stages of analyzing the data into the context of the Research Question. The thematic coding process will be expanded upon in the following section.

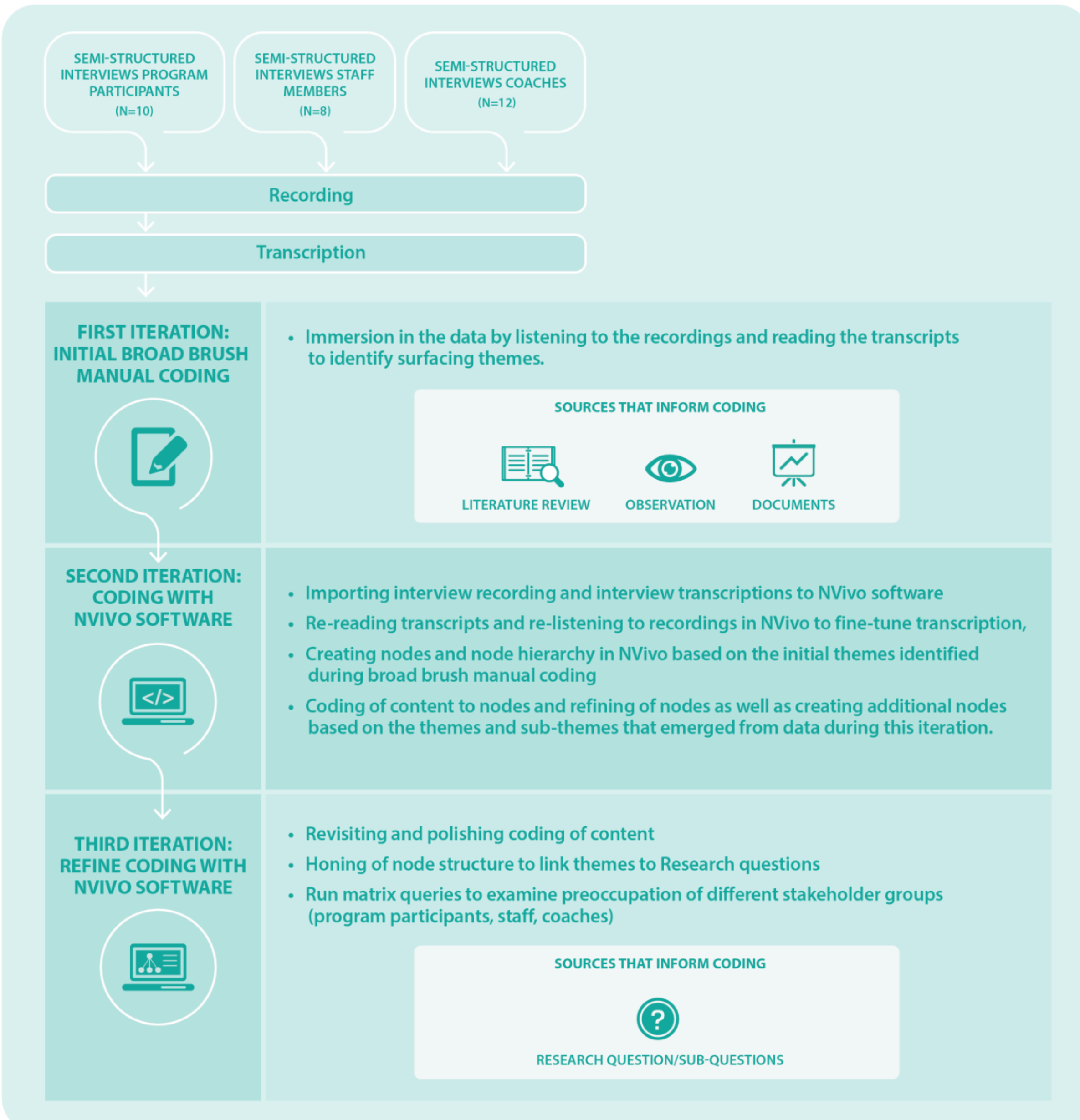

Figure 4.2: Data Collection and Analysis

4.3.2. Iterative Thematic Coding Approach

4.3.2.1. Broad Brush Manual Coding

As previously mentioned, I utilized an iterative approach for thematic coding, migrating from a first path of a more targeted nature towards one that was emergent. Indeed, elements from my literature review, as well as observations during the program and interviews, had led me to identify a few topics that I was initially looking for when I conducted my first read-through of the interview transcripts. Thus, as a preliminary step, I immersed myself in the data. Listening to the recordings and scanning through the transcripts, I began by searching for some of these ideas. I then re-read the interviews while performing a broad-brush manual coding exercise, which led to the identification of additional common ideas that emerged from the data, that I noted in the margins of the documents. Once I had gone through all the material, I gathered these themes in preparation for a more systematic analysis.

4.3.2.2. Systematic Analysis of Data with NVivo Software

Upon compilation of the initial list of themes from the broad-brush manual coding exercise, I imported the interview recordings and transcriptions into the NVivo software, in which I proceeded to re-read and re-listen to the material to further immerse myself into the data in addition to correcting transcription errors. I then created nodes as well as a node hierarchy in NVivo based on the initial ideas that had transpired during the broad-brush manual coding. Next, I moved to the second iteration of coding, during which I reviewed the interview content within the software and coded it to the nodes. This exercise led to some restructuring of the node hierarchy in addition to the identification of new themes. These developments reflected my evolving understanding fostered by my increased exposure to the voices of the participants in the recordings and transcriptions. Over the course of this inductive process, I re-organized the information and created additional nodes based on the themes and sub-themes that surfaced from the data.

A few weeks later, having had the opportunity to clarify some of the content with a few members of the organization, I proceeded with a third coding iteration, during which I revisited and refined the coding of the material. I also improved the node structure to link the themes more directly to the research sub-questions. Also, I ran matrix queries in NVivo to examine the preoccupations with different thematic elements across the different stakeholder groups. The first was the Angel Group’s staff: these were the professionals, part of the Organization's central office responsible for managing the overall program logistics and content and hosted some of the plenary sessions. The second group consisted of the Coaches, who were volunteer Investor members of the Angel Group called upon by the Vice-President responsible for Screening to perform the one-to-one coaching with the entrepreneurs, based on industry experience and area of expertise. The third group was composed of the Entrepreneurs who took part in the Preparatory Program. Figure 4.3 maps out the themes and sub-themes resulting from this last coding iteration.

Figure 4.3: Overview of Emergent Themes and Sub-themes from the Iterative Coding Exercise

The following sections will expand and provide more context on the themes and their related sub-themes that emerged during the coding exercise. I will also weave in, where applicable, areas of the data where the emanant themes overlapped with some of my observations.

4.4. Themes Uncovered While Studying the Case

4.4.1. Investment Readiness as an Emerging Theme

One of the common themes that emerged from the interviews conducted after the implementation of the Pilot Preparatory Program relates to the notion of "investment readiness" (Brush et al., 2012). Figure 4.4 presents the results of a matrix query I conducted in NVivo across the different sub-themes associated to investment readiness that surfaced during the interviews to examine which topics were of concern to the different stakeholders. The paragraphs below will provide a more substantive description of these sub-themes.

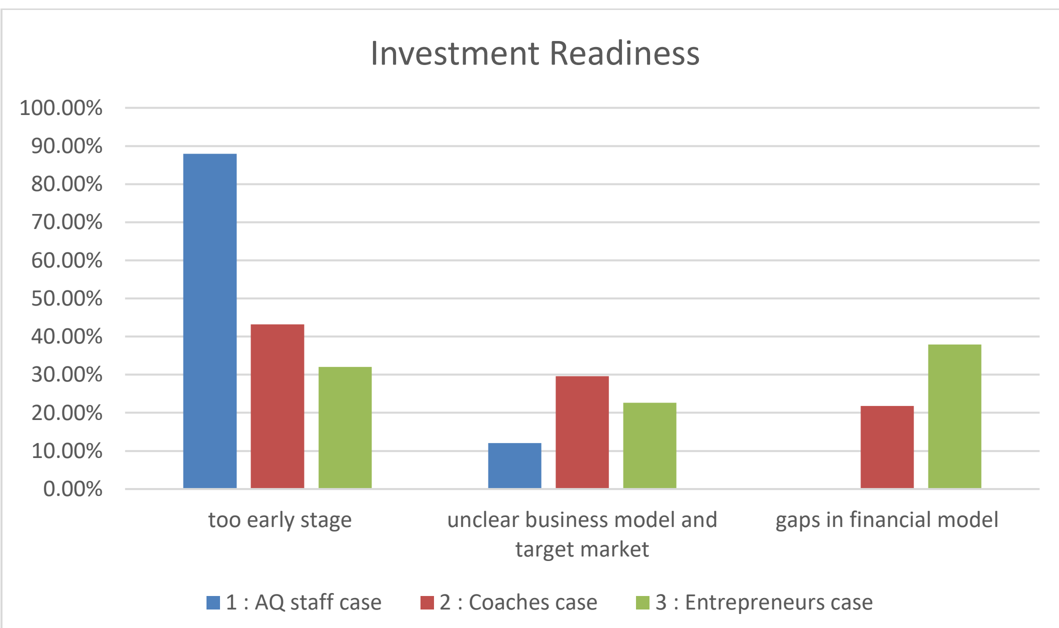

Figure 4.4: Sub-themes Related to Investment Readiness

4.4.1.1. Most Companies Enrolled in the Program Were at a “Too Early" Stage

Upon examination of the Matrix query related to investment readiness, a prevalent topic across the different stakeholders, especially the Organization staff and coaches, was the notion that most of the companies enrolled in the program were at a "too early stage" to apply for funding with this Angel Group. As illustrated in the stakeholder quotes below, the interviews indicated that many companies that enrolled in the pilot would have needed more than the four weeks duration of the program to assemble a proposal that could be considered as investment-ready by this Angel Investor Group.

> *"It's called a preparatory program, but for us it was a pre-preparatory program [laughter]."*
>
> *(Entrepreneur)*

> *"It's not a weakness of the program per se, but as a result of our pipeline, the companies that entered into the program were generally weaker."*
>
> *(Angel Organization Staff Member)*

4.4.1.2. Unclear Target Market and Business Model

One shared element that transpired from the interviews was that most companies that did not move on to present at the Angel Investor's monthly meeting had not outlined a clear path to commercialization or developed a revenue-generation strategy that was able to withstand pressure testing during the program. The quotation below, which is representative of other stakeholder responses, captures this idea.

> *"...I had a bunch of hypotheses and models to test, but we were still in unknown territory regarding the business model "*
>
> *(Entrepreneur)*

A related common denominator that arose from the interviews pertains to the fact that many of the entrepreneurs had not yet defined their value proposition and had been more focused on running with their "idea" rather than delving into how this "idea" or product would constitute an offering to address an unmet need in the market. In reviewing the comments, several interviewees spoke of a common gap amongst program participants who were not selected to present to the investors, as it relates to an insufficient holistic understanding of the target customer profile through analysis of their business processes and their "pains.” The following stakeholder quotes sum up this notion.

> *"Personally, that is where I stumbled with the Angel program, ... is that you have to get to know the industries and try to see where technology can meet needs instead of the other way around. "*
>
> *(Entrepreneur)*

> "*We noticed two weaknesses in the majority of our files, the first was marketing, but you can't have an adequate marketing plan if you are not able to define your value proposition first because if you can't define your value proposition it means that you have not identified your customers correctly*. "
>
> *(Angel Organization Staff Member)*

As encapsulated in the interview extract below, an epitome of other stakeholder comments, the interviews also revealed that many participants had not been successful at making the case that their product addressed a significant issue for a target market that would be large enough to have the potential to generate returns that would justify Angel financing.

> *"And then most of the time was spent on defining his market. The size of his market. Which I think is really important for the entrepreneur to clearly articulate the size of the market. How to understand that there's a problem, you can fix it and that it's sizable enough, the market is that you can generate revenues. So if that's not clear to me, then I might kind of shut down. "*
>
> *(Angel Investor/Coach in the Program)*

During the program roll-out, I had the opportunity to sit in on at least one-third of the one-on-one coaching sessions (since the sessions were taking place in parallel). Taking part in these discussions allowed me to experience first-hand how these tutorials would take longer than the time allotted in the schedule on account of the need for the coaches and entrepreneurs to re-visit fundamental elements such as clarifying the target customer before covering the subject of interest for the one-on-one session with a subject-matter expert. As illustrated below, my observation overlapped with a topic raised by stakeholders during the interviews.

> *"That's what really tied it all together for me during the program, I really felt-- the Angels, during the one-on-one meetings we held with various Angels, we never addressed the topics that we were supposed to be going over because we kept going back to basics: what is your target market?"*
>
> *(Entrepreneur)*

> *"I felt that the sessions were taking longer because there were the basics to be established before discussing the elements that were targeted by the session. For example, the Angel had to understand the business model to be able to comment on the marketing or the financial model. "*
>
> *(Angel Organization Staff Member)*

4.4.1.3. Gaps in Financial Projections

During my participation in the one-on-one coaching sessions, I observed on several occasions that the financial projections were not estimated using a bottom-up approach driven by industry-specific performance indicators. And how some entrepreneurs had not yet clearly articulated the logic supporting these projections. This observation coincided with a comment shared by both coaches and entrepreneurs during the interview process to the effect that many companies that were not selected to present to the investors upon program completion had not developed financial projections based on verifiable assumptions. This situation created difficulty for these entrepreneurs to make a case for their company's potential for rapid growth and its ability to manage its profitability effectively. The quotes below exemplify this concern.

> *"...they had the data, but they had not really massaged it to have the bottom up analysis.... but they hadn't really taken it to the point of actually creating formulas around that data to get the market potential, market size."*
>
> *(Angel Investor/Coach in the Program)*

> *"When I looked at the financial model and when we started to question my financial model, I realized that I was way, way off with my predictions. I had reached 100,000 to date, I would never have brought enough revenue to cover expenses.... I did not consider that it would take up to 12, 18 or 24 months before my licenses paid for themselves..."*
>
> *(Entrepreneur)*

It is important to note that the differences across the themes by stakeholder group may partially reflect the fact that their role within the program was more connected to some aspects than others. For example, while gaps in financial models, such as not being grounded in substantiated assumptions, emerged as an identified sub-theme from the coaches and entrepreneur groups, it did not surface from the Organization’s staff group. This difference can be partially attributable to the fact that the individual financial models were a topic specifically addressed and reviewed during the one-on-one sessions between the entrepreneurs and the coaches.

4.4.2. Emergent Theme Related to Areas Where the Pilot Program Made a Difference

As previously mentioned, venture financing, commonly characterized as a "financial funnel," is a process where companies that are considered suitable to present to potential investors represent a small portion of those seeking funding from Angel Groups. It is important to note that this is not necessarily a negative consequence, as this process may provide entrepreneurs with helpful feedback regarding improving their investment-readiness for the future (NACO, 2016b). The following paragraphs will examine how, irrespective of whether the entrepreneurs were selected to present to the investors and how far they made it through the selection process, the Pilot Preparatory Program made a difference to the different stakeholders involved. As outlined in the matrix query below, a review of the available data suggests that the pilot program was helpful as it relates to the level of preparation of the entrepreneurs and their understanding of the Angel Group decision process.

Meanwhile, from the Angel Organization's perspective, the program was also a catalyst for the introduction of improvements to dossier pre-selection practices. Moreover, from the perspective of the coaches and entrepreneurs, the program seems to have made a difference as it relates to trust and relationship building. The following paragraphs will provide more context around the areas where the different stakeholders felt that the program made a difference.

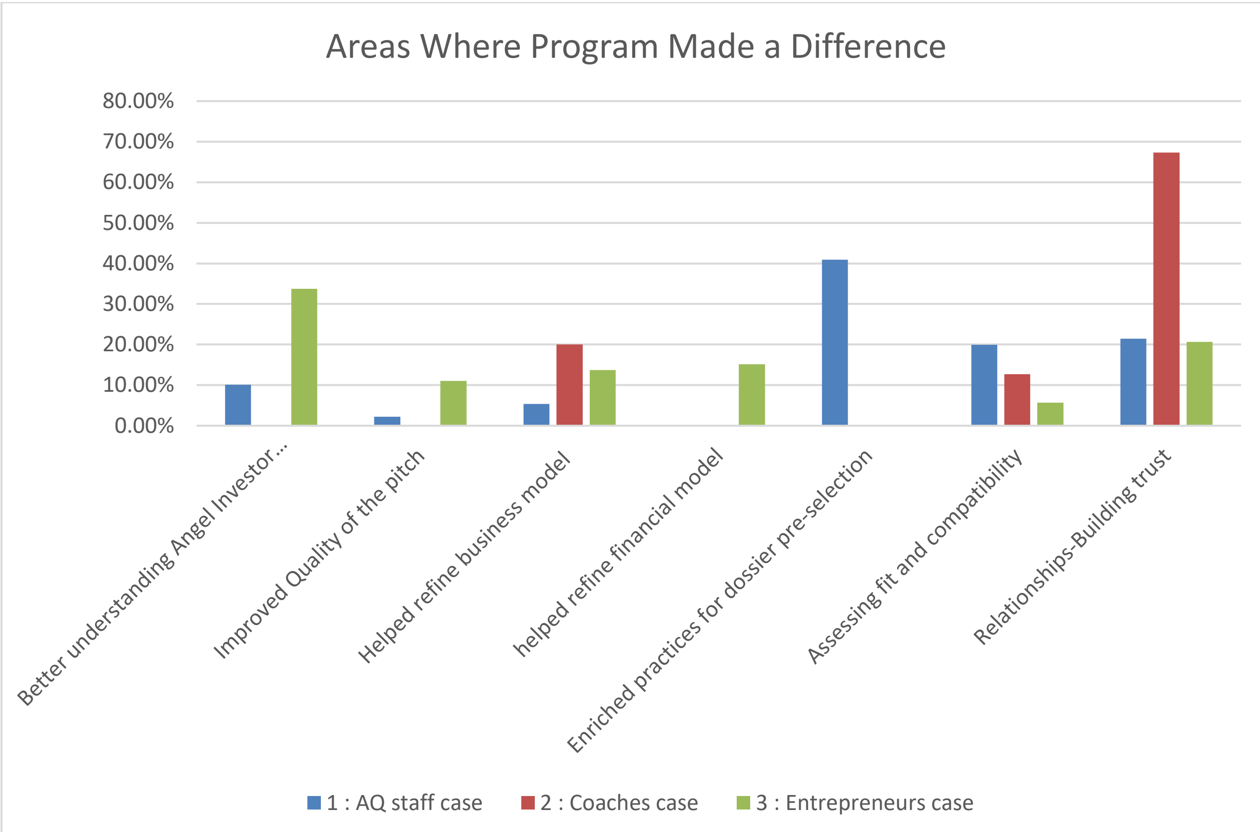

Figure 4.5: Emergent Theme Related to Areas Where Program Made a Difference

4.4.2.1. Program Helped Entrepreneurs Get a Better Understanding of Angel Group Decision Process

As highlighted in the quotations below, the program helped entrepreneurs to increase their understanding of the Angel Investor decision-making process and develop a sense of some of the Angel Group's shared investment criteria which should enable them, in the future, to present information that is relevant and to prepare proposals for investor negotiations from a standpoint that is better-informed.

> *"It is very interesting because it allows you to go over how to organize yourself a little bit more and how to present a financing file. "*
>
> *(Entrepreneur)*

> *"It was fun for me, they reveal the conditions a little bit before ... I've already done other processes with a-- for other financing styles where the explanation of how to play the game came much later in the process and then I was disappointed to find out that everything is not the same as it was announced. It was fun for me to hear them say: "here's what we're looking for, here are the terms, here's how it goes..."*
>
> *(Entrepreneur)*

> *"On the other hand, the discussion with these people followed by a comparison of our financial plan with something more logical to present, or what an Angel would like to see, that, there, it was phenominal. That's really the most improved part of our business plan."*
>
> *(Entrepreneur)*

In addition to augmenting the participant's grasp of baseline requirements for this Angel Investor Group, the program seems to have provided entrepreneurs with more in-depth insights about their audience and into the critical nature of assessing 'fit' between the investment opportunity and the Angel Investor:

"From the beginning, when I arrived at Angels ..., listening to the language people used, their business approach, their understanding of people, of the companies that want to get started, it was all vocabulary that I had never heard before. "

(Entrepreneur)

"At that point it was really transparent and honest, and I didn't feel that it was just ... I really felt that it was a process where people are looking for the right fit."

(Entrepreneur)

"Personally, the feedback that I had, the entrepreneurs felt that understanding the different requirements helped them a lot. I think they had a better understanding of the amount of detail that is required for various aspects. I also felt that the entrepreneurs could get a better grasp of our network in general: the individuals, the DNA or the identity of the Organization, to better understand how our members think."

(Angel Organization Staff Member)

4.4.2.2. Program Helped Entrepreneurs Improve the Quality of Their Pitch

During the program, entrepreneurs had the opportunity, on three separate occasions to present their 8-minute pitch to staff members of the Angel Organization, investor members of the Angel Group Network, as well as their fellow participants. After attending the pitch sessions from week-to-week, a recurring observation in my notes relates to how every team, whether they were selected or not to present to investors after completing the program, improved the quality of their pitch from both a content and delivery perspective over the 4-week duration. This observation coalesces with an idea reflected in the following interview excerpts.

> *".... I really enjoyed seeing them come ... with their idea and after seeing how they evolved, it's very important to see their growth from the first presentation through to the last one. It was fantastic."*
>
> *(Angel Organization Staff Member)*

> *"...it was extremely informative, especially for-- much more about pitch preparation than the rest ... The confidence to give a solid pitch, and especially the feedback we received, was a significant help to refine our pitch, to have a good pitch during coaching. Without the dry runs, pitch quality would have been much worse."*
>
> *(Entrepreneur)*

Furthermore, the interviews revealed that the feedback provided during the dry runs helped entrepreneurs incorporate additional elements and refine their content to align with Angel Investor expectations.

> *"...Although I liked their-- I was not at my first pitch meeting, but I liked the structure and their perspective, the comments were relevant and it was also interesting to hear other people's comments about the other participants. I learned a lot, I had my idea of watching them present, I listened to people who have heard thousands of pitches in their lifetime talk about how to approach Angels and to hear experts like that give criticism, I personally felt that it was very interesting information. When*

others presented, I had the presentation of the project but I also had Marie's, Marc's*, and Jean's* (pseudonyms) presentations, and it was interesting to see what the others had figured out, who were not necessarily at the same place as me, but I had to consider them because people like them will evaluate my project when I go-- when we are ready to pitch."*

(Entrepreneur)

"Thanks to this program, we have profoundly changed our pitch. Our pitch was already good enough to win an entrepreneurship contest and to have made it to Dragon's Den, that was there, but it was not quite suited to what Investors wanted. For example, when we went to Dragon's Den, it didn't work out. We didn't get an investment. We didn't quite understand why. It was because you present your thing, but you do not talk to those people."*

(Entrepreneur)

4.4.2.3. Program Helped Entrepreneurs Refine Business Model and Strategies

A common observation voiced during the interviews as a strength of the Program, in particular by the coaches and entrepreneurs, relates to how the initiative nudged the entrepreneurs to deepen their understanding of their market.

Moreover, as captured in the following passages, even in the cases where the investment opportunities were not deemed ready to present to the Angel Investors, the entrepreneurs made progress in the articulation of their business model and strategies.

> *"... but the one- on-one with financiers, it was astounding for us, it was a leap forward like never before for our understanding and the description of our company."*
>
> *(Entrepreneur)*

> *".... it helped and it also forces you to do the homework that you sometimes don't make time for. ... You need to know your business. You have to know what the critical elements are, and those you need to improve, I think it forces you to do a self analysis of your business model."*
>
> *(Entrepreneur)*

> *"I think it's the idea that you're exposing yourself, all your-- that sounds odd, but that to me was really what it was. It's very raw in that sense. So I thought that's a huge strength for me anyways. I think some people could get turned off by that. But I think that a necessary part of running a business is you've got to really deconstruct it to be able to say that it's worth putting back together again."*
>
> *(Entrepreneur)*

> *"Then we realized some things, it forced us to reflect and we saw flaws that we had to work on in some areas and we saw that some things were not viable. This makes*

you-- it forces you to reflect. It causes you to dismantle your company into pieces and to look at the parts, you will see which part is the weakest."

(Entrepreneur)

"One of the strengths... For those who went to pitch afterwards, I saw that there was a clear improvement. In their heads, they were more precise, perhaps because they were able to verbalize more easily, me and you, we managed to create a pathway and bring coherence to their strategy, which makes this a strength."

(Angel Investor/Coach in the Program)

4.4.2.4. Program Helped Entrepreneurs Refine Financial Model

As manifested in the quotes below, a broadly shared notion by the entrepreneurs was that the program, especially the plenary session on financial modeling and the one-on-ones with subject-matter experts, helped them solidify the robustness of their model. More specifically as it relates to presentation of information and grounding of the model in substantiated, data-driven assumptions.

"When the financial model was presented, I was challenged. It forced me to review all my calculations again because there were lots of things I didn't think about in my own financial model, things you don't think about the first time you work in an industry where you are starting out. "

(Entrepreneur)

"When I saw this financial model, I told myself that I have to review my numbers, but I also have to review my way of presenting them. I went over my numbers and I changed them to suit that type of model ... Naturally, I adapted it to my situation, but I aligned my numbers to better match the model that was presented to us. It really challenged me. Personally, there weren't any significant negative aspects of this program."

(Entrepreneur)

"Then, thanks to investor coaching by the Angels(pseudonym), we redesigned everything and now it is really super solid based on real market statistics.... On the other hand, the discussion with these people followed by a comparison of our financial plan with something more logical to present, or what an Angel would like to see, that, there, it was phenominal. That's really the most improved part of our business plan."*

(Entrepreneur)

"I think it's really the idea that you start to be a bit more conscientious or cognizant of the money-in, money-out kind of scenario, your revenue stream..."

(Entrepreneur)

4.4.2.5. Program Helped Enrich the Angel Organization's Practices for Dossier Pre-Selection

As evidenced in the following quotations, the program seems to have informed the practice of the Angel Group Organization staff by fostering enrichments as it relates to dossier Pre-Selection and preparing the entrepreneurs for the verification process:

> *"This has allowed me to put in place new practices that I find are good practices, like when I told you to do more auditing and spend more time with entrepreneurs, go deeper."*
>
> *(Angel Organization Staff Member)*

> *"We did not have many of the files checked over by members, we did not have much time to do it. We did it sometimes when it was something very precise. For example, we did not try to find a member who wanted to back the project. Now, I meet entrepreneurs with members, I try to find a connection, an equivalency. That is something we were not doing."*
>
> *(Angel Organization Staff Member)*

> *"It gave me the best practice I've ever had. It's my turn to change a little bit along the way too. Also, it allowed me to perform in my new role. ... In most cases, I try to have at least one member who met the company and said, "It's good." Even better if the person tells me that they want to invest. I try to do this in a number of cases because I think it provides a stronger foundation for coming to the monthly meetings. ... They have top-notch questions that also prepare the entrepreneur for what it is to come when presenting to the Angels* (pseudonym). That perspective*

was interesting to me, it also eliminates the chances that someone from the industry will say: "That doesn't hold water."

(Angel Organization Staff Member)

"...Structuring the educational aspect a bit more .... I had very little time, but I had enough to present much clearer messages on the Term Sheet and Due Diligence. Therefore, it was much more effective for me in the educational part."

(Angel Organization Staff Member)

4.4.2.6. Program Helped Assess Fit and Compatibility of Entrepreneur with Angel Investment Framework

As illustrated in the comments below, one of the positive program outcomes identified by stakeholders during the interviews is that it allowed Angel Investors to recognize early in the process deals that had minimal chances of securing funding or that were not investment ready.

"Another strong point is that it "weeds out" those we would not want to see. I think it's good because they won't apply once they realize that they are not ready. So, I think selection will be improved when people delay their application until they are ready. That's my opinion and it's a good thing in terms of efficiency of the process"

(Angel Investor/Coach in the Program)

"Sometimes it may not be the right solution either - you know, Angels are not a miracle cure for all requests."

(Angel Organization Staff Member)

Conversely, from the entrepreneur perspective, interview participants also mentioned that the program allowed to assess the compatibility between their expectations and the Angel Investment collaboration framework.

"And I guess at that point too, I realized that maybe that's where we're probably more of an organic-growth company than that quick-hit company."

(Entrepreneur)

"First, what interested me most was the time-based business valuation template and the elimination rounds as well. That lets you know - it's a kind of game "go/no go." You, in your financial forecast, will you get to this amount? Because if you do not have that amount, something to the order of six times the amount or something like that, you're not in this game at all. This was super interesting to me."

(Entrepreneur)

"That's what we realize, that maybe we aren't knocking on the right door."

(Entrepreneur)

4.4.2.7. Program Fostered Trust and Relationship Building

During the program, I had the opportunity to observe the burgeoning camaraderie between participants and the level of engagement during the one-on-one coaching sessions with the entrepreneurs. I also witnessed on a few occasions staff members staying after hours with participants, having follow-up discussions with entrepreneurs to provide help with elements of the program. A common denominator which surfaced from the interviews with coaches, entrepreneurs and the Organization's staff is that interactions between the entrepreneurs and Angel Investors throughout the program fostered the germination of relationships based on trust. As manifested in the statements below, in their interactions with program organizers and volunteers, the entrepreneurs seemed to have "psychological safety" (Edmondson, 1999) to expose their vulnerability and to have the confidence that Angel Investors were trying to help them through their business journey, regardless of the outcome of the investment decision about their proposal.

> "*We felt that this was not just about getting more into their investment pipeline. We felt that they were sincere about wanting to help and accompany us. Personally, it was really appreciated"*
>
> *(Entrepreneur)*

> *"We did not feel pushed and regardless of the outcome of our project, we felt that positive and constructive feedback was available. In contrast with other investors, often, as soon as you don't fit in with their investment criteria, you end up feeling a bit-- actually, it's more about how they get their message across in a less friendly manner compared to what we felt with the Angels Program. We could really feel the support."*
>
> *(Entrepreneur)*

"*Another strength of the program is that people tell you the truth. They look you right in the eye and you get the truth, whether you feel like hearing it or not."*

(Entrepreneur)

"... it was really transparent and honest, and I didn't feel that it was just ... I really felt that it was a process where people are looking for the right fit. And that it was mutual.."

(Entrepreneur)

"....what I liked hearing was: "We are partners." I felt like we were truly partners."

(Entrepreneur)

"So, they were really listening, they really wanted to have my "input" and they were happy with what I had to tell them, even though sometimes they might have preferred to hear something different."

(Angel Investor/Coach in the Program)

"There are some entrepreneurs who really, how can I say this, interested me, even if the product was so-so but their ability to listen, ok, and their drive, and how they could completely change directions, these things are very interesting and, at least for me, these were excellent entrepreneurial qualities. Ok. Even if they are not ready

right this very moment, they have potential as entrepreneurs."

(Angel Investor/Coach in the Program)

"I loved the level of participation we had, the complicity we had with entrepreneurs and members, things like that. That was the cherry on top."

(Angel Organization Staff Member)

Participants that received a favourable recommendation after the Pilot Preparatory Program were invited to pitch their project during one of the Angel Group's monthly meetings. Approximately 120 Angel Investors attend these monthly presentations. After their pitch, the entrepreneurs participated in a cocktail reception during which they interacted informally with individual members of the Angel Group to explain their project to try to get investors interested in their venture. At the end of this event, investment opportunities that had garnered enough traction moved forward to the next step of the selection process. Another positive outcome raised during the interviews is that the program seemed to have rendered this networking exercise smoother for the entrepreneurs that graduated from the program.

"Another very positive aspect that I noticed was that, for example, when an entrepreneur goes through the program, he has various friends within the network, ran into different people, met different people. When he comes to monthly meetings, he already has an idea of who these people are, but when you do your networking during cocktails, it helps you when you go out and network …"

(Angel Organization Staff Member)

4.4.3. Difficulties and Surprises as an Emerging Theme

As mentioned in the Methodology Chapter, I utilized a flexible pattern of inquiry where the questions evolved in correlation to interviewee responses. It should, however, be noted that after tapping into the knowledge and experience of the participants, each interview concluded by an exploration of whether the participants would repeat the experience. Of note, every interviewee, without exception, confirmed that, if given a chance to go back in time, would participate in the program again. Nevertheless, as highlighted in Figure 4.6 and developed in the following sections, the interview coding brought forth a broad range of insights as it relates to the challenges associated to the program itself and making the experience more beneficial in the future. The process also offered considerations that the Angel Organization should keep in mind in the development of initiatives to help entrepreneurs that apply to improve their chances of undergoing the Due Diligence Review successfully and to enhance its dossier evaluation process.

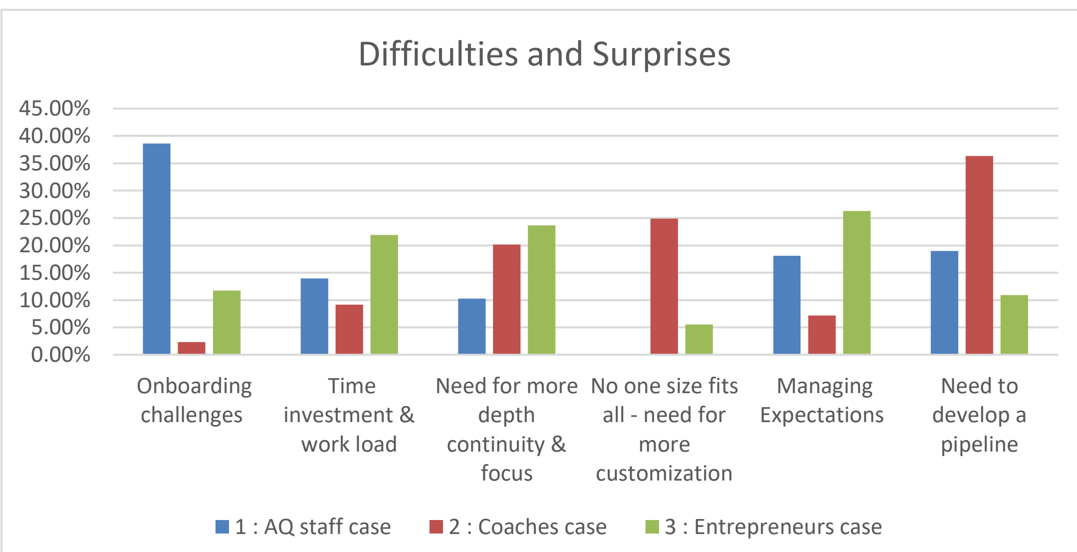

Figure 4.6: Sub-Themes Related to Difficulties and Surprises

4.4.3.1. Onboarding Challenges

An unanticipated challenge faced early by this initiative consisted in difficulties with finding entrepreneurs who approached the Angel Group for funding that were willing to take part in the 4-week program. The quotes below illustrate how the program objectives and the incremental benefits of the program for the entrepreneur were not apparent to potential candidates. As such, the entrepreneurs, more specifically those who were already speaking to other investors saw the 4-week program as an additional hurdle which often led them to perceive that the investment in efforts outweighed the low likelihood of securing funding.

> *"Even so, I would say that the candidates who were in demand in the market and for investments, those who spoke with several investors and who felt that there was some traction even though no deal had been signed, those people turned up their nose a bit at this. They said, "Am I talking here or am I talking to the VCs? They're not asking me to do three presentations. Then, you're going to add four weeks of training." It was a hard sell for these cases because you think to yourself: "I do all this but I may not even go - I buy all this and the four weeks, but I may not even not present to the network. After that, even if I do the program, present to the network the three evenings and present all the documents, I could still be stuck without a Term Sheet. "You have a market and the point of view of the Angels*(pseudonym) is that it's three evenings and then we ask for documentation for onboarding and then we have four to six weeks to work on it. For those who were uncertain about going to Angels* (pseudonym), sometimes they see perceive the work to be too much compared to the fairly weak guarantee of gaining an investment, I was under the impression that every time we had a candidate A, even with a sought after deal, it was still: "No way, I won't do that." Sometimes, even weak candidates said they did not want to do it."*
>
> *(Angel Organization Staff Member)*

"Yes, I would say that 50% of the people I invited said they would come but never did. It's still quite a drop off when you consider that those invited to present at the monthly meetings have a 98% turnout rate."

(Angel Organization Staff Member)

Moreover, the interviews revealed that the fact that the program took place in parallel to the standard pre-selection steps of the Angel Investor Group's evaluation process contributed to additional onboarding challenges because it created a dual pipeline for investment opportunities. As a result, some applicant enterprises went directly to present during the monthly meeting, while the others enrolled for the Pilot Preparatory Program.

"... one, the vacuum created by the need to have files for presentation. This vacuum makes us question if we should take the companies that are doing well in the program and put them on the real show. It's a conflicting aspect."

(Angel Organization Staff Member)

"... *The real problem was onboarding..... I didn't like that, the idea that there were people who went outside the system of the program and that there were others who were required to follow it...."*

(Angel Organization Staff Member)

4.4.3.2. Time Investment and Workload

Upon agreeing to participate in the Pilot Preparatory Program, the entrepreneurs received a Welcome kit, which provided an outline of the Program agenda as well as the documents that the participants would need to complete before each session. During my observations, one of the situations that I noted regards the fact that some entrepreneurs seemed pressed for time and unable to keep up with the preparation of documents requested. The interview feedback presented below reflects this situation. Indeed, a concern which surfaced, specifically for the entrepreneurs, was the difficulty of trying to balance the time and workload associated with the program with the obligations related to managing a start-up business.

> *"In the four weeks that I came here, I did not add up the hours that I spent working on this file, but I would say that I worked at least 25 or 30 hours a week just on this file."*
>
> *(Entrepreneur)*

> *"Doing business on top of doing this, personally, it was impossible to do both at the same time. There was so much work that had to be done to prepare you that the accelerators might not be enough for us to really prepare for a Due Diligence Review process. I was overwhelmed throughout the Angel Group*(pseudonym) presentations"*
>
> *(Entrepreneur)*

"... Sometimes, the people around me didn't have time to use the data room. At one point they did not even have time to see what Marie (pseudonym) had sent. I remember when we arrived at the second or third session, she had sent us information in the first session. There were two groups that had not even seen it, they had not even read what Marie*(pseudonym) had sent us. You show up and those people are not ready. They are supposed to do a dry run but they never picked up the instructions for the dry run that they are going to do, the second dry run...."*

(Entrepreneur)

4.4.3.3. Need for Depth, Continuity and Focus in Coaching Interactions

Another notion that emerged from interviewing participants, particularly for the coaches and entrepreneurs, is the idea that the program structure could have benefitted from providing additional room to delve deeper into the different themes covered with the entrepreneurs during the one-on-ones. Also, to give the space for the Angel Investor/Coach to identify problematic issues, and the continuity to accompany the entrepreneurs as they worked through these gaps. The following excerpts illustrate this shared concern.

"An hour and a half or two hours for a session is simply an overview. I am under the impression that expectations are not being met entirely and that this is frustrating the entrepreneurs."

(Angel Investor/Coach in the Program)

"Yeah, I think it was pretty much-- here's a chunk of Robert (pseudonym) for 90 minutes. I go in and I go out and that's it. And then I see them at the monthly meeting, or no. Unless I took the initiative and said, "Okay, well, send me the model, I'll have a call with you or whatever.... but just a few more touch points, I think. I'd be willing for more touch points with the entrepreneur... So maybe stretch that out so that things can be done, and they're ready for the coaching sessions. ..."*

(Angel Investor/Coach in the Program)

"We should do it well or not at all. I think you have to hold it over a period of two months and work with people to really go out … and prod at their problems."

(Angel Organization Staff Member)

"I think really what I'd love to see happen is that you have more of a coach approach…. we wanted to go back and ask him more questions, but he wasn't there the next week…. "

(Entrepreneur)

As captured in the quotations below, stakeholders brought to my attention during the interviews that they would have seen a benefit for the program to have a more specific focus on the Due Diligence Review process and encompass a verification of the documents submitted and feedback on what the entrepreneurs had prepared.

"I think we need to be more realistic about the time it takes entrepreneurs to achieve all this through management of the company. It may not take longer at the

program, but it could take more time to prepare beforehand, but they need to be checked up on. The reality is that even if you leave six months between the preparatory program and the pitches, the entrepreneurs will spend six months doing other things."

(Entrepreneur)

"In my opinion, it's not necessarily something that could have been done during the meetings every week. It's something that could have been done in parallel by, I do not know who, but just look at our data room. I am under the impression that there was no verification of our data room througout the process. We made templates, which were perfectly well prepared."

(Entrepreneur)

"No, but this program was a preparation program, but it was very incubator-like, similar to an accelerator. These are the kinds of programs found elsewhere , whereas I would have preferred to focus strictly on due diligence...... I believe that those who are ready to come to Angels(pseudonym) should be forced to prepare their due diligence before the first pitch to investors. It is the foundation, but all other boxes must be checked. Their ideas are mature, their storyline is clear, the pitch is clear, and not work on these aspects, just work on preparing for due diligence instead."*

(Angel Organization Staff Member)

4.4.3.4. No "One Size Fits All": Program Structure Could Have Benefitted from More Customization

During the interviews, a theme that arose from the different stakeholders was an interrogation regarding the validity of all the entrepreneurs going through the same material. This questioning brought forth how an increased level of customization to the needs of the individual participants would have likely been more effective.

> "*Then, among so-called cohorts, there was a noticeable difference between people who had already had another company and who had raised funding and those who had done accelerator or incubator programs, and then those who had done neither of those things. We are thinking about the kind of entrepreneurs around 40-45 who wanted to mortgage their home to serve as cash down for their business. They set up a business, they have experience behind them and they have other assets, but they had not mastered their pitch at all. It caused slightly disparate training. On my end, for example, I would have liked to work a lot more on the documents that were asked of us, in particular: "Work in advance on these documents, right away, so that I can prepare myself with them. " While for others, it was: "How can I make a pitch that will convince investors?" Personally, it's a kind of thing we've seen over and over and over again in accelerators. There are two types of entrepreneurs looking for investment but it was completely different. It was sometimes argued that-- there could have been two different courses.*"
>
> *(Entrepreneur)*

> *"The two 25-year-olds who come here, and who just came out of school recently, want to program a mobile app because everyone is doing that. You don't have to*

do the same things to get them ready as the 52 year old guy, who is doing his third start-up, who has an all-star advisory board and a perfect business project. So, yes, maybe he was in business before and that he had never experienced that, but what he lacks and others lack; is not the same."

(Angel Investor/Coach in the Program)

As it relates to potential future action, participants congregated around the notion of developing module-based content, accessible remotely, which would allow tailoring training content to the gaps identified for each specific enterprise embarking on the pre-selection process journey with the Angel Organization.

"By the way, that is the foundation of the program. The core of the program is to understand how Angels think. You must be able to demonstrate how you correspond to what I am looking for in relation to this thought process. That's the purpose. The program could be used for just that... There are three units. Naturally, during the first unit we ask ourselves a question. There may be a basic unit that everyone follows. On the first, everyone participates. Maybe the third is a video to watch and after watching we ask: "What do I understand about that?" Maybe the seventh is a special meeting. A meeting that lasts three hours with someone from the financial industry.... After that, for each of these units, it is necessary to ask the following question: "Do these people need to be in the room?"

(Angel Organization Staff Member)

> *"...And also different entrepreneurs, based on assessment of experience or readiness, can go through phase one, which is the educational aspect of it ... Then if the second phase is the coaching sessions, maybe some just go to the coaching... And then some maybe don't even need coaching, they just go through the monthly presentation after working with Mary* and then you can add different requirements, you can say, "Well, when we get to phase two, you need your filings, for example your data room needs to be populated up to here..."*
>
> *(Angel Investor/Coach in the Program)*

4.4.3.5. Critical Nature of Communicating and Managing Expectations

The interview coding also brought to light a shared preoccupation across the different stakeholder groups around the essential nature of clear communication around program objectives and expectations from participating entrepreneurs and coaches.

> *"The objectives were not clear. It was also a lot of time for them"*
>
> *(Angel Investor/Coach in the Program)*

> "*After this meeting - and once again, I did not know what my role in the program was - I took it upon myself to do a little wrap-up "*
>
> *(Angel Investor/Coach in the Program)*

"I think that we would have been better off working ahead of the game by announcing the program to the public and then filtering candidates better.

(Angel Organization Staff Member)

Moreover, stakeholders concurred around the critical nature of providing clarity to entrepreneurs, around the type of investment opportunities, and the level of the technical and commercial development of the projects that the Angel Investor Group considers for investment.

"Personally, one of the comments I received at the end of the project was that I am still in the early stages. That should have been mentioned at the beginning. I learned a lot in your investment process but if you do not invest at that level, say it at the beginning and I would have come back later."

(Entrepreneur)

"…the companies are too young ... When I sat down with them, they all felt like it was to skip to the end of the program and it was to present two weeks later. The expectations did not line up."

(Angel Investor/Coach in the Program)

4.4.3.6. Need to Develop a Pipeline of Investment-Ready Opportunities

While some entrepreneurs pointed out how accelerators had not necessarily prepared them adequately for the requirements of Angel Investors, an idea shared by the coaches and the Angel Investor Group staff pertains to the need for the organization to enrich its level of interaction with stakeholders of the early-stage entrepreneurial community. Specifically, through focused initiatives, to develop a pipeline of investment-ready opportunities.

> *"When you look at the candidates we had, I think there were a lot of people who were, fundamentally, interesting entrepreneurs. And I do not hate the idea that we have a program that allows to grow, that we would do some follow-up with them until they are ready, but this cannot be an immediate source of files for the monthly meetings. I think it would be more for the purpose of preparing the next generation, in a way."*
>
> *(Angel Organization Staff Member)*

> "*What you prepare as a pitch in an accelerator and what you prepare as a pitch when you present to real investors is totally different... the accelerators may not have prepared us enough for the reality of preparing a due diligence process. I was constantly overwhelmed throughout the Angel's presentations."*
>
> *(Entrepreneur)*

> *" If I could make a suggestion about the notion of preparing financing in the data room it would be to not treat this data room preparation program internally, but to instead attempt to implement it in the incubators and accelerators one year*

before presenting or seeking funding, this is part of the curriculum or the process of incubators and accelerators .... the fact that we were glued to it-- that we spent four weeks on it and we put it front and centre; won't work. It will not work because four weeks before --if they were not ready four weeks before, they will not be any more ready for prime time. It is not enough. It must be done over the long-term, six to 12 months before this preparation.."

(Angel Organization Staff Member)

"If our goal is to make sure that the best companies come and present to us as soon as possible, this means we want to be as close as possible to the source. This means that instead of doing this pre-program here, have it go from one incubator to another. And to say, basically, in x weeks, we'll be at your place and we'll follow you and spend a few hours there."

(Angel Investor/Coach in the Program)

"*I think that Angels* (pseudonym) should pair up with an accelerator that already has expertise on site. Here, we are overloaded, we have no time .... All the accelerators, ... they all lack coaches ... I would assume that Angels* have people who have the expertise to coach. ... the more entrepreneurs are exposed to Angels*, the less we are going to hear urban legends that say...: " Oh! It’s complicated! Oh, it takes too much time."*

(Angel Investor/Coach in the Program)

"Why don't we focus on building our relationships with the top 20 accelerators? We know that when they come, their forecast balances. The numbers can be the dream figures they want, but the accounting makes sense, ... There was someone who explained what a business model is, what a financial forecast is, what a marketing plan is... I think there are a lot of very good people who can do those things. They can do it in six months or three months, but not necessarily three weeks, before coming to pitch. Ideally, if these people had done their job and we accepted those coming out of there, we would have nothing to do here ... other than to be a speaker in 20 incubators once a quarter, and angels that do the program know what that looks like. For there to be less suprises: "

(Angel Investor/Coach in the Program)

"In the start-up ecosystem, I think there are 171 accelerator-incubators in our province (pseudonym). Among these, I questioned our strategic positioning, I said: "Hey, where is it?" Which one/ones do we have a good business relationship with? Which ones are looking for the same kind of start-up that Angels* are interested in?"*

(Angel Investor/Coach in the Program)

4.5. Post-Coding Reflective Pause

A constant preoccupation throughout this research endeavor was to ensure that I allowed myself to think reflectively about my position as it relates to the themes that arose and the extent to which I could be injecting bias to the analysis of the experiences of the participants. Indeed, as a researcher, I wanted to avoid blundering over the voice of the participants, while also being cognizant of the fact that trying to understand the impact of my pre-understandings (Brannick and Coghlan, 2007) would likely be more effective than “futile” efforts to annihilate my experience (Ahern, 1999). As such, upon completion of the coding exercise, I paused to write reflective notes as a way to bracket my pre-judgments (Creswell, 2013; Moustakas 1994) and minimize reflexivity (Yin, 2014).

During my initial reflection following the coding exercise, I started by connecting some of the sub-themes associated to areas where the program made a difference and examined them through the lens of some of the considerations that had given rise to the development of the Pilot Preparatory Program. This exercise led to generating my first element of meaning around the notion that the Pilot Preparatory Program had been a worthwhile exercise. The implementation of this Pilot Preparatory Program stemmed from the proposition that providing greater support to entrepreneurs before they proceeded to the monthly presentations could increase the closing rate of investment files by better preparing entrepreneurs for the different stages of the Angel Investor Group's selection process. The Pilot Preparatory Program did not lead to a visible increase in the rate of dossier closure. However, I opined that interview findings did show that the program had a beneficial effect on the level of preparation of the entrepreneurs. Indeed, the program helped them better defining target markets, as well as articulating their business model and constructing their financial model. The program also made a difference regarding fostering the germination of relationships based on trust between the entrepreneurs and the Angel Investors and improving entrepreneur comprehension of the Angel

Group's decision processes. Meanwhile, the data indicated that from the Angel Organization's perspective, the program also prompted the introduction of new practices for dossier pre-selection.

As previously mentioned, one of the roots of this initiative was that the creation of a milieu early in the selection process where entrepreneurs could interact with some individual members of the Angel Group and the Organization's staff would potentially help them interiorize what the Angels would consider persuasive, committed and trustworthy. All the while providing the participants an opportunity to grasp the determinants used by the Angels to pare down investment opportunities. I found that the data around how the Pilot Preparatory Program helped participants get a better understanding of the Angel Group's decision process, improve the quality of their pitch as well as refine their business and financial models spoke to the additive value of the program, thereby substantiating this premise. Moreover, all four companies that completed the preparatory program successfully went on to maintain investor interest throughout the first and second presentations to the Angel investors (compared to the 20-25% attrition rate typically observed). These results, combined with the interview citations captured earlier in this chapter lead me to deduce that, the dry runs, coupled with the understanding gathered over the 4-week preparatory program provided participants the opportunity to develop a better sense of some of the Angel Group's shared investment criteria. As such, I felt that the Pilot Preparatory Program helped entrepreneurs to search for ways to reduce causes for rejection before the presentation to the entire group of Angel investors.

While Angel Investors tend to be partial to investment opportunities from people they know (Mason et al., 2017; Croce et al., 2017), one of the hopes at the launch of the program was that the interactions between the entrepreneurs and a sub-group of Angel Investors could lead to the identification of champions for their project within members of the Angel Investor network. Looking back to the four companies that completed the Pilot Preparatory Program successfully, the fact that they all maintained investor interest throughout the first and second meeting combined with the interview feedback brought me to consider that already having connections that they could leverage contributed to their success during the first two meetings with the Angel Group's members.

As outlined in the literature section, a distinguishing trait of Angel Investors compared to venture capitalists and general investors is the significance of non-financial motivations, such as improving the socio-economic reality of their ecosystem and helping entrepreneurs succeed. As such, participant growth and development represented an essential premise for the development of the Pilot Preparatory Program. Although in the short term, the impact of the Pilot Preparatory Program on the deal closure rate was less significant than had initially been hoped for, I felt that this was not an adverse outcome because the data also indicated that the Program had given the feedback that should help them augment their investment-readiness for the future. Indeed, participant feedback about how the program helped them better define their target markets, articulate their business model better and improve their financial model was an indication that participation in the initiative provided the entrepreneurs with insights that should help them in the future. Specifically, from the perspective of presenting information that is relevant and to prepare proposals for investor negotiations from a standpoint that is better-informed, whether to this Angel Group or other investors or financiers. Combined with the common denominator that emerged regarding all participants mentioning that they would repeat the experience in the future, these findings prompted me to infer that the program had fostered growth and development of the participants; irrespective of whether they had been deemed to be ready to present to the Angel Investors at the end of the program.

Furthermore, I was under the impression, based on my conversations with the participants, that for those who were not selected to present to the monthly meeting, the trust and relationships that had germinated could eventually be conducive to touch-points and follow-ups with some of these entrepreneurs which could potentially result in them coming back and re-applying to the Angel Organization for funding in the future.

Trying to derive meaning from the findings related to the areas where the program made a difference also allowed me to unearth an incremental contribution of the program to the efficiency and effectiveness of dossier pre-selection. I found that the feedback from the staff about the program being a catalyst for the improvement of practices relative to pre-screening and pedagogy combined with the fact that the program allowed for identification of investment opportunities with a low probability of success, indicated that the program was helpful from the standpoint of improving resource utilization. Indeed, looking to the data, I felt that from the perspectives of the Organization staff and Angel Investor Group members, the fact that the program allowed the identification of investment opportunities with a low probability of success was helpful from the standpoint of resource preservation. I also felt that pressure-testing these opportunities during the program avoided spending the energy that stakeholders would have devoted to the monthly presentation preparation support or more detailed dossier verification for the second pitch. Similarly, I found that for the entrepreneurs, being able to assess fit and compatibility with the Angel Investment framework early on, allowed those for whom there was no congruency, to economize time and energy associated with preparing the presentations and the Due Diligence Review -- thereby generating the opportunity for these entrepreneurs to dedicate their resources to activities that have a better likelihood of being productive.

Pondering on some of the challenges that emerged while running the Pilot Preparatory Program led me to piece together a few elements which I felt needed to be considered and learned from if the Angel Organization were to replicate a similar type of program. As previously mentioned, one of the obstacles which took me by surprise during the Pilot Preparatory Program roll-out was the difficulty in finding entrepreneurs who were willing to invest the time to take part in the four-day curriculum spread over four weeks. The interview findings helped me understand that there likely had been some issues with getting our message across to potential participants as it relates to the objectives and benefits associated with this initiative. In this context, it seems that there were some entrepreneurs, particularly those who were already speaking to other potential investors, who regarded the program as an additional hurdle in the selection process. This view seems to have led them to perceive that the investment in efforts potentially outweighed the low likelihood of securing funding.

As previously mentioned, to ensure that the launch of the program would not impede the flow of projects available for presentation to its members during the monthly meetings, the Organization opted to run this program in parallel with its standard pre-selection. As such, during the early applicant selection discussions, employees of the Organization responsible for screening would evaluate which companies would progress directly to the monthly meeting, and which companies would enrol in the program. This determination depended on the investment readiness of the project, the willingness of the entrepreneurs to partake in the program, as well as the enterprise's urgency to get funding. Looking back to the emergent motifs in the data, I felt that this set up for onboarding had been conducive to a few tensions. On the one hand, it seems that many companies who applied for funding with the Group during this period that were more advanced in terms of investment readiness went directly to present to the Angel Investors without completing the program. On the other hand, several of the companies that found their way into the Pilot Preparatory Program were relatively "early stage" regarding having clarity on their target market. In this context, it appears that many companies that enrolled in the pilot would have needed more than the four weeks duration of the program to assemble a proposal that could be considered as investment-ready by this Angel Investor Group. Moreover, from an organizational and resource perspective, the onboarding approach selected at the beginning of the program implementation created a situation where a dual pipeline of applications required attention. Though as a practitioner I was sensitive and respectful of daily organizational imperatives (associated to having a steady flow of opportunities to present to the members month after month), as a researcher, I did initially have concerns around the onboarding approach selected. Specifically, because the implementation of this Pilot Preparatory Program originated from the proposition that providing greater support to entrepreneurs before they proceeded to the monthly presentations could increase the closing rate of investment files by better preparing entrepreneurs for the different stages of the Angel Investor Group's selection process. Indeed, my concern with a dual-pipeline where some of the companies that were more investment ready proceeded directly to the monthly meeting presentations would not do justice to the program as it relates to getting a sense of whether it was useful at better preparing the entrepreneurs for the Due Diligence Review stage of the selection process. However, revisiting the data after reminding myself of the complexity of Angel Investing as a social phenomenon and the fact that this study was not set up to testing simple causal relationships related to a single set of outcomes, helped me take a more holistic approach and to be mindful of the overall meanings derived from the case. This change in perspective helped me recognize that the dual pipeline may have helped highlight elements that nudged me down a reflective path which brought me to formulate a vision of investment readiness as a continuum rather than a discrete variable. This realization allowed me to grasp the critical nature when designing a program, of tailoring its content to where entrepreneurs reside in terms of investment readiness.

The findings were also thought-provoking concerning the immediate pipeline and the entrepreneurs that are invited to present their projects to the Angel Investor members during the monthly meetings. One element of feedback that resonated with me deeply during the interviews relates to how, while the Pilot Preparatory Program shared several attributes with accelerators regarding content scope, there would have been added value in a program design specifically focused on the preparation for the Due Diligence Review process. Combined to the themes that had emerged around how the Pilot Program was helpful to participants regarding their understanding of the Angel Investor decision process and evaluation criteria, the comment prompted me to consider that the Organization may want to envisage a targeted initiative to help entrepreneurs who already have in place a clearly articulated business and financial models. Such an endeavour could concentrate on refining their dossier to prepare for the Due Diligence Review such as to streamline the time and efforts required once the enterprises get to that evaluation step.

The prevalent themes related to the need for customization led me to support the notion that it may be unlikely that helping entrepreneurs be more prepared to go through the review process will reside in developing a single, cookie-cutter type of initiative. Indeed, the idea that arose about the need for module-based content that is remotely accessible, combined to the comments about the fact that program structure should have fostered more continuity in coaching interactions, brought me to be partial to the paradigm of a strategy which would allow tailoring the training content to the needs of the specific entrepreneurs.

4.6. Chapter Summary and Roadmap of the Rest of the Thesis

This chapter provided a description of the case and an exploration of the themes and sub-themes uncovered through studying the Pilot Preparatory Program as it relates to the research question and sub-questions. Interview findings indicate that although the impact of the Pilot Preparatory Program on the dossier closure rate was less significant than had initially been hoped at the onset of this Case study as it relates to augmenting the rate of dossier closure, it had a marked beneficial effect on the level of preparation of the entrepreneurs. Specifically, it helped them better define target markets, articulate their business model, and construct their financial model. The program also made a difference regarding fostering the germination of relationships based on trust between the entrepreneurs and the Angel Investors and improving entrepreneur comprehension of the Angel Group's decision processes. Meanwhile, from the Angel

Organization's perspective, the program also prompted the introduction of new practices for dossier pre-selection. Of note, all participants, without exception, confirmed that, if given a chance to go back in time, they would participate in the program again and shared elements which they felt could make the experience more beneficial in the future.

Figure 4.7 presents a roadmap of the rest of the thesis, which includes, as will be described in Chapter 5, deepening the exploration of the meaning of the themes that emerged during data collection, by conducting a group sense-making exercise.

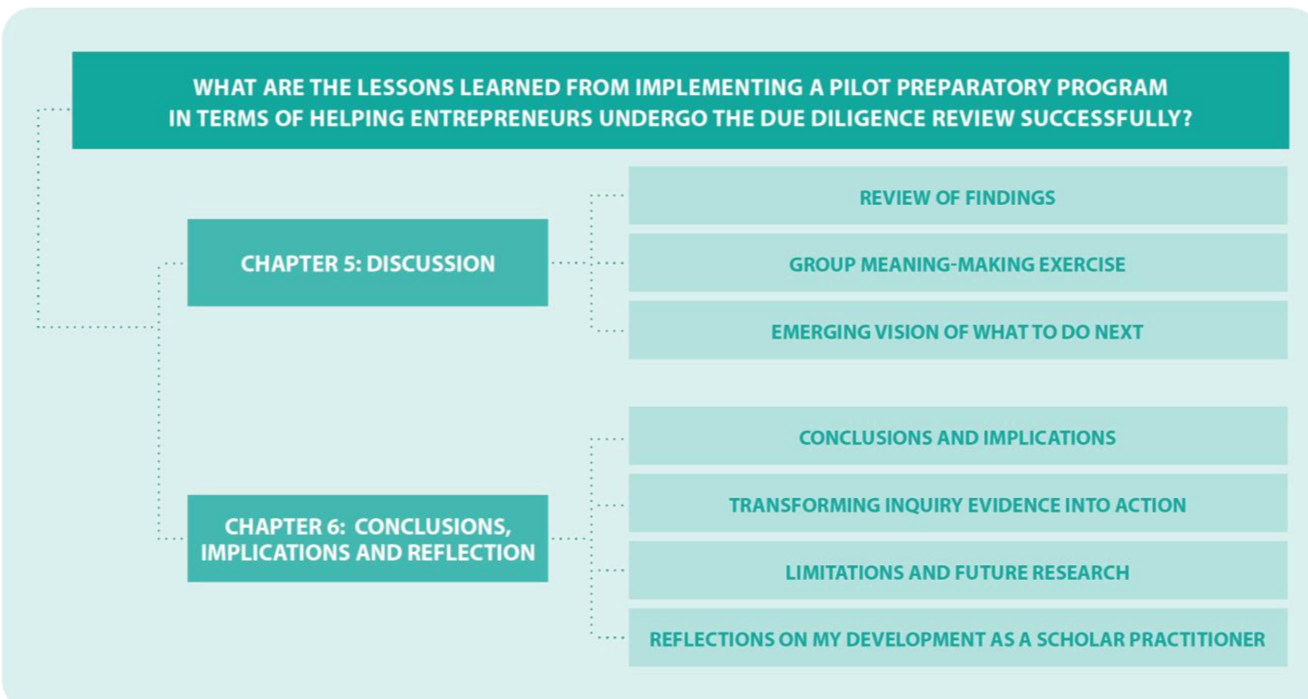

Figure 4.7: Roadmap of the Rest of the Thesis

CHAPTER 5: DISCUSSION

5.1. Overview

This chapter focuses on telling the story of this intervention by delving into the meaning of the emerging themes presented in Chapter 4. As a first step, in Section 5.2, I will examine connections between these findings, the research question, and the existing body of knowledge. Being mindful that an essential step in the collective creation of knowledge involves considering a multitude of possible interpretations (Kindon et al., 2010), I also conducted a group exercise, which will be described in the following Section 5.3, to deepen the exploration of this meaning by examining shared preoccupations and injecting contrast through dialogic inquiry.

5.2. Review of Findings

5.2.1. Case Outline

Out of the fourteen enterprises that enrolled in the Program, four went on to present to the Angel Investor Group at the monthly meeting. At the time of penning this thesis, one of these companies had completed the entire Due Diligence Review process, and the report recommendation was favourable. Interestingly, though the number of dossiers that went through the Program and made it successfully through the Due Diligence Review process was lower than anticipated, all the companies that completed the Pilot Preparatory Program that moved on to present at the monthly meeting went on to maintain investor interest throughout both the first and second presentations. Whereas, based on historical data, one would have expected approximately 80% of the companies that present during the monthly meeting to progress to the second meeting with 70% of those investment opportunities maintaining investor interest after the second presentation. The higher success rates in terms of preserving investor interest throughout the first and second presentation to the Angel investors for the companies that completed the Pilot Preparatory Program brings to mind the findings of Maxwell et al. (2011), who, following the implementation of a series of webinars focused on recognizing fatal weaknesses, observed a twofold increase in screening success.

Figure 5.1 maps out the themes and sub-themes that transpired from the lived experiences of entrepreneurs, coaches, and staff who participated in this case study and connects them to the research question and sub-questions. As a step to explore further the meaning of some of these findings, the following paragraphs will expand on how these findings link to the Research sub-questions and examine how they connect to some elements of the literature that had shaped my thinking about this organizational problem.

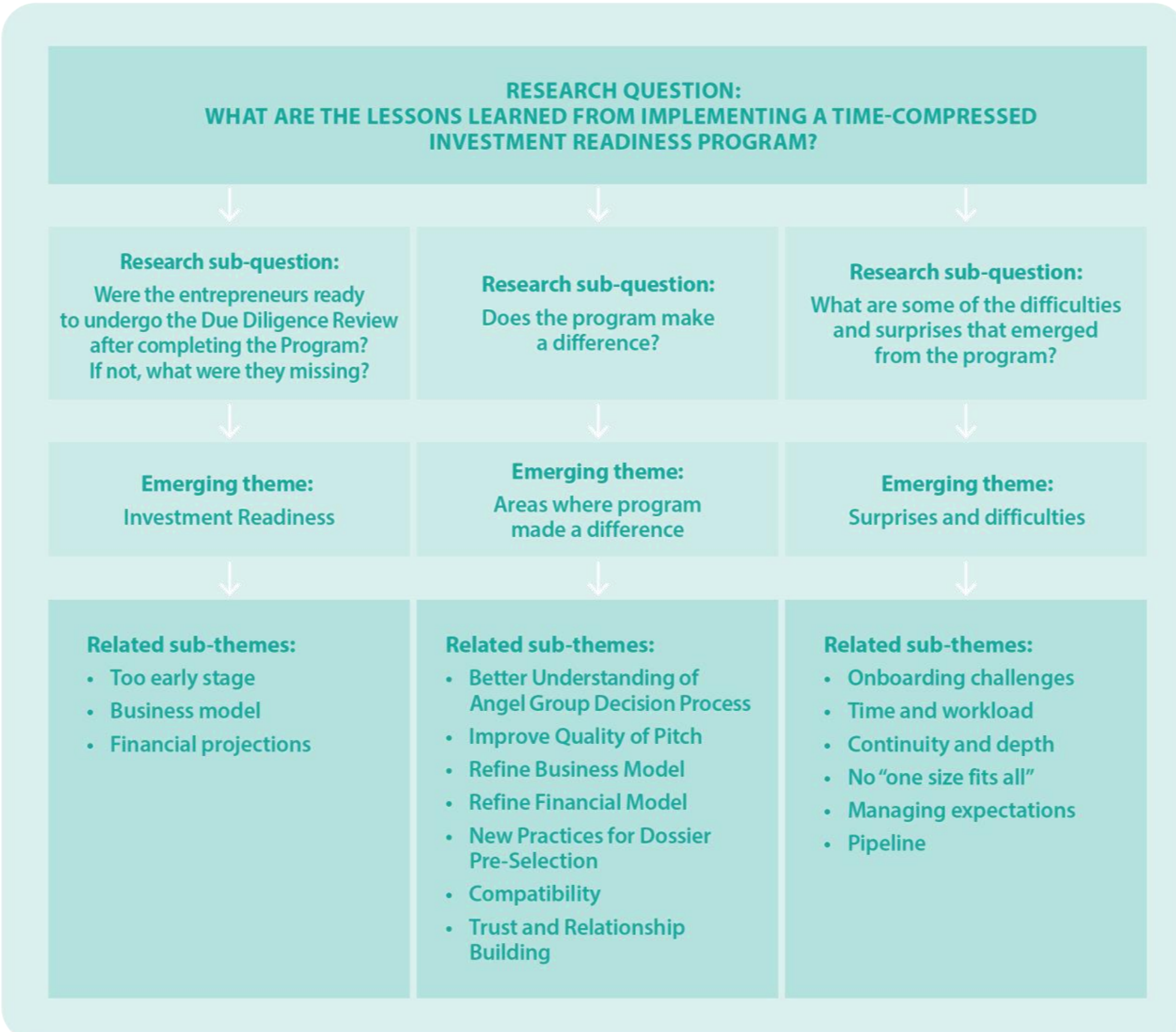

Figure 5.1: Overview of Findings

5.2.2. Are the Entrepreneurs Ready to Undergo the Due Diligence Review? If Not, What Are They Missing?

The emergent sub-themes around investment readiness indicate that the companies that had not moved forward in the Angel Group's process were at the too "early stage." This notion of "too early stage" intersects with Brush et al.'s (2012) strategic dimension of investment readiness, which relates to the systems and their ability to support growth. As described in section 4.4.1.2, many participants had elements of their business model, such as the target market, that were still unclear. Furthermore, in many cases, the financial projections had not been supported by validated assumptions or data on how they planned to manage their growth and profitability efficiently. The sub-themes related to the business model and financial model overlap with the criteria used by Business Angels in "elimination by aspect heuristics," described by Maxwell et al. (2011).

5.2.3. Does the Preparatory Program Make a Difference?

The data indicates that the Pilot Preparatory Program was helpful as it relates to the level of preparation of the entrepreneurs and their understanding of the Angel Group decision process. The coding revealed that the program helped the entrepreneurs better define their business model, refine their financial model as well as improve the quality of their pitch to the investors. These emanant thematics are also consistent with the work of Maxwell et al. (2011), who found that the entrepreneurs felt that the implementation of a series of webinars focused on recognizing fatal weaknesses had been helpful in terms of their understanding of the interaction and constructive from the standpoint of structuring their exposés.

The themes that arose also show that the Pilot Preparatory Program made a difference in terms of fostering the germination of relationships based on trust between the entrepreneurs and the Angel Investors. As an illustration, at the time of penning this thesis, two of the companies that had participated in the Pilot Program remained active, with the entrepreneurs still collaborating with Angel Investor volunteers who were coaching them to refine their business plans. As described in section 4.4.2.7, the entrepreneurs seemed to have had the "psychological safety" (Edmondson, 1999) to expose their vulnerability and to have the confidence that Angel Investors were trying to help them through their business journey, regardless of the outcome of the investment decision about their proposal. This emerging theme recalls the work of Sorheim (2003), discussed in section 2.2.2, who identified the development of "common ground" as a pre-requisite for the establishment of a long-term relation relationship defined by trust. And that of Maxwell and Lévesque (2014), who put forward willingness to expose vulnerability as a baseline for establishing a trust relationship between Angel Investor and Entrepreneur. For example, as mentioned in section 4.2, at the time of penning this thesis, two of the companies that had participated in the Preparatory Program continued collaborating with Angel Investor volunteers who were coaching them after the end of the program to refine their business plans. As mentioned in section 2.2.2.1, trust between the investors and the entrepreneurs is a critical "lubricant" (Low and Srivatsan, 1993, in Harrison et al. 1997) and necessary components of a successful funding process (Harrison et al. 1997). Through this lens, one could argue that some of the participants who did not move on to present to the Angel Investors may eventually return to the Angel Investor Organization to apply for funding after revisiting their proposals based on the advice received during the Pilot Preparatory Program.

Meanwhile, as will be discussed in more detail in section 5.3, the Pilot Training Program also prompted enhancements to the dossier Pre-Selection process and practices to prepare entrepreneurs for the Organization's verification process. The themes that arose during coding of the interview transcripts also indicate that the program had been helpful from the perspective of providing the ability to assess fit and compatibility between the entrepreneurs and the Angel Investment framework early on. This notion brings to mind the work of Brush et al. (2012), who argue that Angel Investors need to stave off the "no-hopers" to preserve enough time and energy to concentrate on the opportunities that have potential.

5.2.4. What Are Some of the Difficulties, and Surprises That Emerged from Running the Pilot Preparatory Program?

An unexpected challenge encountered early on by this initiative concerned onboarding and the difficulty to find entrepreneurs who approached the Angel Group for funding willing to take part in the 4-week program. Based on the interview feedback, this issue seemed to have been acerbated by the dual pipeline created by the fact that the program took place in parallel to the standard pre-selection steps of the Angel Investor Group's evaluation process. Another difficulty that surfaced, specifically for the entrepreneurs, was trying to balance the time and workload associated with the program with the obligations related to managing a start-up business. Section 5.3 will cover these issues.

Another concern that was raised by participants, particularly for the coaches and entrepreneurs, is the notion that the program structure could have benefitted from providing additional room to dig deeper into the different topics covered with the entrepreneurs during the one-on-one coaching sessions and to give the space for the Angel Investor/Coach to identify problematic issues, and the continuity to of a feedback loop to accompany the entrepreneurs as they worked through these gaps. This idea of retroaction is aligned with the concern of Mason and Kwok (2010), around the need for entrepreneurs to access appropriate individual support when addressing the issues raised by potential investors that are crucial to their investment decision. Another theme that cropped up during data coding regarded the requirement for a level of customization to the needs of the individual participants would likely be more productive. This emerging idea aligns with Mason and Harrison (2001) who put forward a customization requirement for investment programs to reflect the imperatives of enterprises at different growth stages.

The coding also brought to light a common concern across the different stakeholder groups, covered in the section 5.3 around the visceral nature of clearly communicating objectives and expectations from participating entrepreneurs and coaches. In particular, around the criticality for the Angel Group to provide clarity to entrepreneurs, about the type of investment opportunities, and the level of development of the projects that the Angel Investor Group considers for investment.

Some entrepreneurs raised the point about how accelerators had not necessarily prepared them adequately for the requirements of Angel Investors. Meanwhile, a theme shared by the coaches and the Angel Investor Group staff pertains to the need for the organization to develop of a pipeline of investment-ready opportunities through initiatives with stakeholders of the early-stage entrepreneurial community. This emergent theme is brought to mind the frustration of investors reported in the literature vis-a-vis the low quality of the investment opportunities presented to them, which, in turn, prevents them from investing with the frequency and magnitude that they would like (Mason and Harrison 2002; Paul et al., 2007). This issue was discussed at length during the group sense-making exercise that I will describe in the next section.

5.3. Group Meaning-Making

5.3.1. Connecting the Dots

This two-hour sense-making exercise involved eight participants, which represented most of the Organization's permanent staff, including the three staff members involved in the design and program implementation, the Organization's President, as well as the Chairperson of its Board of Directors. Furthermore, in order to foster a broad cross-section of positionalities, the session also included individuals who, while insiders of the Angel Organization, had not been directly involved with the program because their daily job did not typically involve screening entrepreneurs.

The meeting consisted of reviewing the findings, during which we examined the themes that had emerged from my coding analyses, organized around the three research sub-questions (as presented in Figure 5.1), to ultimately get a sense of what the group felt they needed to prioritize next in terms of taking action:

- Are the entrepreneurs ready to undergo the Due Diligence Review? If not, what were they missing?
- Does the Pilot Program make a difference?
- What are some of the difficulties, and surprises, that emerged from running the program?

As previously mentioned, I needed to make sure that I let the data speak for itself, so I opted for an approach where I presented the findings in an interactive format. Indeed, though I had structured the data in a slide deck for ease of viewing, I invited meeting participants to share and discuss their thoughts and questions throughout the presentation in real-time. I felt that such an approach would be more conducive to capturing the full texture and richness of the insights, rather than presenting the entirety of the data uni-directionally and reserving questions and comments to the end. Moreover, as a researcher wanting to ensure that I was not positioning myself as the lone voice scrutinizing everybody else's words, I considered that this interactive format also provided the opportunity for me to submit my pre-understandings to the group for testing.

Upon review of the program results, there was a consensus amongst the Group around the notion that, even though the number of dossiers that closed was lower than what we had hoped for at the onset, the Pilot Preparatory Program had been helpful in terms of familiarizing the entrepreneurs with the Angel Investor Group's selection process. Specifically, as it relates to preparing the four entrepreneurs who went on to present their project to the members of the Angel Investor Group at the monthly meeting. This assessment originated in the fact that whereas typically, one would have expected at least one company eliminated at each of these steps based on historical data, all four companies managed to navigate successfully through both the initial pitch and the second 90-minute presentation to the investors. Moreover, for the companies that had not finished the Due Diligence Review process at the time of penning this thesis, the program had fostered the identification of champions for their project within members of the Angel Investor Network and the development of a coaching relationship with the entrepreneurs. These examples of collaborations outside the Angel Group's formal assessment overlap with one of the baseline propositions made at the beginning of this research project. About how interactions between the entrepreneurs and a sub-group of seasoned Angel Investors during the Pilot Preparatory Program could lead to the identification of ambassadors for their venture within members of the Angel Investor Network. While supporting the notion discussed in section 2.2.5 about investors using both intuition and formal analysis during their assessments (Huang and Pierce, 2015), these examples of collaborations outside the Angel Group's formal assessment overlap with one of the baseline propositions made at the beginning of this research project. Specifically, on how interactions between the entrepreneurs and a sub-group of seasoned Angel Investors during the Pilot Preparatory Program could lead to the identification of ambassadors for their venture within members of the Angel Investor network.

The Group also formulated an element of meaning around the notion that some of the participants who, after completing the Pilot Preparatory Program, did not move on to present to the Angel Investors, may eventually contribute to enriching the Angel Group's pipeline of investment-ready opportunities at some later point in time. Specifically, feedback on how the Pilot Preparatory Program fostered the germination of relationships based on trust and helped entrepreneurs get a better understanding of what the Angels are looking for in a proposal. These elements brought the group to make the hypothesis that some of these start-ups may come back to the Angel Investor Organization to apply for funding after revisiting their business and financial models based on the advice received during the Pilot Preparatory Program.

When we reflected upon the emerging sub-themes around the notion of investment readiness, one of the points raised was how the Pilot Preparatory Program provided the opportunity for the individuals responsible for the pre-selection process to bring to light some gaps which had not been perceptible in their quick pre-screening conversations with the entrepreneurs. Another element is that the Group concurred with the interview findings to the effect that several of the companies that found their way into the program were relatively "early stage" in their development and did not yet have clarity on their target market. The group discussed how this ambiguity vis-à-vis their customer segment had a carryover effect on the ability of these entrepreneurs to fully articulate their business model and to develop financial projections supported by verifiable assumptions. Furthermore, looking at the emerging comments about workload and time commitment to prepare the elements required for the program, the group agreed that these emergent themes further substantiated the idea that many of these enterprises had not been ready to present to the Angel Group during the monthly meeting.

The juxtaposition of the interview feedback from the entrepreneurs related to the challenges associated with the time commitment for the program with the idea expressed about providing additional room to delve deeper into the different themes during the one-on-ones sparked a discussion within the group. One the one hand, there was a reaction of perplexity vis-à-vis the apparent contrast between the comments on the program taking up too much time, and that of the suggestion for having the program last longer and involve more retroaction. On the other hand, a potential rationale put forward is that the entrepreneurs don't have time, but when they do take the time, they expect to go more in-depth. Another possible explanation proposed was that this apparent inconsistency could reside in the fact that, while we designed the program for entrepreneurs that were almost ready to pitch to the Angel Investors, a large part of the clientele who ended up enrolling in the Pilot Preparatory Program was at an earlier stage of their development cycle. As such, the possibility came forward that instead of a more intensive and condensed program, these participants felt the need to go deeper but over a more extended period, which would have enabled them to digest the feedback provided. In these cases, perhaps a format that would have been designed around a coaching approach, with more touchpoints to monitor their evolution, would have been more suitable. As previously mentioned, this preoccupation around a feedback loop intersects with the concern of Mason and Kwok (2010), around the need for entrepreneurs to access appropriate individual support when addressing the issues raised by potential investors that are crucial to their investment decision.

Upon further examination of the above-mentioned findings related to investment readiness, the Group drew the inference that there had been a disconnect between the design of the program and the needs of the clientele that ended up enrolling. The interview citation from a participant referring to how the Pilot Preparatory Program had been a “pre-preparatory program” rather than a "preparatory program" resonated with the group. Indeed, it triggered a discussion around the idea that the ten businesses which did not make it to the stage of presenting to the Angel Group during the monthly meeting would probably have benefited from doing a 12-to 16-week accelerator program before signing up for our Pilot Preparatory Program. The group seemed to congregate around the notion that, as an Angel Investor Group whose interest resides in ventures that are at the pre-commercial to commercial stage, the most relevant mandate of an in-house investment-readiness type of program would likely be that of a "polishing" step to help them prepare specifically for the Group's structured evaluation process. This consideration brought us to revisit the theme that had surfaced from the findings related to the need for the Angel Group Organization to "get closer to the source" of investment opportunities by enriching its level of interaction with stakeholders of the early-stage entrepreneurial ecosystem through increasing the level of involvement with accelerators. Convergent with my initial reflection on this topic, there was agreement amongst the group with the interview findings around augmenting the level of collaboration with accelerators, but with the stated imperative of not duplicating the accelerators already in place. A metaphor formulated during this sense-making exercise which resonated strongly around the table pertained to the Angel Investor Group "not being there to take them (the entrepreneurs) from kindergarten to grade six, we want to take them from college to university." This shared paradigm led to discussing a recent initiative in which the Angel Investor Organization collaborated with one of the local accelerators, with whom it has close ties, to incorporate elements in their curriculum that will help entrepreneurs take into account the Angel Investor perspective and requirements as they articulate and develop their business models and strategy. During the discussion, the point emerged about the Organization being in the middle of an exercise, as part of its strategic plan, to map out the accelerator landscape with the objective of identifying those with converging sectors of interest. The group agreed that such an undertaking should lead to the identification of potential synergies and opportunities to leverage existing channels in the early-stage entrepreneurial ecosystem to raise awareness around the Angel Group and its requirements. Another common denominator that emerged during this part of meaning-making pertained to the vital nature of explicitly spelling out the Angel Group's criteria, such as to be able to communicate them effectively to accelerators. The resulting proposition was that, ultimately, such efforts should eventually lead to enriching the

Organization's long-term pipeline of investment-ready opportunities that approach the Angel Investor Group for funding.

This exchange around accelerators and the ecosystem led us to expand and build on some of the interview findings around the idea of the pipeline. Indeed, the point emerged about the fact that the Organization was in the process of elaborating a plan regarding accelerators. This strategy takes roots in the premise that there are approximately 120 accelerators in our province; and that one would expect that it would be more straightforward and efficient to interface synergistically within a more limited pool of 120, than with the entire population of entrepreneurs. However, another element that arose during the meeting that had not been brought up in the interviews is that only 10-15% of the dossiers that approach the Angel Organization for funding have already been through accelerators. The remaining 85-90% of applicants that come to the Angel Group have never taken part in an accelerator, with more than 50% of entrepreneurs being without any ties in the early-stage ecosystem. This train of thought led us to touch upon a characterization of the start-up companies that composed the Angel Group's portfolio. Two types of entrepreneurs emerged from this diagnostic exercise, with the most common profile presenting the characteristic of already having had a career behind them, as well as familiarity with getting funding from banks. These entrepreneurs also share the trait of being disconnected from the start-up ecosystem. This exchange led us to congregate around the idea that, while it is essential for the Organization to develop a structured approach around collaborating with accelerators, it also needs to enrich the design of its communication plan from the perspective of increasing its reach to the entrepreneurs without ties to the start-up ecosystem. Again, the group circled back to the essential nature for the Organization to articulate and communicate with clarity its baseline requirements. Irrespective of whether it is interacting with accelerators or trying to reach entrepreneurs disjointed from the ecosystem directly.

An interpretation that kept finding its way into this meaning-making exercise is that the Pilot Preparatory Program being attended by many enterprises that could have benefitted from participating in an accelerator program before enrolling was primarily attributable to the fact that there was a dual track to the onboarding approach. The group concurred that this hybrid path, which had been a definite source of tension, resulted from the short-term need for available projects for presentation to its members during the monthly meetings, compounded with the difficulties in finding companies that were willing to participate in the Pilot Preparatory Program. When looking to the interview feedback during the session, the staff involved with screening provided some context around the finding of 50% of entrepreneur applicants that were invited to the program either declining the invitation or accepting, only to change their mind at the last minute. There was recognition around the table that, although the program was valuable and participants who completed it learned considerably, that in the current market/ecosystem conditions it was challenging to convince many entrepreneurs of the benefits associated with participating in the Pilot Preparatory Program. Indeed, overlapping with an element of my previously described personal reflection, the group discussed how the program's 4-weeks could generate the perception of a very long journey for the mere possibility of "perhaps" presenting to the Angel Investor Group at the monthly meeting. Trying to make sense out of these findings related to the challenges with the onboarding helped us recognize that it would have been beneficial to delve deeper in the development of a communication strategy at the launch of the project to support its implementation. Moreover, as will be expanded upon in the paragraphs below, when imbricated with the interview feedback on expectation management, these findings led the group to become keenly aware that a better-defined value proposition would likely have been helpful in terms of participant recruitment by making the benefit of participating in the Pilot Preparatory Program clear for the entrepreneurs upfront.

A thought voiced around the table during the sense-making exercise regarded the idea that the Organization cannot try to "be everything to everyone." Furthermore, the group coalesced around the associated need for it to re-examine the profile of the start-ups for which the Angel Group can bring added value, and to clearly define the type of start-ups in which it is seeking to invest. This consideration led to some introspection about the formulation of the Organization’s mission and how it loops around the investor members without necessarily speaking directly to the entrepreneurs. There was alignment around the table about the notion that although entrepreneurs may have a broad brush understanding of what the Organization does, there is no specific image or criteria that expressly speaks to them. This exchange triggered a discussion around the need for the Organization to work at it on some levels, such as criteria and imagery, leading the group towards the notion of a strategy that was multi-layered. Furthermore, there seemed to be an omnipresent preoccupation within the group about balancing the focus on clarity of the Angel Group's requirements with the need to demonstrate flexibility from an internal perspective to address the specific needs of the entrepreneurs. We also touched upon some of the upcoming tactics of the Organization’s communication strategic plan. These deliberations steered the reflection towards the idea that the communication must be clear for all stakeholders, including the investor members. Indeed, the group discussed how, with the increased diversity of investor profiles associated to the significant growth in membership of recent years, there seems to be the emergence of a disconnect between some of the investment opportunities brought to the members and the risk-tolerance of a portion of the members. As such, the group intersected on the notion that if the Organization does not communicate with clarity the type of start-up investment opportunities that it looks for, this will lead to a misalignment of expectations across the board. As presented in Figure 5.2, this exchange, which led to reflection paths that extended beyond the Pilot Preparatory Program, brought the group to discuss that considering the Organization's recent evolution in terms of its broadening Angel Investor membership and staff composition, there could be value in conducting a strategic reflection exercise to revisit its Business Model Canvas and Value Proposition.

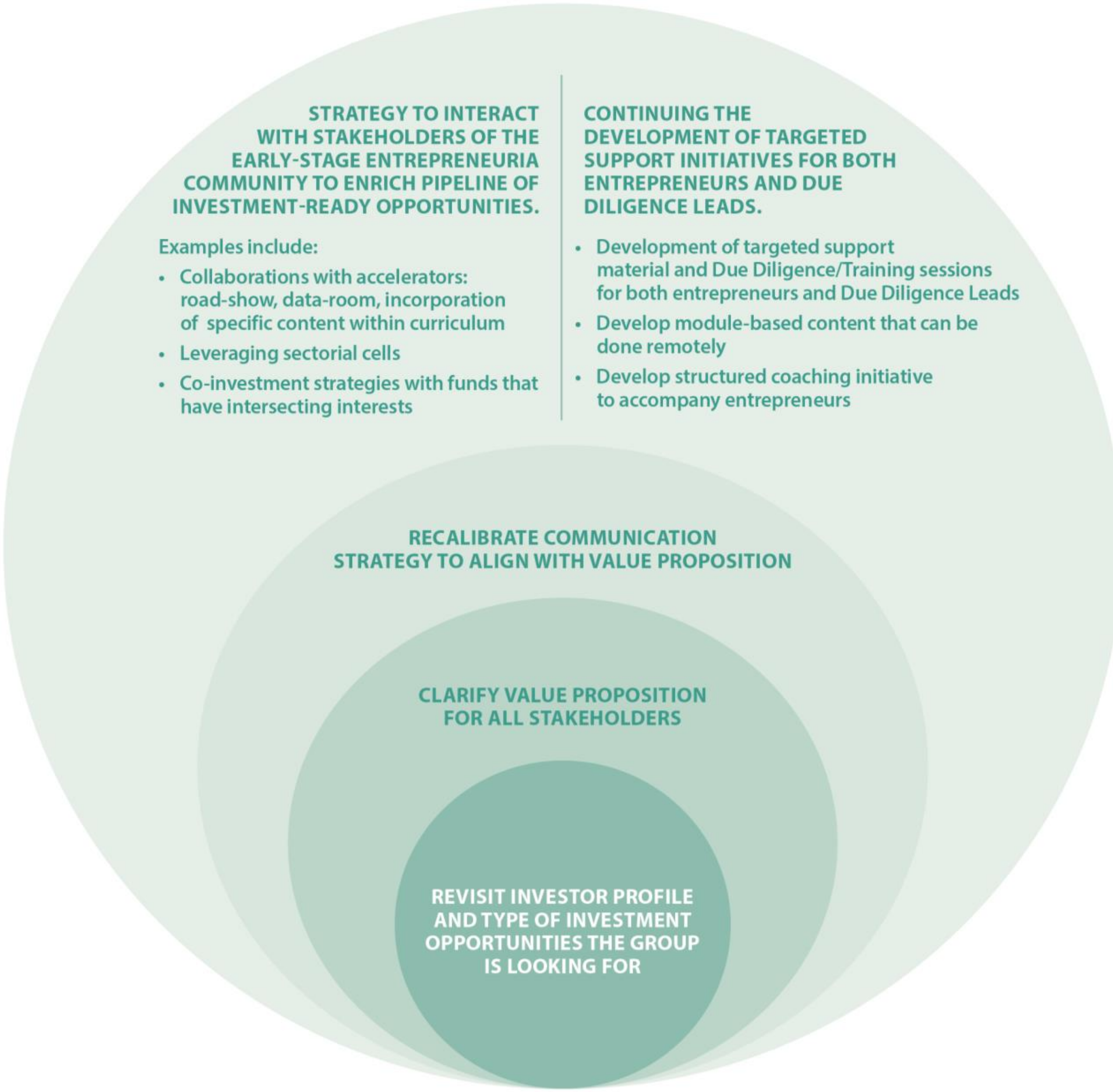

Figure 5.2: Highlights of Group Sense-Making Exercise

5.3.2. Emerging Vision for What to Do Next

As the group proceeded to interiorize the findings, the paradigm on what to do next, in terms of helping entrepreneurs improve their chances of undergoing the Angel Investor Group's review process with success, started to take form. There was a shared preoccupation vis-à-vis the fact that any initiative developed should foster the perception of the Organization in the community as one whom interacting with is simple. The group also seemed aligned on the baseline premise that any initiative developed should not weigh down the process for the entrepreneurs. As such, there was a consensus around the table that any investment readiness type of effort should allow a degree of customization to the specific needs of the entrepreneurs rather than a single, standardized and mandatory curriculum. This recognition for the need to tailor the content of this investment-readiness type of initiative to the needs of the participants aligns with the suggestion of Mason and Harrison (2001) around customizing programs to reflect entrepreneur requirements at different stages. Another element that kept finding its way into this part of the discussion is the notion that any program that the Organization will develop will require the allowance of a ramping-up period. As such, the effects in terms of increase in investment-ready dossiers presented at the monthly meetings will likely not be visible for the short-term pipeline but should be expected to increase progressively over an extended period. This idea supports the argument made by Mason and Harrison (2001) about investment readiness being a long-term process, from the perspectives of the businesses as well as that of the programme itself.

As it relates to the location of a potential investment-readiness initiative, the group brought up how, regularly, during Pre-screening, the Organization encounters a significant number of promising entrepreneurs with investment opportunities that have potential but are approximately six months away from being ripe for presentation to the Angel Investor Group. Historically, the approach of the Organization to manage these applicants was for the person responsible for screening to keep a list of these entrepreneurs and try to have touch points with them later. The challenge associated with such a fluid type of process was related to timing the follow-up with these potential candidates appropriately in terms of the evolution of their investment readiness. The suggestion put forward during the session is that it would be interesting for the Organization to develop an initiative which would allow accompanying these promising entrepreneurs systematically for that approximate six-month period. Bearing in mind feedback from the Pilot Program participants, the future effort would likely involve individualized coaching done at regular intervals in a continuous fashion; such as to provide the required space to delve deeper into the different themes, identify problematic issues and ensure the continuity to accompany the entrepreneurs as they work through these gaps. As previously noted, this recommendation for coaching during the last few months before Angel funding application correlates with the observations of Mason and Kwok (2010) around the critical nature of individualized company support in later stages. From a content perspective, the approach that cropped up was to use the elements that were useful during the Pilot Preparatory Program, but in a more modular format, thereby allowing multiple entry points for the entrepreneurs into the learning depending on where they are in their development. Aligned with the findings of Cox et al. (2017), a central element in the proposed initiative will be the entrepreneur-angel fit in terms of industry background and experience leading to the identification, from within the Angel Group members, of an Angel willing to accompany the entrepreneurs. The proposition is that these interactions between the entrepreneur and a seasoned Angel Investor during coaching could cultivate the development of trust and relationship, thereby fostering the emergence of an ambassador/champion for their project within members of the Angel Investor Network.

5.4. Chapter Summary and Roadmap to the Rest of the Thesis

This chapter delved into the meaning of the emerging themes presented in Chapter 4. As a first step, in section 5.2, I examined connections between these findings, the Research question and the existing body of knowledge. This chapter also discussed the sense-making exercise conducted upon completion of the thematic coding, which helped to generate meaning around the finding that the Pilot Preparatory Program was a worthwhile exercise. Namely, because it had fostered the growth and development of the participants as it relates to preparing proposals for investor negotiations, irrespective of whether they had moved on to present to the Angel Investor Group at the end of the program. Reflecting on the findings as a group brought to light the critical nature when designing an initiative such as the Pilot Preparatory Program of identifying the target audience upfront, articulate with clarity its value proposition, as well as allowing for a ramping up period. Furthermore, the reflection exhibited the pivotal nature, for this type of initiative, to offer the flexibility of multiple entry points for the learning and tailor its content to the needs of the entrepreneurs. Moreover, one underlying issue brought forward pertains to the need to enrich the pipeline of investment-ready opportunities that approach the Angel Investor Group for funding. Addressing this concern will involve articulating and diffusing the Organization's Value Proposition and baseline requirements to all stakeholders by leveraging existing channels such as accelerators or incorporating them in a broader communication plan for reaching entrepreneurs without ties to the ecosystem.

The next and final portion of this Thesis involves examining the main findings and their implications, as well as reflecting on how this research journey contributed to my development as a scholar-practitioner (refer to Figure 5.3).

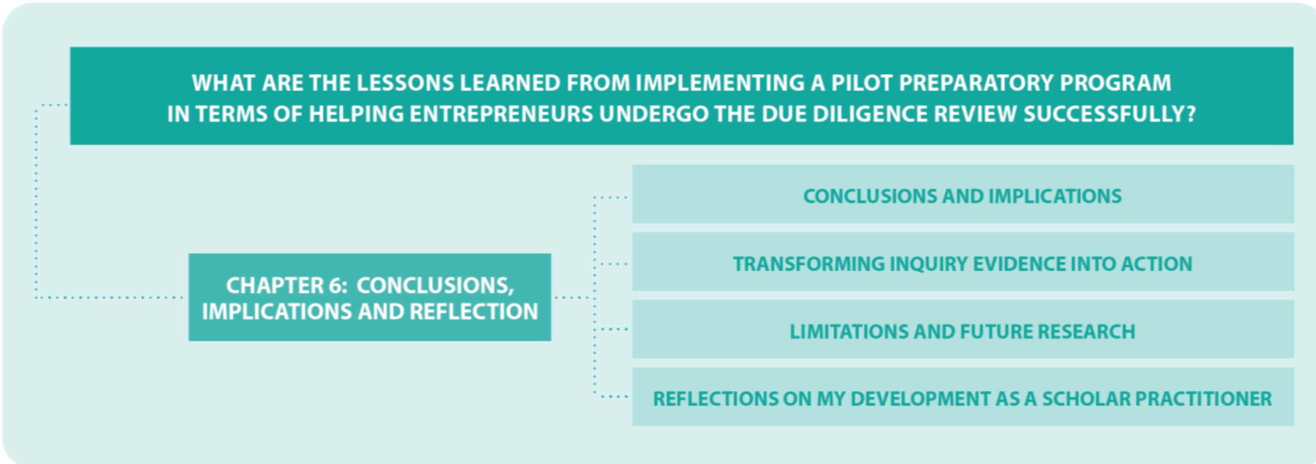

Figure 5.3: Roadmap to the Rest of the Thesis

CHAPTER 6: CONCLUSIONS, ACTIONS AND REFLECTIONS

6.1. Conclusions and Implications

The implementation of this Pilot Preparatory Program stemmed from the proposition that providing greater support to applicants during the Screening phase could contribute to increasing the closing rate of investment files by better preparing the entrepreneurs for the subsequent stages of the Angel Investor Group's selection process. The impact of this Pilot Preparatory Program on the dossier closure rate was less significant than had initially been hoped for in terms of augmenting the rate of dossier closure as a result of the fact that many of the participating companies that enrolled in the program were at a very early stage of their development. Nevertheless, this case study revealed that irrespective of whether the entrepreneurs were selected to present to the investors at the end of the four weeks, the Pilot Preparatory Program was helpful for them. Specifically, because of increasing the level of preparation of the entrepreneurs in terms of defining their target markets, articulating their business model, and constructing their financial model, as well as improving the quality of their pitch. The results indicate that the Pilot Preparatory Program helped entrepreneurs increase their understanding of the Angel Investor decision-making process and develop a sense of some of the Angel Group's shared investment criteria. These learnings should enable them, in the future, to present information that is relevant and to prepare proposals for investor negotiations from a standpoint that is better-informed.

The Pilot Preparatory Program had an impact on all stakeholders. Specifically, in terms of fostering the germination of relationships based on trust between the entrepreneurs and individual Angel Investors, and between the entrepreneurs and the Angel Group Organization. This case study also illustrated how creating a space where entrepreneurs can interact with a sub-group of seasoned Angel Investors during the screening phase can potentially lead to the development of a coaching relationship and the identification of ambassadors for their venture within members of the Angel Investor Network. The results also brought forward the criticality, when developing a program, of clearly identifying its target audience upfront and articulating and communicating its differentiated offering. Meanwhile, as will be presented below, from the Angel Organization's perspective, the program was also a catalyst for transforming inquiry evidence into action.

6.2. Transforming Inquiry Evidence into Action

In terms of immediate actions, this Pilot Preparatory Program case study helped enrich the Angel Organization's toolbox for Dossier Pre-Selection. Indeed, it was a trigger for the introduction by the vice-president for the screening of systematically trying to find at least one Angel investor member with the relevant subject matter expertise, willing to endorse the application of investment opportunities presented to the Angel Group members during the monthly meeting. This support entails performing a preliminary assessment of the project, helping to prepare the entrepreneurs before the presentation to the investors, and introducing the project to other members of the Angel Investor Group before the entrepreneur's pitch at the monthly meeting. Initiating this practice also helped to increase the Organization's efficiency from the perspective of identifying early-on a lead for the Due Diligence Review Process if the project raises enough interest from the members.

As described in Section 5.2, upon completion of the thematic coding, I conducted a group sense-making exercise to review the findings, explore their meaning from the Angel Organization perspective and ultimately identify what the Group deemed made sense to prioritize next in terms of taking action. This professional review involved eight participants, which comprised most of the Organization's permanent staff, the Organization's President, as well as the Chairperson of its Board of Directors. At the end of this session, the Group concurred that the most relevant mandate of an in-house investment-readiness type of program would likely be that of a "polishing" step to help the entrepreneurs prepare pointedly for the Group's structured evaluation process. There was also a consensus that such a program should allow customization to the specific needs of the entrepreneur and be amenable to multiple entry points for the learning, as opposed to a single, standardized and mandatory curriculum. Reflecting on the findings, the Group recognized the criticality for the Organization, when developing an investment-readiness type of initiative, of clearly identifying its target audience upfront and articulating and communicating its value proposition.

The sense-making exercise also highlighted an underlying preoccupation with the enrichment of the Organization’s pipeline of investment-ready opportunities that approach this Angel Investor Group for funding. A suggestion put forward to address this issue was the development of a structured initiative which would focus on accompanying promising entrepreneurs who approach the Angel Investor Organization for funding but are about half a year away from being be considered investment-ready for presentation to the investors. Bearing in mind feedback from the Pilot Program participants, the group agreed that the future initiative would likely utilize the elements that were useful during the Pilot Preparatory Program, but in a more modular format accessible remotely. It would also involve individualized coaching at regular intervals in a continuous manner, such as to provide the room for an in-depth examination of different themes, identification of problematic issues and accompany the entrepreneurs as they work through these gaps. A central element in the proposed initiative will be the entrepreneur-angel fit in terms of industry background and experience leading to the identification, from within the Angel Group members, of an Angel willing to accompany the entrepreneurs. The proposition is that these interactions between the entrepreneur and a seasoned Angel Investor during coaching could cultivate the development of trust, thereby fostering the emergence of an ambassador/champion for their project within members of the Angel Investor Network.

The group also concurred that enrichment of the Organization's pipeline of investment-ready opportunities involves developing a strategy to collaborate with stakeholders of the early-stage entrepreneurial ecosystem. On targeted initiatives that allow leveraging existing channels to help entrepreneurs consider the Angel Investor perspective and requirements as they articulate and develop their business models and strategy. Moreover, the sense-making exercise brought forth that the Organization needs to enrich its communication strategy from the standpoint of increasing its reach to the large proportion of entrepreneurs without links to the start-up ecosystem to communicate its baseline requirements and value proposition. As such, the group intersected on the notion that the organization needs to communicate with clarity the type of start-up investment opportunities it seeks. Failure to do so will lead to a misalignment of expectations across the board. As presented in Figure 5.2, this meaning-making exercise, which led to reflection paths that extended beyond the Pilot Preparatory Program, brought the group to discuss that there would be value in conducting a strategic reflection exercise to revisit its Business Model Canvas and Value Proposition. Precisely because of the Organization's recent evolution in terms of its broadening Angel Investor membership and staff composition,

After aligning on this initial road map of priorities for the near future of what the initiative could look like, the group agreed to meet at a later point (beyond the time window covered by this thesis) for further articulation. And to continue fleshing out the framework, with the stated imperative that any initiative to enrich the pipeline of investment-ready opportunities that approach the group should align with the Organization's Value Proposition. The president then assigned the vice-president for screening to take the lead on bringing together the group for the follow-up discussions.

6.3. Limitations and Future Research

This exploratory case study fostered the formulation of possible research approaches to pursue in the future. For instance, as mentioned in Chapter 5, findings related to the how the Pilot Preparatory Program helped entrepreneurs get a better understanding of what the Angels are looking for in a proposal and fostered the germination of relationships based on trust. This data led to formulating the hypothesis that some of the entrepreneurs who did not move forward to the presentation to the Angel Investors at the monthly meeting may eventually return to the Angel Investor Organization to apply for funding after revisiting their proposals based on the advice received during the Pilot Preparatory Program. One of the limitations of this research was that because it was a time-bound case-study, its design was conducive to providing a snapshot but did not allow room for this type of longitudinal examination. It could be an interesting exercise in the future to conduct either a follow-up study to investigate whether the Pilot Preparatory Program was helpful in terms of preparing proposals for investor negotiations from a standpoint that is better-informed. Another element associated with the study's temporal boundaries was that it did not provide the opportunity to follow-up with the entrepreneurs who declined to do the Pilot Preparatory Program. A future study could be taking a closer look at the reasoning of the entrepreneurs who opted not to participate in the Pilot Preparatory Program. The research could include both entrepreneurs who went on directly to present to the Angel Investors at the monthly meeting without completing the Pilot Preparatory Program and those who chose not to pursue financing with the Angel Investor Group.

One of the propositions that emerged from this case study was that there could be value in developing an initiative that would allow the Organization to accompany, through individual coaching, entrepreneurs that approach the Organization for funding that have potential but are a few months away from being ripe for presentation to the Angel Investor Group. Future investigative work could examine how to structure the coaching to tailor the content to meet the needs of the entrepreneurs. A central element in the proposed initiative will be the identification of an Angel, within members of the Angel Group, willing to accompany the entrepreneurs that have a fit in terms of industry background and experience. Future work could also involve examining the determination of fit between entrepreneurs who approach an Angel Organization for funding and its Individual Angel Investors members.

This research originated in a specific workplace problem, in a single Organization and, as such, had a focus which was inward facing. Considering the findings around the need for the Organization to enrich its level of interaction with stakeholders of the early-stage entrepreneurial community to develop a pipeline of investment-ready opportunities, there is potential to envisage a multiple case study. This exercise could examine how to leverage existing channels of the ecosystem, such as accelerators, to help entrepreneurs consider the Angel Investor perspective and requirements in their articulation and development of their business model and strategy.

6.4. Reflections on My Development as a Scholar-Practitioner

This Thesis has provided me with the opportunity to experience first-hand Brydon-Miller et al.'s (2003) remark to the effect that the only way to understand the "social world" is by attempting to change it. Indeed, as it relates to my practice, having been a newcomer to the world of Angel Investing at the beginning of the endeavor, this research project has been a vehicle for increasing my understanding of this ecosystem and the Angel Organization itself. Specifically, by giving me the opportunity to be involved with the Organization as a member Investor but having the chance to collaborate closely with the Organization's staff and reviewing documentation in the context of setting up the Pilot Preparatory Program. These activities gave me a better understanding of the Organization and the different roles and responsibilities within the Organization's staff. It also helped me develop a better appreciation for some of the complexity and multi-layered nature of the processes associated with bringing together the best entrepreneurs in innovation and Angel Investors, while supporting its members who invest in businesses meeting their criteria.

Moreover, this research project has helped me to get a better sense of what it means to be a member of this Angel Investor Group Network. Indeed, I realize now that when I initially became a member, I harbored a view which was a somewhat “reductionist” rather than “holistic” (Smith and Elliott, 2007) perspective of the role of members of the Angel Investor Network. I had always been active in assisting the companies in which I had invested in terms of sitting on boards and supporting them with their business strategy or providing them advice. However, this case study helped me recognize the critical role of the individual members in terms of leveraging their business network to enrich the pipeline of investment-ready opportunities that approach the Angel Group.

I think that a significant outcome of this thesis, is that I have come to interiorize the additive value of the Action Research process in addressing business problems and recognize that this paradigm is more about the creation of new possibilities rather than the confirmation of extant parameters, which commands a commitment to change from both the system and the researcher. Indeed, by continuing to delve deeper beyond the initial findings through the interview process, coding and group sense-making exercise, I became aware of additional meanings that could potentially have been lost otherwise. A key transformational outcome which emerged from this thesis is the awareness about the importance of developing the capability to pose the “right questions”, as opposed to focusing only on providing correct answers (Grint, 2005) during sense-making.

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APPENDICES

Appendix 1: Site Permission Letter

(Name of organization and organization members names have been redacted from original source data to protect anonymity)

Wednesday, May 16th, 2017

International Online Research Ethics Committee
University of Liverpool

Dear Research Ethics Committee,

On behalf of ***[ANGEL ORGANIZATION NAME],*** I am writing to grant permission for Kathleen Ngassam, a DBA student at the University of Liverpool to conduct her research titled, "Improving investment readiness of start-ups for Angel Investment funding: an Action Research Study" within our organization. I understand that Kathleen will recruit up to 50 participants from our members, employees, and clients to conduct interviews and observation at our ***[ANGEL ORGANIZATION NAME],*** facilities over the next nine months. We are happy to participate in this study and contribute to this important research, provided that the confidentiality of participants and the organization is protected.

Sincerely,

[CEO OF ANGEL ORGANIZATION]
[ANGEL ORGANIZATION NAME & ADDRESS]

Appendix 2: Ethics Approval Letter

Dear Kathleen Ngassam

I am pleased to inform you that the DBA Ethics Committee has approved your application for ethical approval for your study.

Details and conditions of the approval can be found below:
Committee Name: DBA Ethics Committee

Title of Study: Improving investment readiness of start-ups for Angel Investment funding: an Action Research Study
Student Investigator: Kathleen Ngassam
School/Institute: School of Management Approval Date: 12th June 2017.

The application was
APPROVED subject to the following conditions:

1. The researchers must obtain ethical approval from a local research ethics committee if this is an international study.
2. University of Liverpool approval is subject to compliance with all relevant national legislative requirements if this this is an international study.
3. All serious adverse events must be reported to the Sub-Committee within 24 hours of their occurrence, via the Research Integrity and Governance Officer (ethics@liv.ac.uk)
4. If it is proposed to make an amendment to the research, you should notify the Committee of the amendment.

This approval applies to the duration of the research. If it is proposed to extend the duration of the study as specified in the application form, the Committee should be notified.

Kind regards,

Victoria Hanna

Appendix 3: Participant Information Sheet

Participant Information Sheet

1. **Title of Study:**

   "Improving investment readiness of start-ups for Angel Investment funding: An Action Research Study "

2. **Version 3 (30 Apr 2018)**

3. **Invitation:**

   You are being invited to take part in a research study. Before you decide whether to participate, it is important for you to understand why the research is taking place and what it will involve. Please take the time to read the following information carefully and feel free to ask us if you would like more information or if there is anything that you do not understand. We would like to stress that you do not have to accept this invitation and should only agree to take part if you want to. Thank you for reading this.

4. **What is the purpose of the study?**

   Though demand for angel funding steadily increases, the proportion of funding requests that successfully make it through the evaluation process and reach deal closure is relatively low. The purpose of this study is to examine the extent to which a more formalized pre-selection program could help entrepreneurs improve their chances of undergoing the selection process successfully.

5. Why have I been chosen to take part?

Participants in this study include entrepreneurs who have undergone the Angel group's preparatory program, members of the Angel group network who have participated in the workshops as well as the members of the organization's staff. You have been chosen because of your experience with the preparatory program which will allow exploring different perspectives on perceived gaps and best practices as it relates to a condensed pre-selection program.

6. Do I have to take part?

It is entirely up to you to decide whether or not to participate in this study. If you do choose to proceed, you should indicate your agreement on the attached consent form. Please note that you are free to withdraw at any time without giving a reason or incurring a disadvantage.

7. What will happen if I take part?

You will be asked to participate in a semi-structured interview which we estimate will take you approximately 30-40 minutes. The research will involve audio recordings of the interviews to provide a more holistic view of the data analysis. In compliance with UOL's research data management policy, the study data will be stored for at least five years. Under freedom of information legislation, you are entitled to access the information you have provided at any time. There are no other commitments or restrictions associated with participating other than answering interview questions during the interview.

8. Expenses and / or payments

Participants should not encounter any additional expenses as a result of taking part in this study. As such, no compensation will be provided to research participants.

9. Are there any risks in taking part?

Taking part in this research is not anticipated to cause you any discomfort or disadvantages. The potential physical or psychological effects of involvement in the research for participants should be the same as any experience in everyday life. However, should you experience any discomfort as part of this research, please contact Kathleen Ngassam at 514 942 1806 immediately.

10. Are there any benefits in taking part?

While there are not necessarily immediate benefits for those people participating in the research, it is hoped that this work will have a beneficial impact on the level of preparation of entrepreneurs as well the efficiency and effectiveness of the Angel Group's evaluation process. Furthermore, study results will be shared with participants to inform their practice.

11. What if I am unhappy or if there is a problem?

If you are unhappy, or if you have any complaints about the project in the first instance, please feel free to let us know by contacting Kathleen Ngassam at 514 942 1806, and we will try to help. If you remain unhappy or have a complaint which you feel you cannot come to us with, then, you should contact the Research Governance Officer at ethics@liv.ac.uk. When contacting the Research Governance Officer, please provide details of the name or description of the study (so that it can be identified), the researcher(s) involved, and the particulars of the complaint you wish to make.

12. Will my participation be kept confidential?

All the information that we collect about you during the research will be kept strictly confidential. You will not be able to be identified or identifiable in any reports or publications. Your institution will also not be identified or identifiable. Any data collected about you during interviews will be stored in a password-protected form.

13. What will happen to the results of the study?

The results of the study will be presented in a DBA thesis, and as per UOL's research data policy, the data produced during this research will be made openly available to the broader academic community. You or your organization will not be identified in any report or publication. If you wish to receive a copy of any reports resulting from the research, please ask us to put you on the circulation list.

14. What will happen if I want to stop taking part?

You can withdraw from participating in this study at any time, without explanation. Results up to the period of withdrawal may be used if you are happy for this to be done. Otherwise, you may request their destruction and no further use will be made of them.

15. Who can I contact if I have further questions?

For any further question, please contact Kathleen Ngassam at 514 942 1806.

Thank you for taking part in this research.

Appendix 4: Participant Consent Form

Committee on Research Ethics

PARTICIPANT CONSENT FORM

Title of Research Project:
"Improving Investment readiness of start-ups for Angel Investment funding: an Action Research Study"

Researcher(s):
Kathleen Ngassam

Please initial box

1. I confirm that I have read and have understood the information sheet dated 30 Apr 2018 for the above study. I have had the opportunity to consider the information, ask questions and have had these answered satisfactorily.

2. I understand that my participation is voluntary and that I am free to withdraw at any time without giving any reason, without my rights being affected. In addition, should I not wish to answer any particular question or questions, I am free to decline.

3. I understand that, under the Data Protection Act, I can at any time ask for access to the information I provide and I can also request the destruction of that information if I wish.

4. I agree to take part in the above study.

5. The information you have submitted will be published as a report; please indicate whether you would like to receive a copy.

6. I understand that confidentiality and anonymity will be maintained, and it will not be possible to identify me in any publications.

7. I agree for the data collected from me to be used in future research and understand that any such use of identifiable data would be reviewed and approved by a research ethics committee

8. I understand and agree that my participation will be audio recorded and I am aware of and consent to your use of these recordings for the purpose of data analysis.

9. I agree for the data collected from me to be used in relevant future research.

10. I understand that my responses will be kept strictly confidential. I give permission for members of the research team to have access to my anonymised responses. I understand that my name will not be linked with the research materials, and I will not be identified or identifiable in the report or reports that result from the research.

Participant Name	Date	Signature
Student Researcher	Date	Signature

Student Researcher:

Name Kathleen Ngassam

Work Address 538 Elizabeth, Beaconsfield, P.Q

Work Telephone 514-942-1806

Work Email Kathleen.ngassam@solumet.ca

Version 2 (30 Apr 2018)

Appendix 5: Program Invitation and Information

(Name of organization and organization members names have been redacted from original source data to protect anonymity)

INVITATION TO PARTICIPATE IN THE INVESTMENT PROCESS

2017-2018 SEASON

Hello,

We are happy to extend an invitation to participate in ***[ANGEL ORGANIZATION]*** entrepreneur preparatory program. This program will enable you to prepare yourself for all the steps of the investment process at ***[ANGEL ORGANIZATION]***. At the end of this program, you will have the opportunity to present a final pitch of your business in order to qualify to come present to our network of more than 200 Angel Investors. While it is possible that you will not be selected to present to the network, the preparatory program was designed to give value to the entrepreneurs in and of itself: you will come out of it more confident of your development plan and better prepared to sell your project to potential financial partners.

We aim to make your experience at ***[ANGEL ORGANIZATION]*** positive. We recommend that you attentively read this guide as it contains critical information with regards to the investment process and required documentation.

NEXT STEPS

- Familiarize yourself with the present invitation document covering the investment process and the requirements connected to your participation.

- <u>Participants:</u> Please provide by email the names and titles of the key team members who will accompany you on the preparatory program sessions.
- <u>Dates and Addresses</u>: On pages 3 & 4, you will find the key dates and addresses connected to your participation. Please reserve them in your calendar.
- <u>Entrepreneur Welcome Kit:</u> Please familiarize yourself with the documents included in the Entrepreneur Welcome Kit. A description of these documents is located on pages 4 & 5 of this document.
- <u>Documents to prepare</u>: We ask that you prepare 2 documents before your first day of the preparatory program:
    1. First draft of 1st presentation pitch deck (8 minutes) – Please consult the guide provided in the kit and follow it attentively. We advise you to practice your pitch as we will be doing dry runs on day 1 of the preparatory program.
    2. Completed Due Diligence Summary Document. This document can be found in the kit.

Please note to save these documents to the relevant folders on Box.com.

Your availability is essential to a smooth investment process. If you have any questions, please don't hesitate to contact us.

Sincerely,

[Vice-President Screening, Angel Organization]
[Vice-President Screening & Investment Support, Angel Organization]

<u>INVESTMENT PROCESS</u>: The investment process is divided into 6 major steps. At the end of each step, there will be certain **« GO / NO GO »** criteria to satisfy in order to move on to the following step. A member of the ***[ANGEL ORGANIZATION]*** team will accompany you at each step of the process.

WEEK	INVESTMENT PROCESS STEPS
1 to 4	**1) Preparatory Program**: One day a week for 3 weeks, you will participate in presentations, individual work sessions and pitch practices that will enable you to prepare for the investment process, from the first presentation through due diligence to an investment closing. **GO / NO GO:** The 4th week there will be the evaluation of the final pitch committee on the pertinence of presenting your company to all of the Angel Organization members.
5	**2) 1st Presentation (Monthly Meetings)**: These 3 evenings taking place in Sherbrooke, Montreal and Quebec City will allow you to present your company in 8 minutes (short pitch) during our monthly investor meetings. The pitch will be followed by an 8-minute Q&A. You will have the opportunity to discuss with the angels during the cocktail after the pitch session. **GO / NO GO**: A minimum of 10 members interested in pursuing the investment opportunity.
6	**3) 2nd Presentation**: Taking place the week following the 1st presentations, this 90-minute meeting (long 30 minutes' pitch + questions) with angels interested in your company will help them position themselves more definitively with regard to their interest in your file. **GO / NO GO** : Sufficient investment interest and 1 or 2 lead angels ready to represent the group.
7 & 8	**4) Term Sheet** : In order to arrive at an agreement on the parameters connected to a future investment, the lead angel(s) will present at term sheet (this step is of variable duration, average of 2 weeks) **GO - NO GO** : Agreement on the main investment parameters.
9 to 12	**5) Due Diligence:** The lead angel(s) along with the due diligence committees (angels interested in investing) will validate all aspects of the project, from the team to the financial projections to the go-to-market strategy. The committee will then present their final report to the wider group of interested angels in order to obtain their definitive investment decisions. **GO / NO GO :** A positive recommendation from the due diligence committee and financial commitments that meet the company's investment targets
13	Buffer week for unforeseen delays.
14 & 15	**6)** Investment Closing: Legal process aiming to finalize the investment, ending in the disbursement of the funds to the company.

<u>PROGRAM OVERVIEW</u>: Here is the overview of the topics addressed. Certain sessions could be swapped depending on the availability of the speakers.

WEEK	PROGRAM
1	9:00 am -- 9:45 am: Intro 9:45 am – 12:00 pm: Pitch dry runs (practice your pitch) 12:00 pm – 3:00 pm: Value proposition, Business Model Canvas et work session 3:00 – 4:00 pm: The art of the pitch

2	9:00 am -- 9:15 am: Intro 9:15 am – 12:00 pm: Coaching sessions on the business model and go-to-market strategy with a member of the Angel Organization (75 minutes sessions) 12:00 pm -- 2:30 pm: Financial workshop (financial model, financial plan, company valuation) 2:45 pm – 4:00 pm: Due diligence and the term sheet
3	9:00 am - 9:15 am: Intro *9:15 am –12:00 pm: Coaching sessions on the financial model with a member of the Angel Organization (75 minutes sessions) *9:30 am -- 11:30 am: Pitch dry runs #2 *Entrepreneurs will alternate between the coaching sessions and pitch dry runs. 12:00 pm – 1:00 pm: Lunch with a portfolio entrepreneur 1:15 pm - 2:30 pm: The importance of the entrepreneur 2:30 to 4pm: Office hours (consult on the topic of your choice with an AQ team member)
4	9:00 am -- 9:15 am: Intro 9:15 à 11:15: Pitch in front of evaluation committee END

KEY DATES: Please book the following dates on your calendar and make note of the addresses. (See group that corresponds to the month of your invitation).

GROUP	PREPARATORY PROGRAM	MONTHLY MEETINGS	2ND PRESENTATIONS
	Mondays (with a few exceptions), from 9am to 4pm in Montreal The 4th day will be a morning session only.	In Sherbrooke, Montreal and Quebec City respectively, please arrive at 3:30pm	In Montreal (90 min. time slot to be determined)
Aug. 2017	August 14, 21 and 28, and Tuesday September 5	September 12, 13 and 14	September 21 and 22
Sept. 2017	September 11, 18 and 25 and October 2	October 10, 11 and12	October 19 and 20
Oct. 2017	Oct 6, 16, 23 and 30	November 7, 8, and 9	November 16 and 17
Nov. 2017	November 6, 13, 20 and 27	December 5, 6 and 7 or January 16, 17 and 18	December 14 and 15 or January 25 and 26

Jan. 2018	January 15, 22 and 29 and February 5	February 12, 13 and 15 (note: no presentation on Feb.14)	February 22 and 23
Feb. 2018	February 9 and 19 and March 2 and 5	March 13, 14 and 15	March 22 and 23
Mar. 2018	March 12, 19 and 26 and April 3	April 10, 11 and 12	April 19 and 20
Apr. 2018	April 9, 16, 23 and 30	May 8, 9 and 10	May 17 and 18

DOCUMENTS: You will find all documents related to your participation in the ***[ANGEL ORGANIZATION]*** investment process in the following directory:

1. **Invitation and Information 2017-2018:** The present document contains all of the key information connected to your participation in our process. Please read it thoroughly.
2. **Pitch Guide 1st presentation 8 mins**: Please see this guide in order to prepare a first presentation that meets the formats and information required by our members.
3. **Pitch Guide 2nd presentation 30 mins**: This pitch template will enable you to prepare a detailed presentation for the angels interested in your file.
4. **Due Diligence Summary:** This document, to be filled out by you, will be distributed to the interested members so that they may familiarize themselves with your business in preparation for the 2nd presentation.
5. **Due Diligence - General** This list will guide you in the preparation of your data room for due diligence.
6. **Due Diligence – Legal:** This list will guide you in the preparation of your legal data room for the legal due diligence process.
7. **Company Information Sheet**: This summary document, to be filled out by you, will be distributed to our members during your 1st presentation (monthly meetings), as a reference document while they listen to your pitch.
8. **Standard Term Sheet:** As you may know, our angels invest mainly in preferred shares. For your reference, we are sharing the standard term sheet that is used by our members.

BOX.COM ACCESS You will receive an invitation to collaborate on Box.com. Instead of exchanging documents by email with your collaborators at ***[ANGEL ORGANIZATION]***, we will ask you to centralize them on this secure platform. You will find a structure of directories that will allow you to organize your documents including your data room. The high-level folder view you will see upon logging in can be seen below. Each folder is organized into sub-folders to enable you to structure the files in a logical manner.

- If you do not already have a Box.com account, you will be prompted to create a free account.
- If you already use Box.com with another email address, do not hesitate to let us know.
- Please also indicate if you wish to give some of your team members access to this folder, if so at which email address.

YOUR BOX.COM ACCOUNT: You have received the invitation at the email address that you have used to communicate with our screening team. Do not hesitate to let us know if you require more explanations on the usage of Box.com

PREPARATORY PROGRAM DELIVERABLES

Please note the documents that must be ready before each session. Please save these documents in the directories indicated (Box.com)

WEEK	DELIVERABLES FOR EACH WEEK
1	**DOCUMENTS TO PREPARE BEFORE THE SESSION** (Save to Box.com) • **1st presentation 8 mins:** Please consult the pitch guide and be ready to present on the first day. • **Due Diligence Summary:** Please fill out the document. **Nice to have:** • **Due Diligence –General – Sections A to D:** Please provide the documents requested in the “Due Diligence General” checklist.

2	• **2nd Presentation 30 mins:** Please consult the pitch guide and complete "Block 1" of your 2nd presentation. • As needed, update the various documents following the workshops and coaching you received during the 1st week. **Nice to have:** • **Due Diligence –General – Sections E to G:** Please provide the documents requested in the "Due Diligence General" checklist.
3	• **2nd Presentation 30 mins:** Please consult the pitch guide and complete "Block 2" of your 2nd presentation. • As needed, **update the various documents** following the workshops and coaching you received during the 2ndt week. Consider updating your 1st presentation 8 minutes pitch for the dry run that will take place during the 3rd week. **Nice to have:** • **Due Diligence –General – Sections H and I:** Please provide the documents requested in the "Due Diligence General" checklist.
4	• **Company Information Sheet:** Please fill out the document. • As needed, update the various documents following the workshops and coaching you received during the 3rd week. Consider updating your 1st presentation (8 minutes) deck for the final pitch that will take place during the final week. **Nice to have:** • **Due Diligence –General – Section J (if applicable):** Please provide the documents requested in the "Due Diligence General" checklist. • **Due Diligence – Legal:** Please provide the documents requested in the "Due Diligence – Legal" checklist.

Appendix 6: Entrepreneur Welcome Kit

Appendix 6.1.: Pitch Guide – First Presentation

a) Pitch Guide – First Presentation (8 minutes)

This document presents the canvas that has been tested over the years with our members. We highly recommend that you read and follow this guide attentively. The pitch deck (PowerPoint document) is an executive summary of your project; it must capture the attention of the investors and stimulate their interest. You have three things to sell:

- o Yourself, your team and your passion
- o That your dream is attainable
- o That each dollar invested in your project will be worth much more in a few years

- You have 8 timed minutes; you have a screen on a lectern and a clicker. The presentation is followed by an 8 minute question period.
- The presentation in Quebec City on Thursday will be recorded for private rebroadcasting to the Angel Organization Group members.

b) Instructions

- A maximum of 2 presenters; select the best communicators on your team!
- You can present in French or in English, but the pitch deck should be in the opposite language.
- Please supply your document in PowerPoint format. (PDFs and other types of files will not be accepted for technical reasons). Please use universal fonts in your presentation.
- Bring your PowerPoint presentation on a USB key as a backup only; presentations will be projected from Angel Organization's computers.
- Dress code: no restrictions, be yourself.

c) General Advice

- Practice your presentation in front of colleagues, friends or family… you must master your material and have an acceptable rate of speech for an audience of 100 people.
- Do not talk too fast to say more; get to the essentials.
- It is important to look at the audience and not the screen. Use PowerPoint and limit the number of words on each page; too many words incite the members to read your presentation rather than listen to you, and results in the presenter looking at the presentation and reading it, rather than looking at the people in the room.
- Do not memorize a script: be yourself!
- During the question period: be brief and concrete in your answers to the questions. If you don't know the answer, say so!

d) Title & Elevator Pitch

- Enter the name of your business, the presenters' names and titles
- Logo and one-liner

The investor is able to read the slide: get straight to the point by summarizing what you do. Simply present your elevator pitch to rapidly stimulate investor interest. (max. 45 seconds) i.e. "Here is my business and this is what we do." The idea is to get investors to thinking about the potential of your business and the size of the market.

e) The Problem and the Opportunity

- Explain to your investors the problem that you are solving. Focus above all on make sure the audience properly understands the problem.
- Demonstrate the seriousness or depth of the problem that needs a solution; if more than one target client demonstrate the need for each large segment.
- Avoid presenting a solution that is looking for a problem. Reduce – or eliminate – quotes of studies on the future size of your market.

f) Solution

- What is your value proposition?
- Describe how you solve the problem and why it is important for the target client group.
- Make sure that your audience fully understands your product or service and your value proposition. This is not the time to get into major technical explanations. Get to the point.

g) The Underlying Magic

- Describe the technology, secret sauce or magic behind your product or service.
- Focus this slide on diagrams, charts and graphs rather than text. This is a good place for white papers and feasibility demonstrations.

h) Business Model

- Explain how you make money: the price, the costs, your partnerships, your distribution channels, your gross margin.
- Proof of design and acceptance of the product and price; elasticity of the demand.
- In general, new, unproven business models inspire a certain fear. If you really have a revolutionary business model, explain it by using known business models as a reference point.
- This is the right time to mention the organizations that already use your product or service (please mention current sales generated)

i) Go to Market –Sales and Marketing

- Window of opportunity, barrier to entry and rapidity of execution.
- Explain how you attract customers (trade shows, webinars, inbound/outbound marketing, etc), your sales process and present your sales arguments.
- This is where you create value for the business and the shareholders.
- You must convince investors that you have an efficient marketing strategy that does not cost a fortune.

j) Competition

- Provide a complete overview of the competition. Better too much than not enough.
- Do not underestimate indirect competition (the status quo).
- Never disparage the competition. What everyone (your customers, your investors and your employees) want to know is why you are good, not why the others are bad.
- Use a comparison table on the main selection criteria by your target clientele.

k) Financial Projections and Essential Indicators

- Present your results to date (max 2 years of history) and your projections over 5 years containing not just monetary amounts, but performance indicators specific to your industry, such as number of customers, licenses; on the web: conversion rate, retention rate and number of unique visitors.
- Make bottom-up projections. Incorporate long sales cycles and seasonal variations.
- The importance lies in your ability to sustain your assumptions and succeed in making investors understand the logic that supports your projections.

l) Management Team

- Present the key players of your management team, your board of directors and your board of advisors, in addition to your main investors.
- Don't be afraid to present an imperfect team. All young businesses have gaps in their team. The important thing is to show that you are aware of this and that you have the will to take care of it.

m) Financing

- How much money was invested to date (including founders' personal investments)
- Present a table detailing how much money you need (divided by source) and the use you will make of the money (divided into a few general categories)
- Mention how much money has been committed and by whom.
- What is the valuation of the company?

n) Roadmap

- Explain the current situation of your product or service, the outlook for the near future and how you will use the money that you are raising. What are the next milestones for value creation?
- Demonstrate to investors that your project has momentum and show them the interest that it generates.
- Exit: What exit do you anticipate for your shareholders? If you believe an acquisition is possible, please mention by whom.

o) Why the Angel Organization Group should invest

- Review the important points of the presentation
- The final slide should both summarize and conclude the presentation.
- No slide with thanks or calls for questions.

Appendix 6.2.: Pitch Guide – Second Presentation

a) Pitch Guide – 2nd Presentation (30 minutes)

- This document presents the pitch canvas that has been tested with our members over several years.
- The second presentation will be held the week after the first presentation with the angel investors who demonstrated an interest in your project during the first meeting. They will have previously received your due diligence summary document as well as an access to your data room.
- The meeting will last 90 minutes with the angels asking questions throughout. Thank you for preparing a pitch deck lasting 30 minutes, as the remaining 60 minutes will be spent answering questions.
- After 90 minutes, the Angel Organization coordinator of your file will ask you to leave the meeting.
- The Angels will discuss with the coordinator to see if there is sufficient interest to produce a term sheet. The entrepreneur will be advised of this in the 1 to 3 business days following the presentation.

b) Tips for your 2nd presentation

- The Angels want to know more about you, your business and how you are going to create value for the business, the employees and the shareholders before continuing in the investment step.
- Do not take it for granted that the angels remember the details of your presentation of the previous week.
- Invite one or more members of your team who have real added value for the presentation, the go-to-market and financial aspects are particularly important.
- You may present in French or English, and contrary to your 8 minutes pitch, the pitch deck can be in the same language as the oral presentation.
- Please arrive at least 15 to 20 minutes early for this presentation.
- Be flexible in answering questions; even if a question is addressed later in the presentation, if a question is recurrent, don’t ask the Angels to wait until later to answer it.

c) Working on your pitch deck

- In the scope of the preparatory program, we will ask you to work on the presentation in 2 blocks.
- Please work on Block 1 for the 2nd week and Block 2 for the 3rd week.
- During the individual meetings, you can work on this presentation with the angels with whom you are meeting.

BLOCK 1

1) Title & Elevator Pitch

- Enter the name of your business, the presenters' names and titles
- Logo and one-liner

2) The Team

- Introduce the 2 to 5 management team members, specifying the experiences and expertise they have that are most relevant to the project.

3) Advisory Board (or Board of Directors)

- Your Board of Advisors (and/or your Board of Birectors if you have one) can be of great value for your business. If you have an active Board of Advisors or Board of Directors, please talk about the 3 to 4 members that are most relevant.

4) The Problem and Opportunity

- Demonstrate the seriousness or the depth of the problem or the opportunity.
- If it is possible to quantify this problem, please do so. For example, by indicating how many hours or dollars are lost using existing solutions.
- How did you identify the problem?
- Who are the clients looking for a solution?

5) Value Proposition

- What is the solution you are proposing to potential clients?
- Which needs/problems are you solving?
- What value are you creating?
- What are you really bringing to the client?
- What are the features of your product/service? What are its benefits?

6) Your Secret Sauce

- Explain your product or service in detail
- What it does, or doesn't do
- Do you have intellectual property (IP) protected by a patent?

7) Product Demo

- If relevant and necessary, a demo of your product is possible. It should not last any longer than 2 to 3 minutes.
- If you are selling a physical product, do not forget to bring an example of it to show the Angels.

8) The Market

- Demonstrate an in-depth understanding of your ecosystem.
- Indicate which market segments you will address first, and why.
- Who are your most important clients?
- What is your first addressable market and what is the size in millions of your first markets – Canada, USA or others.
- We prefer a bottom-up analysis that is clearly linked to your go-to-market strategy. For example, indicate how many clients are reachable by your company in the first market segment and geographical region in the first year, and build up from there for the following years.

9) The Competition

- Who are your direct and indirect competitors
- Differentiators
  - Why you are better than the competition and why?
  - Do not neglect to mention your indirect competition (status quo)
  - Use a comparative chart based on the principle criteria your clients use to select a supplier.

10) The Business Model

- In general, new business models that haven't been proven create uncertainty. If you have a revolutionary model, explain it by referring to known models as reference points.
- Indicate what proofs of concept have been accomplished, how you have validated the product and price acceptance, and what is the elasticity of the demand.

11) Go-to-Market Strategy (Sales & Marketing)

- This is where you create value in the company, for its shareholders and clients.
- You absolutely must convince investors that you have an effective go-to-market strategy.

12) Current Situation (Traction)

- Demonstrate that your project has momentum.
- What commercialization activities have been undertaken and what interest or sales have been generated?
- Beta phase – sampling, period, results?
- Accelerators?
- Conferences?

13) Distribution Channels

- How will you reach your clients?
- Through which channel will you distribute your products or services?
- Through which channels will you communicate with your clients?

14) Client Relationships

- What is the nature of your relationships with your clients?
- What type of relationships do your clients wish for with their suppliers?

15) Partners

- Who are your essential partners and suppliers?
- Which partners enable you to accomplish certain steps that you do not execute internally?
- Which partners enable you to access resources that you not possess internally?

BLOCK 2

16) Revenue Structure

- How will you make your revenues?
- How will your clients pay you?
- How do they prefer to pay?
- Which products and services are the most profitable?

17) The Cost Structure

- What are the costs of your activities and main resources? (fixed and variable)
- Which costs are most important to your model?

18) Financial Projections

- Please present 2 years of historical results (if existant) and your projections for the next 5 years.
- Present a graphic with the following key factors:
    - Revenues
    - Gross margin and EBITDA
    - Number of clients
    - Number of products or services sold

- Create your projections starting from the bottom-up and incorporate sales cycles and seasonal variability.
- The most important thing is to be able to justify your assumptions.

<u>19) Key Performance Indicators (KPIs)</u>

- Present your dashboard with its key metrics that you will track regularly.
- Identify and explain your 3 to 5 key performance indicators
- Provide comparisons within your industry

<u>20) Roadmap</u>

- Explain the current situation of your product or service and the future development that you anticipate for your product/the creation of new product lines. (why, how, why and what value will be created?)
- What are the next milestones for value creation?
- Demonstrate to investors that your project has momentum and show them the interest that it generates.
- Exit: What exit do you anticipate for your shareholders? If you believe an acquisition is possible, please mention by whom.

<u>21) Financing</u>

- How much money was invested to date (including founders' personal investments)?
- Present a table detailing how much money you need (divided by source such as loan, grant and equity) and the use you will make of the money (divide into a few general categories)
    - Mention how much money has already been committed and by whom.
- What is the valuation of the company and why?

22) Future Funding Rounds

The current round will enable you to reach which milestones?

Will you need another funding round? If so – why, how much and when?

What are the milestones that will enable you to kick off the next round?

23) Why the Angel Organization should invest

- Review the important points of the presentation
- The final slide should both summarize and conclude the presentation.
- No slide with thanks or calls for questions.

Appendix 6.3.: Due Diligence Summary

DUE DILIGENCE SUMMARY

1. TEAM

1.1 Management team and key employees

Name	Title	Function	Salary ($000)	Start date with company	Education (degree)	# years' experience	Personal Investment ($000)	% Shareholding	Comments

1.2 Advisory Board

Name	Title	Expertise

1.3 Board of Directors

Nom	Title	Expertise

2. BUSINESS MODEL

2.1 Business Model Canvas

<table>
<tr>
<td rowspan="2">Key Partners
Who are our Key Partners?
Who are our Key Suppliers?
Which Key Resources are we acquiring from partners?
Which Key Activities do partners perform?
• DELETE GRAY TEXT & WRITE HERE</td>
<td>Key Activities
What Key Activities do our Value Propositions require?
Our Distribution Channels?
Customer Relationships?
Revenue streams?
• DELETE GRAY TEXT & WRITE HERE</td>
<td rowspan="2">Value Proposition
What value do we deliver to the customer?
Which one of our customer's problems are we helping to solve?
What bundles of products and services are we offering to each Customer Segment?
Which customer needs are we satisfying?
• DELETE GRAY TEXT & WRITE HERE</td>
<td>Customer Relationships
What type of relationship does each of our Customer Segments expect us to establish and maintain with them?
Which ones have we established?
How are they integrated with the rest of our business model?
How costly are they?
• DELETE GRAY TEXT & WRITE HERE</td>
<td rowspan="2">Customer Segments
For whom are we creating value?
Who are our most important customers?
• DELETE GRAY TEXT & WRITE HERE</td>
</tr>
<tr>
<td>Key Resources
What Key Resources do our Value Propositions require?
Our Distribution Channels? Customer Relationships?
Revenue Streams?
• DELETE GRAY TEXT & WRITE HERE</td>
<td>Channels
Through which Channels do our Customer Segments want to be reached? How are we reaching them now? How are our Channels integrated?
Which ones work best?
Which ones are most cost-efficient?
How are we integrating them with customer routines?
• DELETE GRAY TEXT & WRITE HERE</td>
</tr>
<tr>
<td colspan="3">Cost Structure
What are the most important costs inherent in our business model?
Which Key Resources are most expensive?
Which Key Activities are most expensive?
• DELETE GRAY TEXT & WRITE HERE</td>
<td colspan="2">Revenue Streams
For what value are our customers really willing to pay?
For what do they currently pay?
How are they currently paying?
How would they prefer to pay?
How much does each Revenue Stream contribute to overall revenues?
• DELETE GRAY TEXT & WRITE HERE</td>
</tr>
</table>

2.1 Competition

Name of competition	Product	Market share (%)	Strengths of your company vs this company	Weaknesses of your company versus this company	Comments

Other comments :

- Comment 1
- Comment 2

3. FINANCIALS

3.1 Financial Results and Projections

Results in $							
Fiscal Year: ______________			**Forecasts**				
	actual 2015	**actual 2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Revenues							
Direct Costs							
Gross Margin							
% of Gross Margin							
Sales Expenses							
Administrative Expenses							

R&D Tax Credits							
EBITDA (Earnings before interests, tax, depreciation and amortization)							

Number of employees							
Number of units sold							

Comments :

- Comments1
- Comments 2

3.2 Required Investment

NOTE: It is important to include all forms of grants and subordinate financing that is anticipated in your financing structure. R&D tax credits, bank loans and leasing agreements are also sources of financing.

PROJECT – Use of Funds	($000)	FINANCING	($000)
TOTAL PROJECT		**TOTAL FINANCING**	

3.3 Previous Capital

Name of Investor/Lender	Instrument	Date	Amount ($000)	Premoney valuation ($000)	%
TOTAL					

3.4 Shareholding and Valuation

Legal Name of the Company					
Shareholders' names	Common Shares	Preferred Shares	Options	Total	fully (%)

VALUATION	($000)

3.5 Justification of the Valuation

- Justification 1
- Justification 2

3.6 Please indicate if your file was presented or is presently being evaluated by other equity investors or lenders.

Name of investor/lender	Instrument	Date	Amount ($000)	Pre-money Valuation ($000)	%
TOTAL					

3.7 Possible Exit Strategy

Name of Potential Buyer	Website	Recent Transaction	Date	($000)

If other exit strategies are anticipated, such as shareholders' redemption or an IPO, please comment:

- Comment 1
- Comment 2

Appendix 6.4.: Due Diligence General

DUE DILIGENCE GENERAL - CHECKLIST

INSTRUCTIONS

- Please upload the requested documents in the folders located in the “Due Diligence – General” section in the Box.com folder to which you’ve been granted access.
- The deadlines associated with each section are indicated in blue on the right-side of this document.

DEADLINE: WEEK 1

A. MANAGEMENT AND PERSONNEL

1. Organization Chart
2. Summary biographies and CVs of senior management,
3. Projected hires for the next 24 months

B. KEY CONTACTS

Please fill out provided template sheet with names and contact information for the following:

- Banker
- Lawyer
- Accountant
- Patent Agent
- Coordinates for 2 to 3 clients that will be contacted by the Angel Organization as references – specify they’ve been clients since when, sales generated by each one, and other relevant information.
- 2 References for each founder (customer, supplier, company lawyer, company banker)

C. PRODUCTS

1. Description of each product
2. Major customers and applications
3. Market share
4. Cost structure and profitability
5. Product readiness (Prototype? Ready to commercialize? Customer validation? Certification?)

D. RESEARCH AND DEVELOPMENT

1. Description of R&D organization/Road Map
2. New Product Pipeline Status and Timing, Cost of Development, Milestones

DEADLINE: WEEK 2

E. CUSTOMER INFORMATION

1. List of top 5 customers with revenues
2. List of strategic relationships/partnerships
3. Revenue by customer/distributor
4. Standard client agreement

F. COMPETITION

Description of the competitive landscape within each market segment including:

1. Market position and related strengths and weaknesses as perceived in the market place
2. Basis of competition (e.g., price, service, technology, distribution)

G. MARKETING, SALES, AND DISTRIBUTION

Strategy and implementation:

1. Description of distribution channels
2. Distribution agreements
3. Positioning of the Company and its products by geography and industry

4. Marketing opportunities/ marketing programs
5. Major growth drivers
6. Sales Pipeline (S/O)
7. Marketing materials

DEADLINE: WEEK 3

H. FINANCIAL INFORMATION

1. Annual financial information for the past three years (or since inception)

   Monthly for past 12 months:
   - Income statements, balance sheets, cash flows
   - Planned versus actual results current year (N/A)
   - Breakdown of sales and gross profits (if applicable) by: Product Type, Channel, Geography
2. Accounts receivable aging schedule
3. Accounts payable aging schedule
4. Summary of all debt instruments/bank lines with key terms and conditions

I. FINANCIAL PROJECTIONS

1. Financial projections for the next 5 fiscal years
2. Revenue by product type, customers, and channel
3. Amount Needed:
   - Amount
   - Type (equity, debentures…)
   - Detailed projected use of proceeds

DEADLINE: WEEK 4

J. MANUFACTURING-OPERATIONS READINESS

1. Bill of material (part list, supplier name, unit cost, minimum order qty, tooling cost, leadtime, alternate source)

2. Supply Chain Readiness plan
3. Supply Chain Quality plan
4. Process Flow Diagram, Process FMEA, Control Plan
5. Packaging plan
6. Customer training and support plan
7. Warranty policy
8. Service and maintenance plans

Appendix 6.5.: Company Information Sheet

COMPANY INFORMATION SHEET

General Information		Date:	
Name & Location of company:			
Name of president:			
Website:			
Total number of employees:		Year of foundation:	
Industry:			
Brief description of the company and its products:			
Pre-money valuation:			
Total funding sought:		Amount request from Angels:	
Use of funds:			
Other important details:			

Financial information Year end:	FY 2016 (historical)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Sales (‘000$)						
Gross margin ($‘000)						
Gross margin (%)						
Pre-tax profit ($‘000)						
EBITDA (‘000)						
EBITDA (%)						

Section reserved for Angel Organization members	
Personal Notes:	