



WORKING WITH BUSINESS ANGELS

Finding, pitching to, and building a lasting relationship with angel investors
GUIDE 05

A great angel brings more than capital — if the relationship is right.

Angel investors are often the first external investors a founder encounters. This guide covers the full angel investment journey: who angels are, how to find the right ones, how to pitch effectively, how to negotiate and close a deal, and how to build a productive long-term relationship. It is designed to be read alongside Guide 04 (Equity Investment for First-Time Founders).

GUIDE 05 | Business Lincolnshire Finance Accelerator

Who this guide is for: founders considering or actively pursuing angel investment, including through Lincolnshire Business Angels.

YOU'LL GET

- Plain-English guidance tailored to Greater Lincolnshire businesses
- Practical steps, checklists and decision points
- A clear route into Accelerator support and adviser conversations

START: Use this guide alongside the Finance Accelerator resources and book a fully funded Funding Diagnostic Session when you are ready to discuss your options.

ABOUT THIS GUIDE

Angel investors are often the first external investors a founder encounters — and the relationship, if managed well, can be transformative. Beyond the capital, a great angel brings experience, credibility, and a network that can open doors a founder could not open alone.

This guide covers the full angel investment journey: who angels are, how to find the right ones, how to pitch effectively, how to negotiate and close a deal, and how to build a productive long-term relationship. It is designed to be read alongside Guide 04 (Equity Investment for First-Time Founders).

Lincolnshire Business Angels (LBA)

LBA is the regional angel network for Greater Lincolnshire. The Accelerator works directly with LBA to prepare businesses for pitching and to make warm introductions. If you are ready — or working towards being ready — to pitch to angels, speak to an Accelerator adviser who can guide you through the LBA process from start to finish.

SECTION 1 — WHO BUSINESS ANGELS ARE

The term 'business angel' refers to a high net worth individual who invests their own personal money into early-stage businesses, typically in exchange for equity. Angels are not investment funds — they are people, usually with relevant business experience, who choose to deploy some of their personal wealth into high-potential companies.

What motivates angel investors

Financial return (5–10× over 5–7 years) · giving back to the next generation of founders · staying engaged after leaving senior roles · portfolio building across multiple companies · sector passion.

Type	Characteristics	What founders should know
First-time angel	Recently became eligible to invest, fewer deals under their belt	May need more reassurance; can be excellent if experience is relevant
Serial angel	5+ investments, pattern-recognises quickly	Will spot weaknesses fast — respect their time, be direct
Syndicate lead	Organises groups of angels, sets terms, leads diligence	Win the lead and others often follow — focus energy here
Sector specialist	Deep expertise in your industry	Can add enormous value beyond cash — target proactively
Portfolio builder	Runs 10–20+ investments, high volume, lower involvement	Decisions may be quicker; involvement post-investment lighter

What angels are not

Angels are not banks — they will not lend you money. They are not grants — you sell equity in exchange. They are not passive — most expect some involvement. They are not a last resort — the best angels are sought after. And they are not all the same — a great angel in the wrong sector can be more trouble than they are worth.

SECTION 2 — IS ANGEL INVESTMENT RIGHT FOR YOUR BUSINESS?

Angel investment is not appropriate for every business. Before investing significant time in preparing a pitch, be honest about whether your business and ambitions are a genuine fit for equity investment.

Usually a good fit if...	Probably not the right fit if...
Genuine high-growth potential to justify the investor's risk	You want to grow steadily without external pressure
Comfortable selling a minority equity stake — typically 10–30% in a first round	You are not willing to share ownership or decision-making at any level
A scalable business model — costs should not grow proportionally with revenue	Strong, reliable cash flow that can service debt — a loan may be cheaper
You need more capital than debt alone can provide	Your market is too small to generate a meaningful return
Open to an investor involved in the business, even light-touch	Very early idea stage with no validation — consider grants first

The honest question

Before approaching any angel, ask yourself honestly: 'Could this business realistically be worth 5–10× what I am asking for today, in 5–7 years?' If the answer is yes — or possibly yes — angel investment may be worth exploring.

SECTION 3 — FINDING THE RIGHT ANGELS

Finding angel investors is not about blasting a pitch deck to as many people as possible. It is about identifying the right investors — and approaching them in the right way.

Route	What it offers
Lincolnshire Business Angels (LBA)	The regional network: application, screening, pitch preparation and pitch day. Your primary route in the region.
UK Business Angels Association	The national trade body — a directory of angel networks and syndicates across the UK
Seedrs / Crowdcube	Equity crowdfunding platforms — can supplement or follow an angel round, not a substitute for a lead angel
Personal networks	Warm introductions dramatically outperform cold outreach
Events & pitch competitions	Regional showcases and competitions such as Taming the Dragons

Quality over quantity

Five well-targeted, warm-introduction approaches will outperform fifty cold emails every time.

SECTION 4 — THE LBA PROCESS

LBA is a structured angel investment network that matches investment-ready businesses with experienced angel investors across Greater Lincolnshire.

#	Stage	What happens
1	Expression of interest	A short summary of your business, amount sought, and stage of development
2	Initial screening	A supportive conversation to assess readiness and identify areas to strengthen
3	Pitch preparation	Working with the Accelerator on deck, forecast and mock pitch sessions
4	Pitch day	A 10–15 minute presentation to a room of LBA angels, followed by Q&A
5	Follow-up & due diligence	Interested angels request further information — stay responsive and patient
6	Term sheet & close	Legal documentation prepared; the Accelerator can signpost specialist solicitors

SECTION 5 — PITCHING TO ANGELS: WHAT WORKS

An angel pitch is unlike any other business presentation. You have 10–15 minutes to make an investor want to know more. The pitch is where interest is sparked — not where deals are done.

Element	What makes it land
The hook	Open with the problem, not your company history — make the investor feel the pain
Clarity	One sentence a non-expert can understand
Evidence	Numbers beat adjectives — '47 paying customers at £800 ARR, growing 18% MoM'
The team slide	One compelling sentence of relevant experience per person, not job titles
Honest financials	A three-year forecast with clearly stated assumptions and acknowledged risks
The ask	Specific: amount, pre-money valuation, and what it funds
The vision	A credible picture of success in five years

Questions angels almost always ask

Why are you the right team? Who are your competitors? How did you arrive at this valuation? What happens if you miss your revenue forecast? What do you need beyond money? Have you spoken to other investors? Why now?

SECTION 6 — NEGOTIATING AND CLOSING THE DEAL

Once an angel expresses serious interest, the negotiation begins. Many first-time founders make costly mistakes here — either giving away too much out of excitement, or over-negotiating and losing the deal entirely.

Term	What to prioritise
Pre-money valuation	Be realistic but do not capitulate without justification — have a clear methodology
Equity percentage	Most first-time founders sell 15–25%. Below 10% may not motivate the investor; above 30% worries future investors.
Liquidation preference	Push hard for 1× non-participating
Board composition	A typical early board: 2 founders, 1 investor, 1 independent chair
Reserved matters	Negotiate the list down to genuinely material decisions
Vesting schedule	Reasonable to accept — ensure a 12-month cliff and past service credit

Creating a competitive process

The single most effective thing you can do to improve your negotiating position is to have more than one interested investor.

SECTION 7 — BUILDING A PRODUCTIVE ANGEL RELATIONSHIP

The quality of your angel relationship has a direct impact on your business outcomes. Angels who trust you will go out of their way to help.

Principle	In practice
Proactive communication	Send a monthly or quarterly investor update, even when things are going well
Honest reporting	Share bad news alongside good — an investor who hears early can often help
Use them well	Make specific asks — introductions, sector knowledge, hiring
Respect their time	Come to meetings prepared; keep updates concise
Deliver on commitments	Hit milestones, or communicate early when you will not

When things go wrong

Every funded business hits setbacks. Tell investors before the situation becomes critical, come with a plan not just a problem, and never hide cash flow problems.

SECTION 8 — SYNDICATES & CO-INVESTMENT WITH MEIF II

Most angel rounds involve more than one investor. An angel syndicate is a group who invest together — one lead sets the terms and takes the board seat, others follow on the same terms.

Co-investment with MEIF II

MEIF II regularly co-invests alongside angel investors in Greater Lincolnshire businesses. It typically follows the lead angel's terms, reducing negotiation complexity, and can significantly increase the total amount raised. If your round exceeds what angels alone can provide, speak to the Accelerator about MEIF II co-investment early — getting them involved before the round closes is much simpler than bringing them in after.

Most equity-backed businesses raise multiple rounds. Existing angel investors typically have pre-emption rights in a new round. Brief them early, be clear about participation expectations, and understand that a round will dilute investors who do not participate.

SECTION 9 — QUICK REFERENCE: DO'S AND DON'TS

Do	Don't
Research angels thoroughly and get a warm introduction	Approach investors before you are ready
Know your numbers fluently before any meeting	Send cold emails with unsolicited pitch decks
Obtain EIS/SEIS Advance Assurance before pitching	Claim you have no competition
Take independent legal advice on any term sheet	Sign a term sheet without independent legal advice
Run a competitive process across multiple angels	Accept the first offer out of excitement
Send consistent, concise investor updates	Go quiet between updates or hide problems
Keep your cap table up to date at all times	Ignore your cap table or let it get out of date

SECTION 10 — YOUR NEXT STEPS

Priority	Action
First	Complete the Investment Readiness Self-Assessment (GLBFA-TOOL-001)
Second	Book a fully funded Funding Diagnostic Session with the Accelerator
Third	Read Guide 04 (Equity Investment for First-Time Founders), particularly term sheets, EIS/SEIS and dilution
Fourth	Check EIS/SEIS eligibility and apply for HMRC Advance Assurance early — it can take 4–8 weeks
Fifth	Build your financial forecast (GLBFA-XLS-001) and pitch deck (GLBFA-PPT-001) using the Accelerator's free templates
Sixth	When ready, speak to the Accelerator about a warm introduction to Lincolnshire Business Angels

START YOUR JOURNEY TODAY

Visit our website to learn more and access support

Ready to move forward?

The Business Lincolnshire Finance Accelerator gives you the knowledge, tools and expert support to understand your options and prepare to access funding at the right time, in the right way.

FIND OUT MORE

- Book a fully funded Funding Diagnostic Session
- Access Finance Accelerator tools and templates
- Speak to an experienced Business Lincolnshire adviser

FIND OUT MORE



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