

CODE OF ETHICS AND GUIDELINES FOR GOOD PRACTICE

ON EUROPEAN ANGEL INVESTMENT RESEARCH



01

Ongoing need for a better understanding of the European angel investment market(s).

The European angel community is fast-growing, very diverse, reflecting a wide range of different investment models and approaches. It is also of crucial relevance for innovation and the future of the EU economy. That's why exploring angel investing is becoming more and more important - market intelligence is highly required.

02

Angel investing in Europe is not a black box – but many “unknowns” remain

No need to start from zero: there are lots of studies - both policy-based and theory-based, qualitative analyses, case studies and examples of best practice, robust data from special market segments, “oral” histories and narrative reports about success and failure, market barometers and trend scouts. What is missing is transparency and evaluation.

03

Due to market characteristics angel investment research is a huge challenge

Always have in mind that you are dealing with an informal market divided into a visible and an invisible part. A lot of angels prefer to stay anonymous. On top of that there are varying definitions of what an angel investor is. That makes data aggregation extremely hard.

04

Simply put: We don't know the size of the European Angel investment market

The few numbers we have are not representative and can only relate to the visible market. And many surveys are simply not done in a rigorous manner.

05

STOP the dissemination of bad data

Bad data destroy reputation, bring more harm than benefits and – most importantly – cause severe market failures.

06 Let's just be honest and say 'we don't know'

Don't ignore the fact that actual investing by private individuals in small business across Europe will never be fully recorded (unfortunately). Never publish bad data at all costs only to fulfil unrealistic expectations.

07 Combine the desirable with the feasible

A process of rethinking is required to reduce unrealistic expectations. Policy makers need to be educated as to the realities of data that are available. The opportunity for policy makers is to work with organisations who have built a reputation for academically rigorous research.

08 Sharpen the picture of the European angel investment market by rigorous research

Provide a new level of robust data on the visible market! Document where the data originally emerged from and point out limitations of published data. Be careful in generalising data! Country comparisons should be made with caution. Never suggest a comparability which simply isn't there! And design more qualitative studies developing solid knowledge bases about angel investing in Europe.

09 Build a common strong methodological basis and implement alternative approaches

High-potential top class scientists and academics are strongly required. It is on them to set standards and benchmarks and to find the best solutions on the national and EU level as well as worldwide. There is no single "golden bullet" to solving the problems of exploring the invisible angel investment markets. Multi-dimensional analysis is needed.

10 Take time and foster cooperation

Angel investment research is relatively recent - in Europe as well as worldwide - and the challenges and problems are similar. There is a clear need for building a lively community among angel investment researchers providing mutual exchange of experience and initiating harmonised research designs and special conferences.