

Where I'm Coming From

DECISION MAKING UNDER UNCERTAINTY

- Goals are rarely well known & specified
- The future is extremely unpredictable, possibly unknowable
- People don't follow instructions
- 2 Books & academic 15 publications on these topics
- Largest data set on angel investing returns
- 15 years of studying Entrepreneurship & Investing
- Partner in 2 investment funds, serve on several boards
- Actively making angel investments with WU and UW

Entrepreneurship and Policy

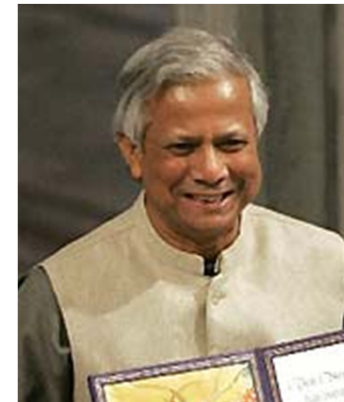
- **Not Predictable**
 - And stays that way longer than you think.
 - **What exactly makes you confident in the predictions?**
- **Not Egalitarian**
 - We are pursuing “unfair” advantage.
 - **Are you doing this to be fair or to WIN?**
- **Not Normally Distributed**
 - It **ONLY** pays to be a winner.
 - **Can you persist through high failure?**

Expert Entrepreneurs

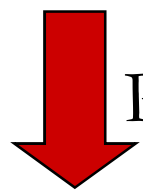
To the extent we can create the future, we don't need to predict it.

- ⇒ Avoid Prediction
- ⇒ Current means > Determined Goals
- ⇒ CO-CREATE
- ⇒ Affordable loss NOT spend to Budget
- ⇒ Take *advantage* of surprise

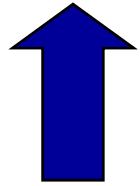
This process creates
Uniqueness/Novelty, that
is sometimes massively
valuable and “unfair”



A Critical Difference



Prediction



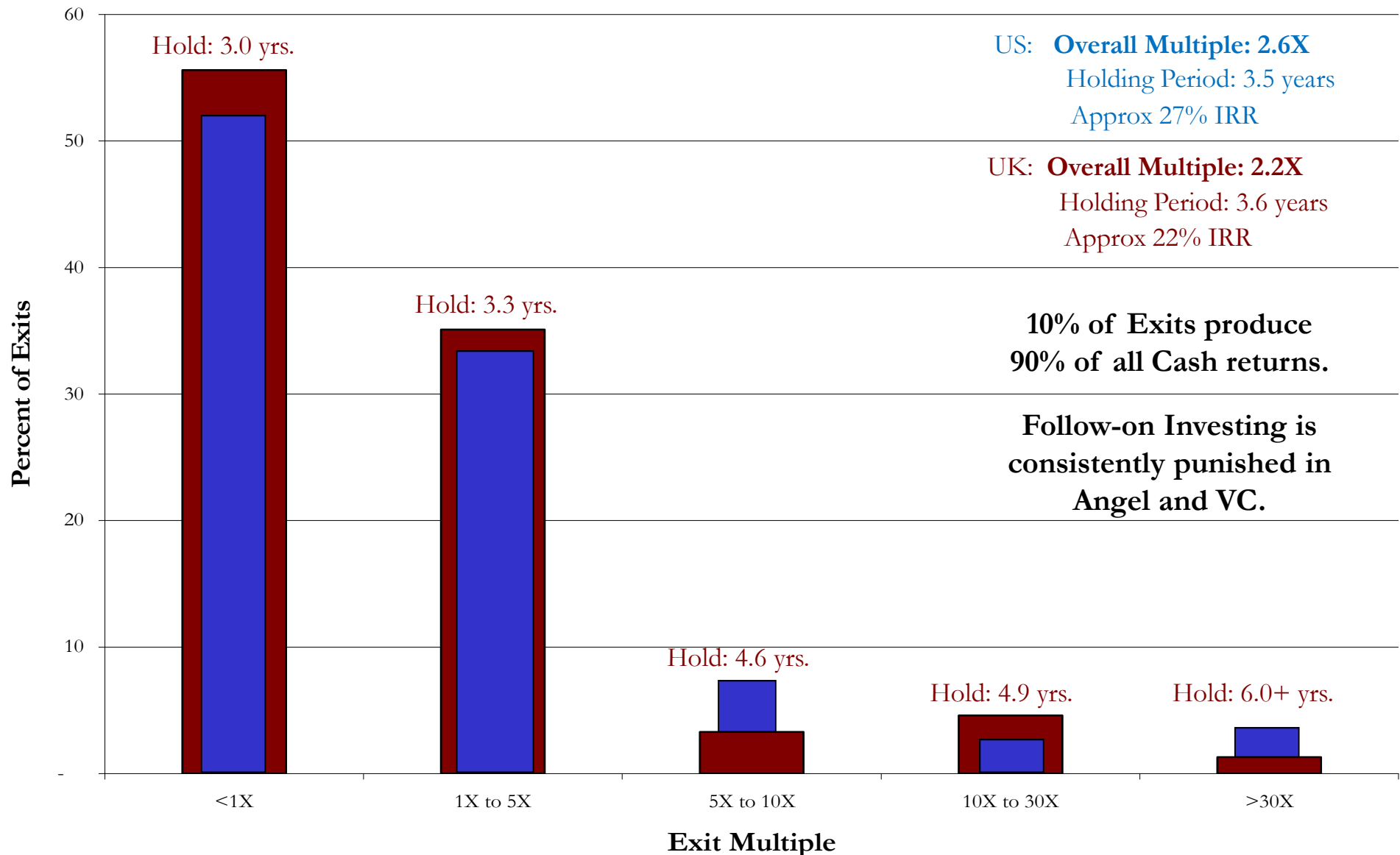
Control

when facing uncertainty.

Prediction: efforts to position the venture for success based on forecasts of important market elements.

Control: efforts to directly construct important market elements, in order to lead the venture to success.

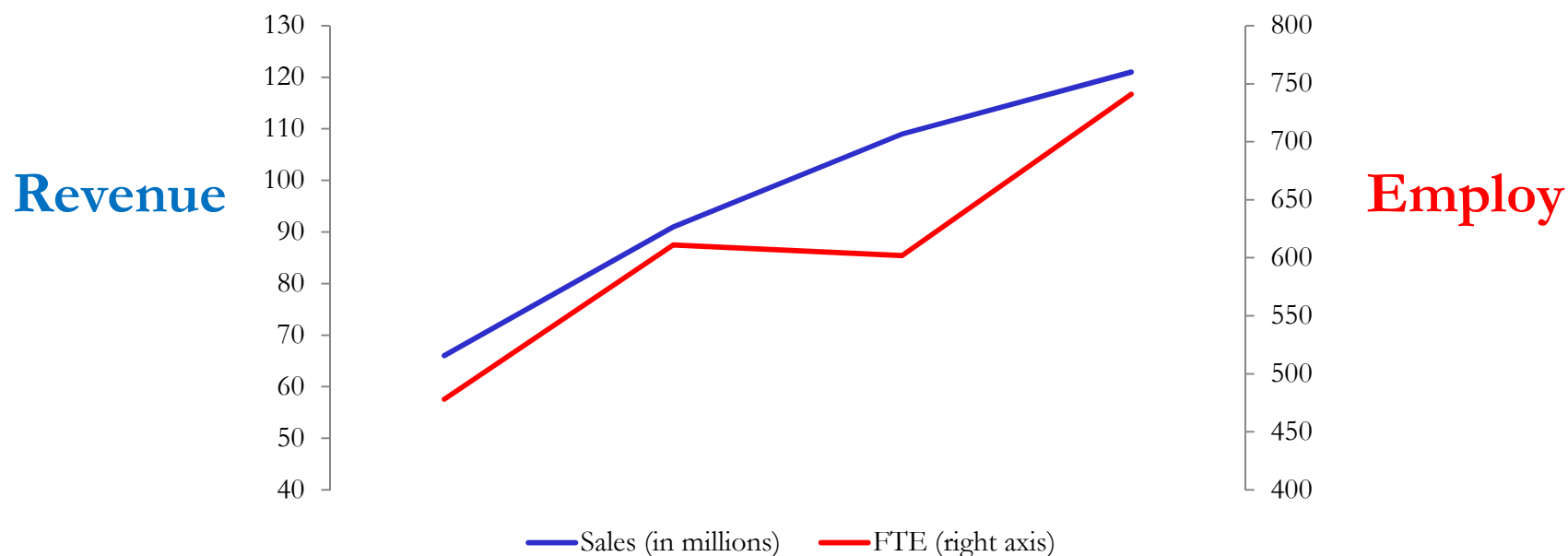
Distribution of Angel Returns by Venture Investment



Red Bars: U.K. % of exits in that Category
Blue bars: U.S. % of exits in that Category

Robert E Wiltbank, Ph.D

Economic Impact of Angel Oregon Alumni



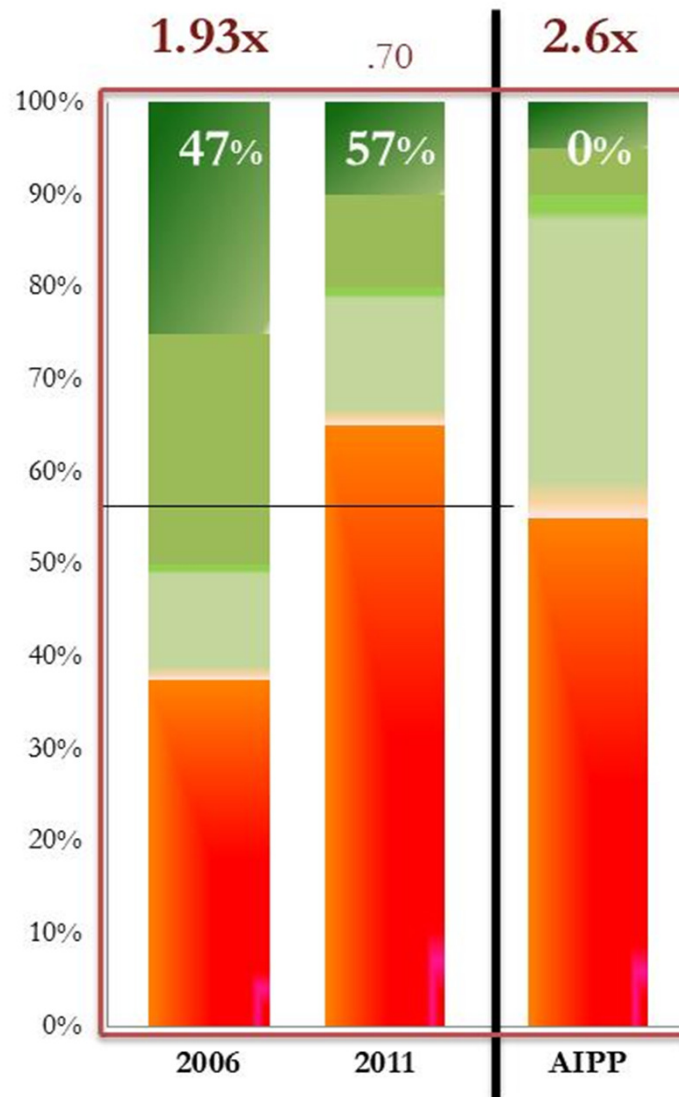
Revenue \$121M+ up 25% in *ongoing* companies

Employ 741 up 38% in *ongoing* companies

Rev/FTE \$160K relatively stable, growth by addition

Raised \$7.4M \$81M cumulative, vs. \$7.1M in 2010

Estimated Multiple of AO Presenters as a Portfolio



You would have done well to invest in this fund

Winners not better/worse than AO Finalists overall

Failure is inherent to the process

Diligently avoid Non-Starters

Persistently Own Risk:
attached to real potential

Multiple by year, if portfolio were cut off after that year / Assumes even investment in every presenting company