
Listen to a “Business Angel” being interviewed on a radio programme.

While listening, and before looking at the audioscript, try the following multiple choice activity.

Choose the best answer, a, b or c according to the interview. The answer to this activity is after the audioscript.

1. What is a business angel?

- a) Someone who works for a charity.
- b) Someone who sets up a new business.
- c) Someone who invests in new and small businesses.

2. How does an investment from a business angel differ from a bank loan?

- a) A business angel doesn't charge interest.
- b) A business angel will never take a risk.
- c) A business angel only lends small amounts of money.

3. What kind of return does Mark usually expect to get on an investment?

- a) Five per cent.
- b) About fifty or sixty per cent.
- c) About ten times the amount invested.

4. How do business angels find businesses to invest in?

- a) By contacting business owners.
- b) By looking on the internet.
- c) By attending presentations by business owners.

5. What factors help Mark decide who to invest in?

- a) Bank statements and other financial records.
- b) The type of product and the personal characteristics of the owners.
- c) The availability of a similar product on the market.

6. For every ten investments, how many usually make a lot of money for Mark?

- a) Two.
- b) Three or four.
- c) Ten.

7. Does Mark like to have any involvement in companies he's invested in?

- a) Yes, he likes to have direct involvement.
 - b) Yes, but only by giving advice.
 - c) No, he prefers to wait and see what happened to his money.
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Presenter: Welcome to this week's programme. I have with me in the studio Mark Fletcher, a business angel. Mark, can you explain what a business angel is.

Mark: Yes, well it sounds like someone who is altruistic, but in fact a business angel expects to make a good return on their money. We usually invest in start-ups and small business looking to expand. When the company does well we expect our capital back with a substantial return. Sometimes we group together to make a syndicated deal.

Presenter: How do these investments differ from bank loans?

Mark: In my case I like to lend between ten and a hundred thousand pounds to a business. I don't charge interest, so I'm taking a risk with my money. But within five years I expect to get a good return on this investment – about fifty or 60 percent.

Presenter: How do you get your money back?

Mark: The company either raises money by floating on the stock market, or is sold. I will have an agreement with the owners as to how much of the money raised goes to me.

Presenter: How do you find a company to invest in?

Mark: I belong to a network of business angels, and business owners contact us to find an investor. Typically, they give a presentation to a group of prospective investors, and if anyone likes what they see, they put money into the business.

Presenter: How do you decide who to invest in?

Mark: I go very much by gut feeling. Of course I need to see business plans, but if I think the company is producing something that there's a market for, and if I think the owners have the drive and ambition to do well, then I'll put my money in.

Presenter: Are all the businesses you invest in successful?

Mark: (laughs) No, of course not. If I invest in ten companies, I expect three or four to go bust, two or three to do OK and a couple to be really good. Those are the ones I make my money on. Earlier this year I got back ten times the amount I'd invested in one company. This makes up for the investments where I make a complete loss.

Presenter: And once you've invested your money, is that it or do you have any further involvement in the company?

Mark: I'm very much a hands-on investor. Before I became a business angel I ran several successful businesses which I then sold on, so I've got plenty of experience and I like to help companies develop and expand. Sometimes I'll expect to become a director of the company. Other times I concentrate on giving financial advice. The great advantage is that I can see what is happening to my money.

Presenter: Thanks very much, Mark. Now if anyone is interested in contacting a business angel, you can find out more on our website. (fade out)

Answer to the listening activity**1. What is a business angel?**

c. Someone who invests in new and small businesses.

2. How does an investment from a business angel differ from a bank loan?

a. A business angel doesn't charge interest.

3. What kind of return does Mark usually expect to get on an investment?

b. About fifty or sixty per cent.

4. How do business angels find businesses to invest in?

c. By attending presentations by business owners.

5. What factors help Mark decide who to invest in?

b. The type of product and the personal characteristics of the owners.

6. For every ten investments, how many usually make a lot of money for Mark?

a. Two.

7. Does Mark like to have any involvement in companies he's invested in?

a. Yes, he likes to have direct involvement.