



"Lighting the Path"

Launch Your Business. Accelerate Your Business.

Make a Loan. Change a Life.

In 2010, Clear Directions resolves to help at least 20 budding entrepreneurs globally to start a new business through kiva.org. We invite you to join our team on kiva's micro-lending site. Visit <http://www.mycleardirections.com/> to learn more. We just made our first micro-loan on kiva to an entrepreneur group of 15 who live in Veal Thom village in Cambodia's Kandal province who will use the loan each for a different purpose, such as a new grocery store, cosmetics sales company or clothing store in the local village. You can make 2010 rewarding for entrepreneurs worldwide through a micro-loan as small as \$25. Join us!

Did You Find Your Angel Yet? There's \$ Out There.

In last month's issue, we covered angel investors to help you better understand this business funding source. Again, angels typically bridge the self-funded stage of a business to the point that the business needs funding that a venture capitalist would offer. Angel funding estimates vary but usually range from \$150,000 to \$1.5 million. The Center for Venture Research at the University of New Hampshire, which does research on angel investments, gathered these additional data points on angel investors:

- Seven out of 10 angel investments are made within 50 miles of the investor's home or office.
- Investors expect an average 26% annual return at the time they invest, and they believe that about one-third of their investments are likely to result in a substantial capital loss.
- Investors accept an average of 3 deals for every 10 considered.

The most common reasons given for rejecting a deal are insufficient growth potential, overpriced equity, lack of sufficient management talent, or lack of information about the entrepreneur or key personnel. ***There appears to be no shortage of informal capital funds. Investors included in the study would have invested almost 35% more than they did if acceptable opportunities had been available.***

The right angel investor can be a great first step in formal funding since it usually takes less time to meet with an angel and to receive funds. Due diligence is less involved and angels usually expect a lower rate of return than a venture capitalist. One challenge is striking the right balance of control and expert help without the angel totally taking charge of the business. *(continued on next page)*



Business owners need advisors who will help them visualize their future from a different perspective, then help take them there.

Clear Directions, LLC, positively transforms business owners' revenues through smart, strategic marketing and profit planning, as well as accountable business coaching.

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Did You Find Your Angel Yet? There's \$ Out There. - *continued*

Almost all angels want a board position and a consulting role. Good communication is good not just for your angel but for your entire team. This includes anything from weekly updates to quarterly reports. Angels expect returns ranging from:

- a projected internal rate of return of 30% over five years; to
- sales projections of \$20 million in the first five years; to
- the potential return of five times investment in the first five years.

As far as equity in the business, most are looking for anything from a five to 25 percent stake. Some want securities in the form of either common stock or preferred stock with certain rights and liquidation preferences over common stock. Some even ask for convertible debt, or redeemable preferred stock, which provides a clearer exit strategy for the investor, but places the company at the risk of repaying the investment plus interest. In addition, repayment may endanger future financing since those sources likely will not want to use their investment to bail out prior investors.

There is so much more to learn about angels that we'll continue our coverage in next month's issue.

Consistency. That's What It Takes.

Getting your business in shape requires consistent mental and physical stamina from you, so it's hard to build a successful enterprise without a solid human fitness foundation. A dynamic, smart member of the Clear Directions network, Shelton Massey, runs the Fit Code, a fitness company that is offering a special price reduction just for "Lighting the Path" readers. Fit Code Bootcamp is focused on getting people to achieve their fat-loss and toning goals. They provide more than just workouts. They also provide grocery store tours, nutrition seminars, meal plans, grocery lists, access to the trainers, Q&A calls, an online support network, as well as other features to help you get the results that you want. They have been so successful, they will soon offer a double-your-money-back guarantee.

"Lighting the Path" readers in the Chicago area can take advantage of Fit Code's 50% off a first month's membership or \$20 off their "drop a dress size in 21 days" program. Those not in the Chicago area can still benefit from information on their website. Check it out at www.fitcodecamp.com.



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