

## Business Angels in Poland in Comparison to Informal Venture Capital Market in European Union

Krystyna Brzozowska

University of Agriculture in Szczecin  
ul. Żołnierska 47,  
71-210 Szczecin

*Capital problems are the most important to solve for almost all entrepreneurs, especially for those involved in activity of high level of innovation. The main solution which led to getting a mature innovative firm is a venture capital involvement in form of business angels, venture capital funds or seed funds. A cradle of venture capital market activity is the United States of America, but also in better developed countries in Europe such activity is also flourishing, e.g. in the United Kingdom, France, Germany, Scandinavian countries. In other EU countries, especially new members, venture capital market has not as yet been developed, but it is still growing together with the increase of the level of innovation and entrepreneurial activities.*

*Filling up the capital gap in the very start of innovative companies such institutions as incubators, business angels and various kinds of advisors have played a key role. The main, complementary to each other, sources of early stage of venture projects are business angels (informal venture capital): high net worth individuals, senior managers from large companies, or serial entrepreneurs, who invest (on their own or in groups) a small proportion of their own wealth in SMEs, and venture capital firms (formal venture capital): firms which manage fixed life venture capital funds of banks, pension funds and financial institutions, and other investors (wealthy families, corporations).*

*Together with development of business angel market and enforcing their significance as a source of entrepreneurship financing on start-up stage, and overall economy growth, business angel market has gone under some transformations, like a globalization of business angel conception, growing number of successful projects, of mentality in approach to entrepreneurship, and closing relations between venture capital funds and business angels.*

*Informal venture capital market of business angels in Europe is much less developed than institutional one. The biggest number of business angels in Europe acts in three countries: the United Kingdom, France and Germany. Along an increase of a number of business angels and expanding an area of their activity single business angels have been associated with business angel networks. The number of such networks in Europe systematically rises. In a half of 2005 there were 228 networks with 12 773 business angels in EU.*

*Activity of business angels in Poland has been developed in fact slowly, but lately there is noticed a growth of interest from either entrepreneurs or capital owners. Undoubtedly an increase of business angels and business angel network activities has been caused by Poland access to EU. After 6 months of 2007, according to the data of*

*European Business Angels Network – EBAN, there have acted three business angel networks in Poland, such as: PolBAN, Lewiatan Business Angels, and SilBAN. Together with putting more impact on innovations and possibility of financing such activity from EU funds the networks of business angels have sprouted all over the country.*

Keywords: *entrepreneurship, venture capital market, business angels, Poland.*

### Introduction

The equity is the most important problem to solve for almost all entrepreneurs, especially to those involved in activity of high level of innovation. More often an entrepreneur has got an interesting idea which should be transformed into business idea. To realize it – he needs money. He cannot get it from banks or other financial institutions, because he cannot prove his credit worthiness. Then the only possibility is the use of own savings or asking for them from the family and friends. But in fact such sources have not been adequate to fulfill financial needs in almost every case of entrepreneurial initiative.

The main solution which led to getting a mature innovative firm is a venture capital involvement in the form of business angels, venture capital funds or seed funds. A cradle of venture capital market activity is the United States of America, but also in better developed countries in Europe such activity is also flourishing (the United Kingdom, France, Germany, Scandinavian countries). In other EU countries, especially new members, venture capital market has not as yet been developed, but is still growing together with the increase of the level of innovation and entrepreneurial activities.

Activity of small and medium enterprises (SME) is a crucial point in EU directions of development. The main barrier of setting up and functioning of SMEs is a lack of sufficient equity. This is the main cause of significant share of informal sources of equity like business angels are. Significance of business angels in fulfillment of equity gap, dynamic development of business angel organizations, procedures and contractual problems have been a theme of many studies in the United States (Sohl, 1999, 2006), the United Kingdom (Mason, Harrison, 2000, 2002, 2003, 2004, 2005), (Bradley et alia, 2002), Norway (Sorheim, 2005, Landstrom, 2001) Belgium (Aernoudt, 2005, 2003), Japan (Kustina, Honjo, 2005) and others (Węclawski, 1997, Brzozowska, 2008). The aim of the article is to describe and assess an informal venture capital market in Poland on background of business angel activity in EU countries.

## Features of entrepreneurial success and failure

The key areas, which confirm an objective financial position of the venture and the entrepreneur's attitude toward the venture's funds, are capital and cash flows. Small ventures with strong capital support are much more likely to succeed than those that are capital deficient. An adequate

capital to company's needs gives the venture appropriate flexibility to decide about further growth, market and investments. It also allows the management team to concentrate on running business rather than seek and create various ways to achieve financing.

The key factors of success or failure of small and innovative ventures are presented in Table 1

Table 1

**Factors of entrepreneurial success and failure**

| Type of factors | Success factors  | Failure factors  |
|-----------------|--|--|
| Financial       | Strong capital position<br>Positive cash flow<br>Understand cash flow principles | Undercapitalized<br>Negative cash flow<br>Ignorant on cash flow principles     |
| Managerial      | Experience<br>Strong management skills<br>Clear vision<br>Realistic attitude     | Inexperienced<br>Weak management skills<br>Fragmented vision<br>Naive attitude |
| Strategic       | Coherent plan<br>Identified market position<br>Stakeholder relations             | No clear strategic plan<br>Broad market approach<br>Independent                |

Source: Bullington K.E. Mullane J.V., *Supplying Entrepreneurial Venture: Lessons from Information Technology Companies, Management Decisions*, 2001, Vol. 39, No. 1, p. 59.

Information inserted in Table 1 can be treated as a guide for entrepreneurs and possible investors how to achieve the success or how to avoid a setback. People considering starting a business should be interested in factors that contribute to success or failure in the pre-start-up stage. Having such knowledge they can evaluate their own prospects and potential gains or losses. A high level of entrepreneurial activity can contribute to innovative activities, competition, economic growth and job creation, especially on a local scale. On the other side a promotion of entrepreneurship can benefit from insight into the factors that contribute to success or failure in the pre-start-up phase.

## Development of entrepreneurial ventures

New venture involves several stages, different from each other, completing finally a venture's life cycle. Not every venture should come over each stage,

and a length of certain stages is different in the case of a sector, and a stage of sector's life cycle, strategy and possibilities of its execution in competitive surroundings and management capabilities. In practice there are two main stages of venture development:

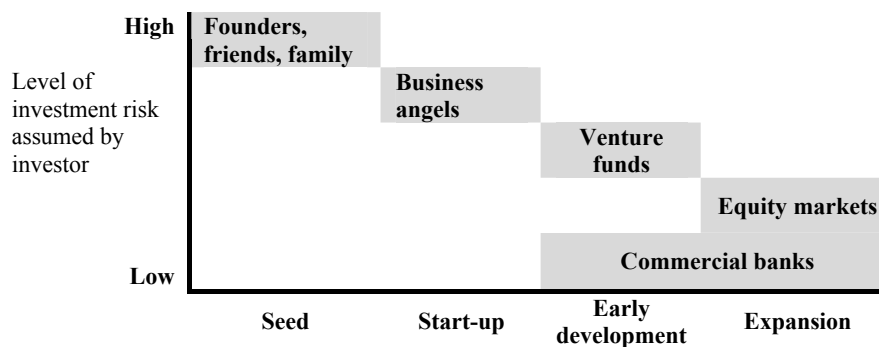
- early stage, with seed, start-up, and early stage development phases,
- expansion stage.

The first is the seed stage when a concept has still to be developed and proven. The second is the start-up phase when products or services are developed and initial marketing takes place. The third – early stage development – firm is producing but often unprofitably.

At the stage of expansion firm achieves a mature level and might go public in a short time (Mayer, 2002).

Depending on the stage of development various sources of finance can be involved.

They are presented in Figure 1



**Figure 1** Development and Financing of Entrepreneurial Firms

Source: Mayer C. *Investment and Growth: The Role of Corporate Governance, Economic growth and Government Policy*, HM, Treasury, 2001, p. 74

Filling up the equity gap to start up such institutions as incubators, business angels and various kinds of advisors have played a key role as creators of growth and development of fledgling ventures. The main role of their

engagement is to provide ventures with financial and managerial support, "thereby assisting them to cross the gap and eventually come *investable* in the eyes of the formal venture capital players" (Jungman at alias, 2004). It

is obvious that they also have limitations in their work and cannot fully solve the capital and knowledge (managerial, strategic) gap problems. Some role in it is played by public or semi-public seed funds.

The equity gap exists because two easy sources of finance became exhausted. In their earliest stages, start-up companies typically rely on own funds, such as their own credit cards, second mortgages or cash from close contacts. These sources, called by professional venture investors as three Fs' – founders, family, friends, are limited, and are too small to bring to the market innovative ideas that can eventually turn into well-earned, prospective business (Kutsuna et alia, 2005).

Such gaps can be fulfilled by venture capitalists which put up their money in return for a stake in the enterprise. The main, complementary to each other, sources of early stage of venture projects are (Mason, Harrison, 2004):

- business angels (*informal venture capital*): high net worth individuals, senior managers from large companies, or serial entrepreneurs, who invest (on their own or in groups) a small proportion of their own wealth in SMEs';
- venture capital firms (*formal venture capital*): firms which manage fixed life venture capital funds of banks, pension funds and financial institutions, and other investors (wealthy families, corporations).

A market of venture capital is still growing and makes more ambitious. Business angels have long traditional track record as business investors, but their significance increased in sixties and seventies during Silicon Valley development, and a lot of pioneer investments had achieved financing from business angels (Mason, 2005). Between business angels and venture funds there are many complementarities, but there are also some differences, which are shown in Table2.

Table 2

**Features of business angels and venture capital funds according to chosen attributes**

| Attribute                  | Business angels  | Venture capital funds                                 |
|----------------------------|--|---|
| Legal status of investors  | Informal<br>Private individuals  | Formal<br>Generally partnership company               |
| Way of investing           | Own funds in projects, in which they have are experienced  | External means in various projects                    |
| Engagement                 | Direct in first stages of project development as consultants or members of management team   | Indirect in later stages of project development       |
| Scope/ stage of investment | In new entrepreneurships on seed and start-up stages   | In existed entities in expansion stage                |
| Investment risks           | High   | High  |
| Approach to risks          | Acceptance of higher level of risks than venture funds   | Conservative  |
| Expectations               | High profits<br>Personal benefits  | Only high profits                                     |
| Management team            | Complete with good learning of a sector  | Not compulsory sector knowing                         |
| Equity injection           | Low to extremely high in informal way  | High amounts in formal way                            |
| Exit                       | Often in unplanned way<br>Sale of shares or capital parts to sector investor, or venture capital fund, or company's founders, or former owners | Planned<br>Sale of sales in IPO way in stock exchange |

Source: based on De Clerq D. Fried V.H. Lehtonen O. Sapienza H.J. *An Entrepreneur's Guide to the Venture Capital Galaxy*, Academy of Management Perspective, Academy of Management. <http://wsbe.wnh.edu.publ>.

Business angels engage their resources in the early stage – start-up stage with no need of relatively high capitals. In the next stage – realization phase one more partner comes very often –venture capital funds (Van Osnabrugge, 2000). Venture capital funds are of institutional nature, their capital resources come from other people, and their priority goal is to achieve highest returns from invested money. Venture capital funds are destined for further investment expansion or distribution network development (Harrison, Mason, 2001). When project achieves maturity, venture capital funds, according to their strategy, sell their shares to strategic investors or arrange public listing (IPO) on Stock Exchange. Generally activity and behaviour of business angels differentiates because the aim to achieve the highest returns has not always been noticed as the most important one. A demand for business angels is rising, because on one side many entrepreneurs seek so called “elegant money” that can be easily provided by business angels and with difficulty by other sources, and in other side business angels themselves can achieve benefits of psychological nature. Possibilities of deriving

from their experience and advice increase a chance for project success. Sometimes business angels have played a role of intermediary in searching financial sources, and they are good partners in negotiations with financial institutions or other investors because of their hitherto achievements and viability. For potential capital donors the presence of business angels in early stages of project development is a beneficial attitude towards investment.

### Trends in business angel market

Together with development of business angel market and enforcing their significance as a source of entrepreneurship financing on start-up stage, and overall economy growth, business angel market has gone under some transformations.

The first one is a globalization of business angel idea. Informal venture investors market, after rapid development in the United States and later in the United Kingdom, has successfully developed also in Scandinavian countries, the Netherlands, Germany and Australia. Investments with business angel capital injections have been also initiated in Japan, and even in Korea despite cultural differences. In

Europe a new project has been created with the direction to increase informal venture capital market. It is association EBAN (European Business Angel Network) which is concentrating all business angel networks in EU countries. Such networks are focusing on regional development and operating independently with no formal links with American networks (Sohl, 1999).

The second trend is a growing number of successful projects as a gemmating process, mainly financed by equity of business angels. Owners of those fruitful projects very often would like to enter in private investors groups. It means in practice to enlarge business angel resources in quantity and quality.

The third trend is the changes of mentality in approach to entrepreneurship, clearly noticed mainly in the USA but quickly coming forward to other regions. The essence of such transformations is exchange of dreams about own house for owing a business. Such approach evolves greater interest of entrepreneurs on projects with rapid growth prospects because they see in them big development potential, possibilities to fulfill their own creativity, a market gap not founded by by competition, and also possibilities for further development them often with modest equity resources.

The fourth way of changes is the continuation of strengthening the relations between venture capital funds and informal venture capital market. Cooperation of these

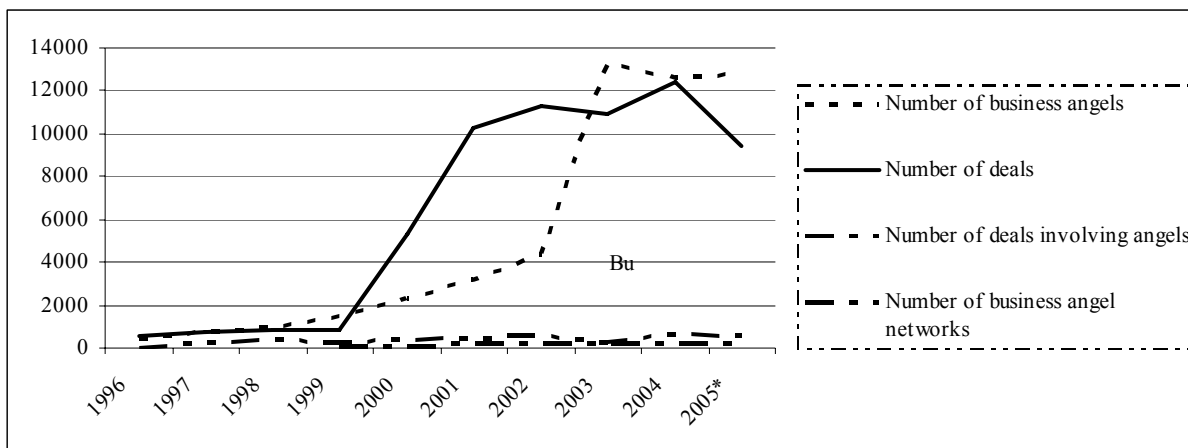
institutions evolves synergy effect, beneficial for both sides, with special benefits for entrepreneurs.

### Business angels in EU

Informal venture capital market of business angels in Europe is much less developed than institutional one. One of the obstacles of early-stage venture capital market development in Europe was insufficient capabilities of beginning business angels to evaluate early-growth projects. At present a majority of investment analysts has represented a university diploma of finance or economy, and only 1/5 of technical or engineering. Research on venture capital market has shown that ideal candidate to a role of business angel has a technical diploma plus MBA (San Jose at alias, 2005).

According to European Commission estimates the number of active business angels in Europe in a half of 2005 was 125 thousand persons, and a number of potential investors was one ml of persons. To compare with the USA when the number of potential private investors of venture capital projects was estimated as 1.72 ml people (San Jose at alias, 2005).

The biggest number of business angels in Europe acts in three countries: the United Kingdom, France and Germany. Average amount of investment for one business angel is estimated as 200 thousand euro. Development of business angels in recent 10 years was very dynamic (fig. 2).



**Figure 2** Development of business angels in EU countries in 1999 – 2005.

Source: by own based on EBAN statistics

An impetuous development in the number of deals took place in 2000 (almost two times), and in later years a growth dynamics decreased considerably. Number of business angels has increased more balanced till 2002, and in 2003 increased three fold from 4 347 persons to 13 218 persons. From this time the number of business angels is rising much slowly. There exists a disproportion between number of deals and the number of investments made with participation of business angels. Besides in 1997 – 2000, when the share of the number of transaction was average of 40 per cent of number of deals, in further years this share did not exceed 10 per cent, circulated from 7.8 in 2000 to 6.12 per cent in the first half of 2005, and in 2003 only 2.74 per cent. Presented data can be treated as a confirmation of announced by business angels worsening

quality of business concepts prepared by entrepreneurs. But it also can be a signal that business angels paid more attention to terms and conditions of presented projects and more carefully began to analyze project assumptions – taking into account investment risks and possibilities to obtain satisfactory returns.

Along an increase of the number of business angels and expanding an area of their activity single business angels have been associated with business angel networks. The number of such networks in Europe systematically rises. In a half of 2005 there were 228 networks with 12 773 business angels in EU, 9 451 presented projects, and 580 chosen projects and signed agreements (Statistic Compendium, 2005). A dynamic development of business angel network in EU is inserted in Table 3.

Number of business angel networks in EU

| Year  | Number of networks | Changes (per cent) |
|-------|--------------------|--------------------|
| 1998  | 66                 | 100                |
| 2000  | 132                | 200                |
| 2001  | 154                | 116,66             |
| 2002  | 176                | 114,29             |
| 2003  | 196                | 111,36             |
| 2004  | 276                | 140,82             |
| 2005* | 228                | 82,61              |

\* half of 2005. Source: EBAN data

Number of business angel networks systematically increases, but dynamics of changes was diminished in 2001- 2005. It has been caused not by reduced scale of business angel activity but by the tendency to merge networks to bigger groups.

In 1996 market of business angel networks was created by the United Kingdom, Belgium and France. A share of the rest EU countries was slight. A share of Belgium is at the same level over years, but other countries share significantly has been changed. A year later a share of French business

angel network sharply increased, and Germany and Italy entered into the market. Spain, Sweden and Switzerland marked their position in market in 2003 – 2005. On European map of business angel networks new members and Russia entered in 2004, but their share is relatively small. The United Kingdom is still a leader, but its share in number of networks in EU is diminishing – firstly because of the creation of networks in new member countries and secondly as a result of growing tendency to concentrate existed network into bigger structures (see Table 4).

Table 4

Ranking of EU countries according to business angel networks in 1999 -2006

| Country               | 1999 | 2000 | 2001  | 2002   | 2003  | 2004  | 2005  | 206  |
|-----------------------|------|------|-------|--------|-------|-------|-------|------|
|                       | 1-5  | 6-10 | 11-15 | 16- 20 | 21-25 | 26-30 | 31-35 | > 35 |
| Germany               | 1    | 43   | 36    | 40     | 40    | 40    | 43    | 41   |
| France                | 4    | 13   | 32    | 48     | 48    | 40    | 38    | 35   |
| United Kingdom        | 49   | 52   | 48    | 48     | 51    | 51    | 34    | 34   |
| Sweden                | 1    | 2    | 2     | 2      | 23    | 28    | 28    | 23   |
| Spain                 | 0    | 1    | 1     | 2      | 21    | 11    | 20    | 21   |
| Italy                 | 2    | 5    | 12    | 11     | 10    | 12    | 12    | 11   |
| Denmark               | 0    | 1    | 4     | 6      | 8     | 8     | 8     | 7    |
| Switzerland           | 1    | 3    | 3     | 2      | 3     | 7     | 7     | 7    |
| Belgium               | 4    | 6    | 7     | 7      | 7     | 5     | 6     | 6    |
| Norway                | 0    | 0    | 1     | 1      | 3     | 7     | 7     | 6    |
| Netherlands           | 1    | 1    | 2     | 2      | 3     | 3     | 5     | 4    |
| Poland                | 0    | 0    | 0     | 0      | 0     | 1     | 2     | 3    |
| Transnational network | 0    | 0    | 0     | 0      | 0     | 1     | 1     | 3    |
| Austria               | 1    | 1    | 1     | 1      | 1     | 1     | 2     | 2    |
| Czech Republic        | 0    | 0    | 0     | 1      | 1     | 2     | 2     | 2    |
| Portugal              | 0    | 0    | 1     | 1      | 1     | 1     | 1     | 2    |
| Russia                | 0    | 0    | 0     | 0      | 1     | 4     | 4     | 2    |
| Finland               | 1    | 1    | 1     | 1      | 1     | 1     | 1     | 1    |
| Greece                | 0    | 0    | 0     | 0      | 0     | 1     | 1     | 1    |
| Hungary               | 0    | 0    | 0     | 0      | 0     | 1     | 1     | 1    |
| Ireland               | 1    | 1    | 1     | 1      | 3     | 1     | 1     | 1    |
| Latvia                |      | 0    | 0     | 0      | 0     | 0     | 1     | 1    |
| Luxemburg             | 0    | 0    | 0     | 0      | 0     | 1     | 1     | 1    |
| Malta                 | 0    | 0    | 0     | 0      | 1     | 1     | 1     | 1    |
| Slovenia              | 0    | 0    | 1     | 1      | 1     | 1     | 1     | 1    |
| Monaco                | 0    | 1    | 1     | 1      | 1     | 1     | 0     | 0    |

■ Position on 2006 r. Source: by own based on EBAN data

### Business angels in Poland

It is estimated that in Poland there are about 100 thousand wealthy people possessing 1 million zlotys each. If only 5 per cent of them invest in SMEs' and innovative projects, a number from 5 to 10 thousand of the ventures might have been financed (Waniak- Michalak, 2005).

A typical Polish business angel is a person of 40-60 years old, operationally dealing with business, but with no direct involvement into management of supported company, but only in supervising it. There are:

- stock investors,
- businessmen, who sold their own companies,

- Polish citizens, who earned abroad and now think about coming back to the country,
- foreign investors, who live in Poland.

An idea of business angel activity in Poland has been gone on rather slowly because of four barriers. The first one is a mental and a lack of two-sided trust – companies' owners are afraid of trusting an external investor, and the investor is afraid to transfer his own money to unfamiliar hands. The second is of legal and economic nature – there are not any tax preferences for investors, as in other developed countries. The next is connected to underdevelopment – too small share of venture capital funds in Polish market makes for business angels difficult to exit from an investment. And the last one is an insufficient supply of good investment opportunities with clear growth vision and development perspectives.

In Poland business angel's incomes from sale of shares, services to entrepreneurs, dividends are subject to linear income tax of 19 per cent according to domestic incomes, and progressive income tax up to 40 per cent according to foreign incomes. Domestic dividends are not subject to compensate losses from share sales and are liable to a linear 19 per cent incometax. There are not any tax reductions and immunities for business angels in Polish tax system (Podatki, 2006).

Activity of business angels in Poland has been developed in fact slowly, but lately the growth of interest from either entrepreneurs or capital owners is noticed. Undoubtedly an increase of business angels and business angel network activities has been caused by Poland access to EU. After 6 months of 2007, according to the data of

European Business Angels Network – EBAN, there acted 3 business angel networks in Poland, such as:

- Polish Association of Business Angels (Polskie Stowarzyszenie Aniołów Biznesu) – PolBAN.
- Lewiatan Business Angels,
- Silesian Network of Business Angels (Śląska Sieć Aniołów Biznesu) - SilBAN.

PolBAN was established by 15 individuals in December 2003 and acts as a full member and a representative of Poland in EBAN. PolBAN possesses funds from member payments, sponsors and project fees. Projects which are interested in assistance of PolBAN should comply with some criteria, such as ([www.polban.pl](http://www.polban.pl)):

- equity injection of 100 – 500 thousand zlotys,
- willingness to establish or established limited company or joint stock company,
- project on a phase of start-up,
- engagement and enthusiasm to project,
- high level of knowledge in the area of the project,
- high level of project innovation,
- willingness to putting in a share of capital and bearing the project risks together with business angels.

Entrepreneurs are not charged for any contacts with PolBAN, but when the project gets a stage of realization, business angels have to pay to PolBAN a success- fee of 1 – 4 per cent of value inserted in agreement signed between entrepreneur and business angel. PolBAN has got now over 70 investors in its database. Hitherto effects of PolBAN activity are presented in Table 5.

Table 5

Effects of PolBAN activity in period 2004- 2007

|   | Entrepreneurs | Business angels |
|---|---------------|-----------------|
| Number of applications                        | >160          | >70             |
| Number of accepted projects, with:            | 43            | 6               |
| IT/Internet/telecommunications                | 19            |                 |
| Biotechnology                                 | 4             |                 |
| Education                                     | 6             |                 |
| Medicine                                      | 3             |                 |
| Commercials and media                         | 3             |                 |
| Others  | 8             |                 |
| Number of projects in a process of acceptance | 18            |                 |

Source: PolBAN data.

At the beginning of 2007 PolBAN entered into a European Commission 2-years project EASY, whose objective is to make easier an access to capital for seed and start-up companies through looking for entrepreneurs of products or services with chance to achieve European market after some capital injection.

The second network – Lewiatan Business Angels concentrates private investors (mainly ex entrepreneurs or managers) at Polish Confederation of Private Employers (Polska Konfederacja Pracodawców Prywatnych). Lewiatan Business Angels Club is co-financed by funds of European Fund of Regional Development. In Lewiatan database there are 50 investors. Angel investors are interested in

start-up and early stage companies, which require an investment of 200 thousand to 5 ml PLN. It is also possible to finance ventures at the seed stage if they have exceptionally high growth potential. Hitherto effects of Lewiatan BA activity are shown in Table 6.

The next network – Silesian Network of Business Angels (Śląska Sieć Aniołów Biznesu) SilBAN was established in the beginning of 2006 in Katowice w frame of syndicate of three regional institutions (regional fund, regional privatization agenda, regional economic chamber). An activity of SilBAN is financed by means of European Social Fund in the frame of Priority 2: Strengthening Human Resource Development in the Regions ([www.silban.pl](http://www.silban.pl))

## Engagement of business angels in frame of Lewiatan Business Angels

|    | Name of project                                     | Feature   |
|----|---|---|
| 1. | Legic Kompania Importowa Dóbr Luksusowych Sp. Z oo. |   |
| 2. | ANT ISS   | Company dealing with development and sale of ANT Insight system – software for integration of industry automation |
| 3. | W biegu cafe™                                       | Cafe-bars everywhere („Your coffee is there where you are™”)  |
| 4. | Likwidator.com Pomoc Ubezpieczeniowa                | Execution of compensates from insurance companies on behalf of client.  |

Source: [www.lba.pl/anioly\\_biznesu/projekty\\_inwestycyjne](http://www.lba.pl/anioly_biznesu/projekty_inwestycyjne).

The main goal of SilBAN activity is to organize an informal market of venture capital on the area of Silesia in the form of professional network of investors linked with other networks in the country and abroad and also seeking for new methods and tools of financial supporting of enterprises. SilBAN associates investors experienced in business and management, who like challenges, with passion to create something new and ready to invest own resources of at least 50 thousand zlotys for period of 3 -7 years in seed and start-up ventures of high risks with hope to achieve extraordinary returns. Actually there are not any data about realized projects with assistance of SilBAN.

Together with putting more impact on innovations and possibility of financing such activity from EU funds the networks of business angels have sprouted all over the country. Such networks were established in Kraków (Regional Network of Capital Investors – Regionalna Sieć Inwestorów Kapitałowych RESIK) and Lublin (Lublin Network of Business Angels – Lubelska Sieć Aniołów Biznesu), but other regions also make provisions for the development of regional network of business angels on the base of EU funds.

## Conclusions

Limited scale of classic venture capital in Poland and the lack of early stage venture capital in regions provide strong justification for recent initiatives. An initiative to establish separate funds in each region is appropriate in environment where the rules of venture capital investments are well known. On the other hand, venture capital funds will have difficulties in monitoring their investee companies as well as to provide suitable advisory capacity to them. It can be assumed that inexperienced management team in most early stage ventures and the greater uncertainty connected to new technology and market will evolve some problems difficult to solve. There are some doubts whether the regional funds will achieve longer-term viability because of a level of management costs with amounts of fixed costs. It is not by only chance that in developed countries and big scale of venture capital activity, venture capital investments are concentrated around big industrial and financial centers. But on the other side there is a demand for venture capital in regions. A geographical distribution of investment opportunities plays an important role in creating the regional distribution of classic venture capital investment.

The government's intention is that ultimately the public sector will be able to withdraw its support from the funds after reassuming that investment will stay viable, and leaving the private sector without further support. In other

words, regional funds are expected to achieve financial viability in due course. But small size of funds means that they can make only a limited number of investments that increase risks because of limited diversification, funds may be unable to provide follow-on financing to those firms that require another capital injection for further early stage development, and finally there is a strong probability that the funds will run out of money before they can achieve any returns from their investment portfolio.

## References

1. Aernoudt R. Business Angels: The smartest Money for Starters? Plea for a Renewed Policy Focus on Business angels. *International Journal of Business* 2005, Vol. 10, No.3, p. 272- 284.
2. Aernoudt R. Erikson T. Business angels Networks: A European Perspective, *Journal of Enterprising Culture*, 2003, Vol. 10, No. 3, p. 177-187.
3. Aernoudt R. Executive Seven Ways to Stimulate Business Angels' Investments, *Venture Capital* 2005, Vol. 7, No. 4, p. 359- 371.
4. Bradley W.J.G. Benjamin A., Margulis J. *Angel Capital*, Capstone Publishing, Oxford 2002, p.23.
5. Brzozowska K. *Business angels na rynku kapitałowym*, Cedewu, Warszawa 2008.
6. Bullington K.E. Mullane J.V. Supplying Entrepreneurial Venture: Lessons from Information Technology Companies, *Management Decisions*, 2001, Vol. 39, No. 1, p. 59.
7. De Clerq D. Fried V.H. Lehtonen O. Sapienza H.J. *An Entrepreneur's Guide to the Venture Capital Galaxy*, Academy of management Perspective, Academy of Management. <http://wsbe.wnh.edu.publ>.
8. Frączak M. Kim są Business Angels? *Nasz Rynek Kapitałowy nr 12*, 2005, s. 2.
9. Harrison R.T. Mason C.M. Venture capital market complementarities: the links between business angels and venture capital funds in the United Kingdom, *Venture Capital*, 2001, Vol. 2, No. 3, p. 228.
10. Jungman H. Okkonen J. Rasila Y. Seppai M. Use of Performance in V2C Activity, Benchmarking: *An International Journal*, 2004, Vol.2, No. 11, p. 176.
11. Kutsuna K. Honjo Y. Start-up Financing and Post – Entry Performance: Evidence from Japan, *Discussion Paper Series*, Kobe University, Kobe 2005, p. 2.
12. Mason C .M. Harrison R.T., *Informal sources of venture finance*, University of Strathclyde. Glasgow 2005.
13. Mason C.M. Harrison R.T. Barriers to investment in the informal venture capital sector, *Entrepreneurship and Regional Development* 2002, No. 14, p. 271 – 287.
14. Mason C.M Harrison R.T, *Improving Access to Early Stage Venture Capital in regional Economies: A New Approach to Investment readiness*, *Local Economy*, 2004, Vol. 19, No. 2, p. 159 -173.
15. Mason C.M. *Informal sources of venture finance*, Hunter Centre for Entrepreneurship, University of Strathclyde, Glasgow 2005, s. 1.
16. Mayer C. *Investment and Growth: The Role of Corporate Governance, Economic growth and Government Policy*, HM, Treasury, 2001, p. 74
17. Mayer C. Financing the new Economy: financial institutions and corporate governance, *Information Economics and Policy*, 2002, No. 14, p. 317-318.
18. Podatki a inwestycje business angels, [www.ipo.pl](http://www.ipo.pl).

19. San Jose A. Roure J. Aernoudt R. Business Angel Academies: Unleashing the Potential for Business Angel Investment, *Venture Capital* 2005, Vo. 7. No. 2., p. 150.
20. Sohl E. J. Sommer B. Angel investing: changing strategies during volatile times, *Journal of Entrepreneurial Finance and Business Ventures*, 2006, Vol. 11, No. 2, p. 273- 286.
21. Sohl E.J. The early- stage equity market in the USA, *Venture Capital*, 1999, Vol.1, No. 2, p. 115.
22. Sorheim R. Business Angels as facilitators for further finance: an explanatory study, *Journal of Small Business and Enterprise Development*, 2005, Vol. 12. No.2, p. 178-191.
23. Sorheim R. Landstrom H. Informal investors - categorization with policy implications, *Entrepreneurship and Regional Development* 2001, No.11, p. 351-370.
24. Statistics Compendium EBAN, November 2005.
25. Van Osnabrugge M. A comparison of business angel and venture capitalists investment procedure: an agency theory- based analysis, *Venture Capital*, 2000, Vol. 2, No. 3, p. 92.
26. Waniak- Michalak H. Aniolowie biznesu – alternatywnie źródło kapitału dla przedsiębiorców, *Biuletyn euro dla małych i średnich firm*, 2005, No. 10, p.. 14.
27. Węclawski J. *Venture capital. Nowy instrument finansowania przedsiębiorstw*, Wyd. PWN, Warszawa 1997.
28. [www.lfr.lublin.pl](http://www.lfr.lublin.pl)
29. [www.parp.gov.pl](http://www.parp.gov.pl)
30. [www.polban.pl](http://www.polban.pl)
31. [www.resik.pl](http://www.resik.pl)
32. [www.wpi.poznan.pl/index](http://www.wpi.poznan.pl/index)

Kristina Brzozovska

#### **Verslo angelų Lenkijoje palyginimas su neoficialia rizikos kapitalo rinka Europos Sąjungoje**

Santrauka

Teisingumas yra svarbiausia problema, kurią tenka spręsti beveik visiems verslininkams, o ypač tiems, kurie diegia aukšto lygio naujoves. Pagrindinis sprendimas, lemiantis brandžios pažangios firmos sukūrimas, yra rizikos kapitalo įtraukimas verslo angelų, paties rizikos kapitalo ir sėklų (*perk. daigų*) forma.

Rizikos kapitalo rinkos veiklos lopšiu laikomos Jungtinės Amerikos Valstijos, tačiau geriau išsivysčiusiose Europos šalyse; Jungtinėje Karalystėje, Prancūzijoje, Vokietijoje, Skandinavijos šalyse, ši veikla taip pat klesti. Kitose ES šalyse, ypač naujai įstojusiose, rizikos kapitalo rinka dar nėra gerai išsivysčiusi, tačiau auga kartu su naujovių diegimo lygiu ir verslininkų lygiu.

Naujoviškų įmonių kūrimas: verslo inkubatorių, angelų, taip pat ir įvairaus tipo patarėjai vaidina svarbų vaidmenį kapitalo atotrūkyje. Pagrindiniai, papildantys vienas kitą rizikos kapitalo ankstyvojoje stadijoje, vis tik išlieka verslo angelai (neformalusis rizikos kapitalas): didelio grynumo vertės individai, didelių kompanijų vyresnieji vadybininkai ar nuoseklūs verslininkai, kurie investuoja (patys ar grupėmis) savo nuosavą turtą į mažas ir vidutines įmones; rizikos kapitalo firmos (formalusis rizikos kapitalas): firmos, kurios valdo fiksuotus rizikos kapitalo bankinius fondus, pensijų fondus ir finansines institucijas; taip pat kiti investuotojai (turtingos šeimos, korporacijos).

Plėtojantis verslo angelų rinkai (jų reikšmė stiprinama verslininkystės finansavimo pradinėje stadijoje šaltiniu ir visuotiniu ekonomikos augimu), jai reikėjo šiek tiek transformuotis. Tai buvo verslo angelų koncepcijos globalizavimas, sėkmingų projektų daugėjimas, verslininkystės mentaliteto traktuotė ir artimi ryšiai tarp rizikos kapitalo fondų ir biznio angelų.

Neformalioji verslo angelų Europoje rizikos kapitalo rinka yra daug mažiau išsivysčiusi negu tokia pati institucinė rinka. Daugiausia verslo angelų Europoje yra trijose šalyse: Jungtinėje Karalystėje, Prancūzijoje ir Vokietijoje. Padaugėjęs verslo angelų ir išsiplėtus jų veiklai pavieniai verslo angelai susivienijo į angelų tinklus. Tokių tinklų Europoje nuolat daugėja. 2005 metų viduryje ES šalyse jau buvo susidarę 228 tinklai, kuriuos sudarė 12 773 angelai.

Lenkijoje verslo angelų veikla iš tiesų plėtojasi gana lėtai, tačiau pastaruosiu metu tiek verslininkų, tiek kapitalo turėtojų susidomėjimas šia veikla didėja. Neabejotinai verslo angelų ir jų tinklų veikla padidėjo po Lenkijos priėmimo į ES. Europos verslo angelų tinklo (EVAT) duomenimis 2007 metais po šešių mėnesių Lenkijoje veikė trys angelų tinklo potinkliai: PolVAT, Lewiatan verslo angelai ir SilVAT. Darydami didesnę įtaką naujovių įvedimui ir finansavimo galimybėms iš ES fondų, verslo angelų tinklai paplito visoje šalyje.

Raktažodžiai: *inicijavimas, rizikos kapitalo rinka, verslo angelai, Lenkija.*

The article has been reviewed.

Received in February, 2008; accepted in April, 2008.

DOI: 10.5755/j01.ee.57.2.11540