

Entrepreneurs Can Be a Good Investment

(SE) Chris Ryan February 10, 2012



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Where can you find a good investment among all the new start-up businesses? You can start by hanging out where they hang out. CEO Space, for example, is a club for entrepreneurs. At CEO Space events, entrepreneurs give pitches to potential investors. You have to join CEO Space to attend, but you could find the “next big thing” for your next investment.

Another place to find the next big thing are the crowd funding websites such as Kickstarter, RocketHub, or Profunder. These are sites where entrepreneurs, artist, and product developers look for pledges that collectively add up to start-up funding. The people who pledge a dollar amount only have to pay their pledge if the project is successful in raising the target amount stated right on the website. On these sites you might find a business that you wish to invest in—a loan or an equity position.

Of course you want to do your homework. Before you make an investment, you have to look at the business plans and projections. And you will want to consult your accountant or financial adviser before you make an investment.

If you have a substantial amount to invest, you might want to form or join an angel investor groups. Angel investors, unlike venture capitalists, invest their own funds, not manage the funds others. There is lots of literature out there about making angel investments.

Some people don't have the time or desire to do the due diligence. That's when a venture capital fund might be a good choice. Again, you have to have a substantial amount to invest, but it you are looking for the high-risk/high-reward profile. Here you would be investing in a portfolio of fledgling companies, not just one. This spreads the risk among all investors and all investments.

With any high-risk investment, don't invest more than you can afford to lose with any entrepreneur. So, do your homework, consider the risks, and then decide what investment to make.

To find entrepreneurs looking for investments, try Kickstarter at <http://kck.st/xjnFkU>.