

# CREATING THE PROFESSIONAL STANDARDS FOR THE NEW ASSET CLASS

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EBAN  
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# EBAN MISSION STATEMENT

Our mission is to support the growth and professionalization of the early stage investing sector, and help it grow from a 3 billion€ to a 10 billion€ asset class.

# WHAT IS A BUSINESS ANGEL ?

- An individual investor, financially independent, not involved in operations
- Investing directly in equity for a minority position, his own money, making his own (final) investment decisions
- Providing free of charge follow-up support to entrepreneurs from investment to exit
- Respecting a specific code of ethics including rules for confidentiality and fairness (vis-à-vis entrepreneurs and other BAs), compliance to anti-laundering and any other regulations

# EBAN CRITERIA FOR MEMBERSHIP OF BUSINESS ANGEL NETWORKS OR STRUCTURES (BAN)

- Participants in the BAN are predominantly individuals, who qualify as Business Angels
- The BAN is a legal entity (association or corporation)
- Objectives of the BAN are predominantly to facilitate early stage angel investment of its members
- The BAN holds regular in-person meetings in order to share evaluations of opportunities
- The BAN has defined processes and procedures for project selection and matching up to investment decision

## EBAN CRITERIA FOR MEMBERSHIP OF BUSINESS ANGEL NETWORKS OR STRUCTURES (BAN) (II)

- The BAN by-laws make a reference to a code of conduct or ethics and a disciplinary procedure for compliance including full disclosure of potential conflicts of interest by the management team and/or the investors
- Examples of qualifying entities: member or manager led angel groups, angels investment funds
- Non qualifying entities (potential associate members): On-line matching platforms without meetings in person, Brokers/Dealers, consultants, Investment advisors, stock clubs, later stage VCs...

# WHY HAVE PROFESSIONAL STANDARDS?

- Improve trustworthiness and transparency of BANs vis-à-vis public authorities and ecosystem for development of public funding and co-investment processes
- Identify the key competence/measure the performance of BANs
- Identify key areas of improvement
- Develop benchmarking among BANs
- Setup programs for quality control and performance improvement

# WHAT IS THE EBAN QUALIFICATION PROCESS?

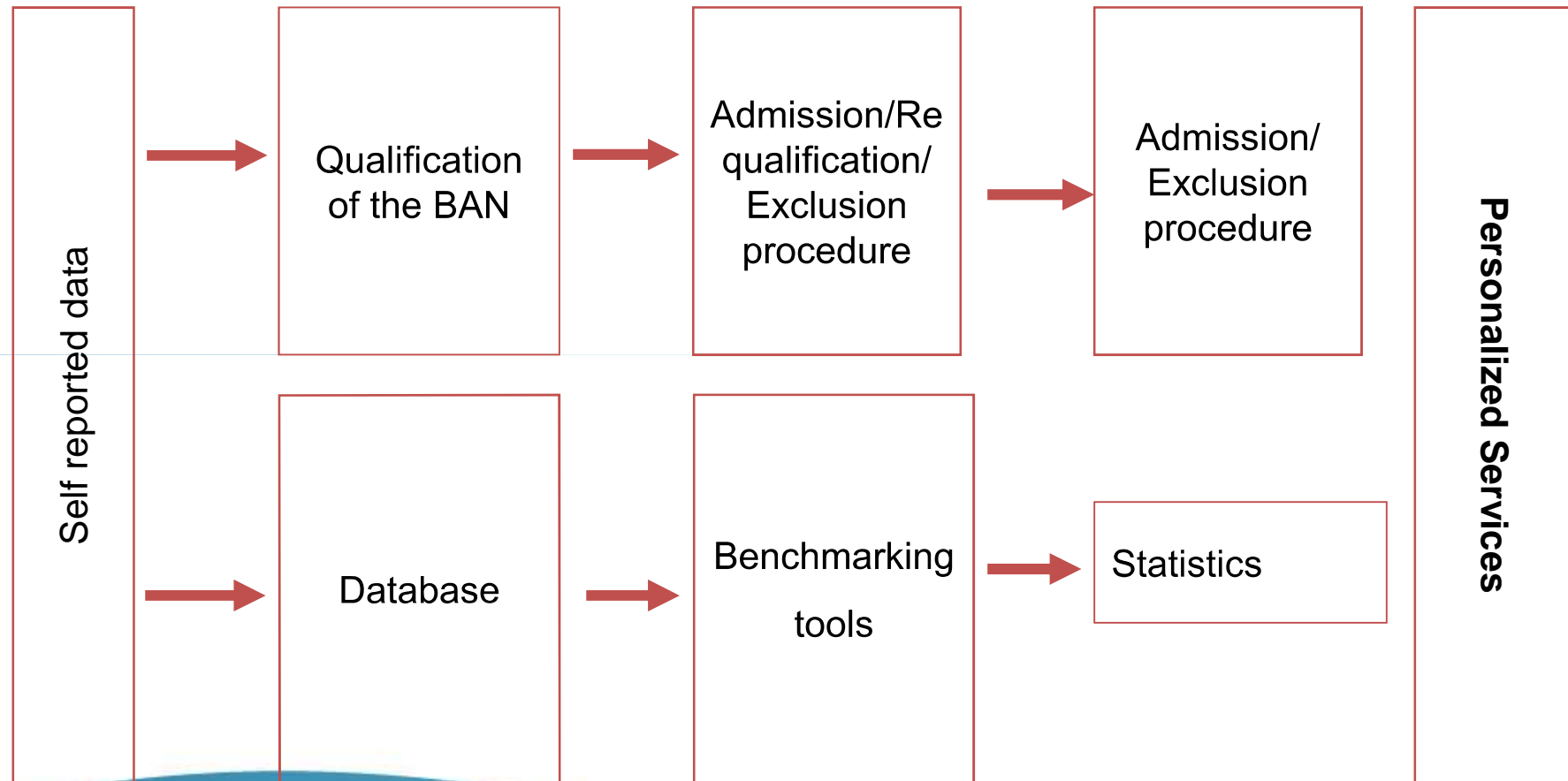
- Conforming to the EBAN definition of a BAN
- Identifying the key characteristics of a BAN
- Qualifying the stages of evolution and criteria of performance of a BAN
- Benchmarking with peers
- Identifying areas of improvement
- Setting up a quality control process

# HOW IS IT IMPLEMENTED?

- Self reported data by the network
- Annual verification of data
- Submission to a special committee for validation of category
- Compliance process



# ILLUSTRATION OF THE PROCESS



# QUALIFICATION CRITERIA – MEASURING PERFORMANCE

## Track record of the BAN

- Size of the dealflow
- Investments in the last 3 years (new investments/follow on rounds),  
Amount invested and average amount of investment
- Years of experience
- Number of exits
- Number of members and turnover
- Services to members including pre and post investment support

# QUALIFICATION CRITERIA – MEASURING PERFORMANCE

## Track record of the team

- Gate keeper (s)
- Key angels
- Investment committee
- Ratio of personnel dedicated vs number of members and services offered

# QUALIFICATION CRITERIA – MEASURING PERFORMANCE

## Process and procedures

- Code of conduct
- Documented Sourcing, Screening, Evaluation processes
- Systematic Financial and legal due diligence
- Code of ethics and compliance criteria
- Formal process of admission and exclusion of members

# ★ QUALIFICATION CRITERIA – MEASURING PERFORMANCE

## **Participation of the BAN in the ecosystem**

- Deal flow sources
- Co investment partners
- Role of the key BAN representatives in the business community

# QUALIFICATION GRID

	Basic	Intermediate	Advanced
<b>Process &amp; procedures</b>			
Code of conduct			
Sourcing, Screening, Evaluation			
Business and legal due diligence			
Code of ethics/compliance criteria			
Admission/exclusion			
<b>Track record of the BAN</b>			
Size of the dealflow			
Investments in the last 3 years			
Amount invested , average			
Years of experience			
Number of exits			
Number of members and turnover			
Services to members			
Operation of a fund			

# QUALIFICATION GRID

	Basic	Intermediate	Advanced
<b>Track record of the team</b>			
Gate keeper (s)			
Key angels involved			
Investment committee			
Ratio dedicated persons/services			
<b>Role of the BAN in the ecosystem</b>			
Deal flow sources			
Co investment partners			
Role of the key BAN representatives in the business community			

Other elements to be considered: commitment to diversity and investments in triple bottom line people, planet profit

## Capacity building and professional development for EBAN members

- Building membership
- Improving deal flow
- Selecting the right team
- Providing support from investment to exit



# CONTACT DETAILS

## EBAN Secretariat

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## EBAN Executive Committee

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