

IV. Business Angels Europe Conference on Angel Investment Research

**Collective cognition and early-stage
investment: the case of Business Angel
Groups**


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Background


The way BA invest has been transformed (*Mason et al., 2016, 2019*): The activities of angels are becoming more collective, and this development of groups is fundamentally changing their investment practices.



Angel Group (AG) is defined as an association of BAs, peers who collectively manage the project flow and investment process. **However, each member makes its own individual funding decision** (*Mason et al., 2016, 2019*).



The interest of AG's investment practices is growing in the literature:
Mason & Botelho, 2014; Kerr et al., 2014; Harrison et al., 2015; Bonini et al., 2018; Mason et al., 2010; Wood et al., 2020; Buttice et al., 2021.



Less studied aspect is the impact on decision making process under uncertainty.

Literature review



Early-stage investment and the need to create knowledge



Limited literature on the BA group's capacity to create knowledge



Collective cognition in early-stage investment decisions



The behavioural dynamics underlying collective cognition

Research Question

Is there a collective cognition in BA groups regarding early stage investment decisions?

- How is this collective decision operationalized?*
- What are the benefits of being part of a group when making individual investment decisions?*



Results: 2 Individual's opinion sharing events

From pre-screening to screening :

1

- * In case of presentation to the group, first opinion of the gatekeepers of the pre-screening team
- * First financial disclosures to group members
- * Invitation to join the screening committee

From the assessment stage to the investment committee stage

2

- * Reporting to members
- * Assessor promises to invest

Results: 5 Intersubjective exchanges events along the investment process

1

- * Pre-screening, meeting with gatekeepers (at least two members of the group)
- * Deciding whether or not to present to the group

2

- * Entrepreneur's pitch
- * Q/A with the entrepreneur
- * Show of hands to express one's interest in the project
- * First investment promises
- * Cocktails and informal exchanges

3

- * Assessment team meetings
- * Several meetings with the entrepreneur
- * on-site visits

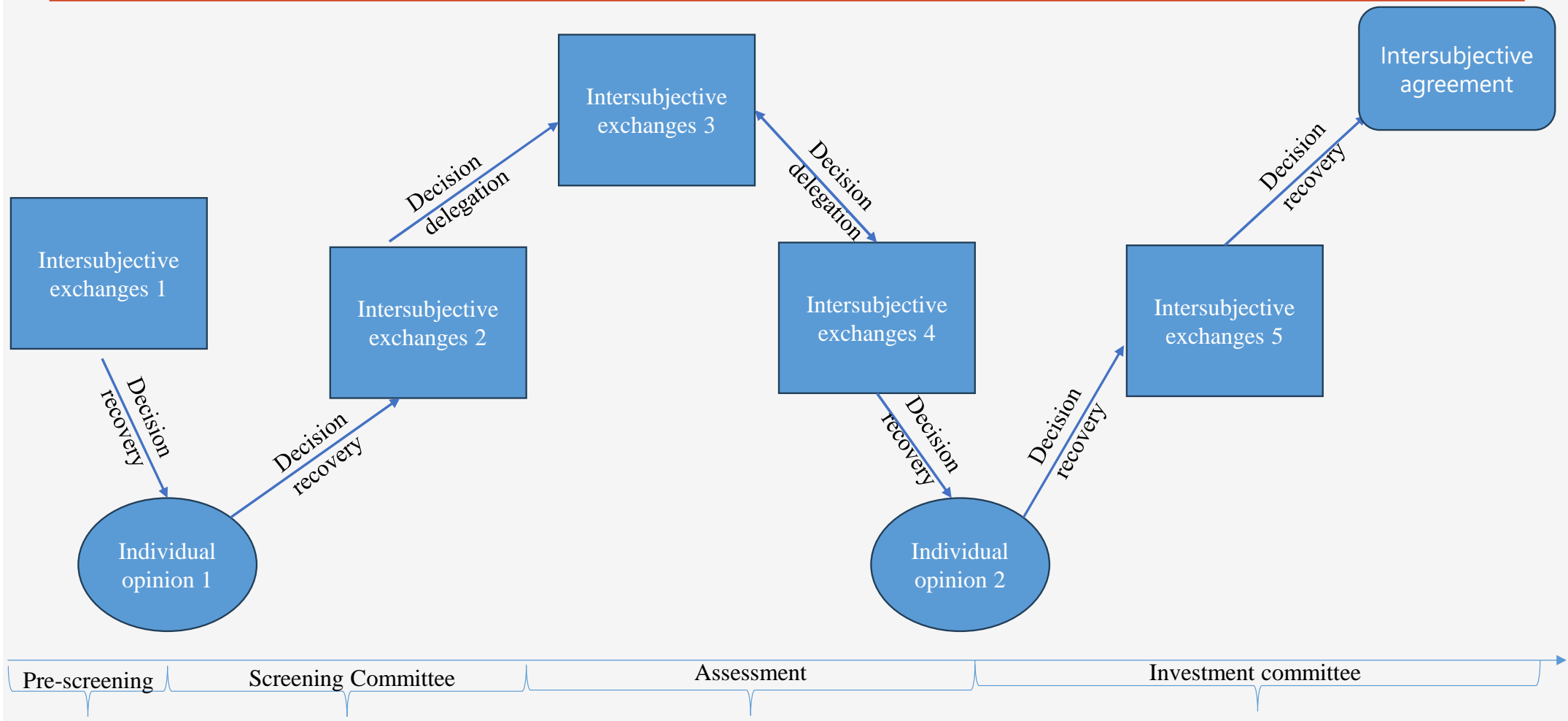
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- * Feedback from those involved in assessing the entrepreneur/idea
- * Q/A with other members present during the meetings
- * Ongoing opinion-sharing online platforms

5

- * Round table discussion at the Investment Committee meeting
- * Leader's opinion
- * Each member investment promise
- * Cocktails and informal discussions between members

Results: Model of the collective cognition underlying investment in AG



Conclusion: Some additional questions



Effectiveness of the collective cognition?



What are the individual aptitudes that predispose to participation in the collective operation described?