

Members: [Log in](#) | Not Registered? [Register](#) for free extra services.Birmingham Business Journal - August 11, 2008  
<http://birmingham.bizjournals.com/birmingham/stories/2008/08/11/story4.html>**BIRMINGHAM  
BUSINESS JOURNAL**

Friday, August 8, 2008

**New 'angel' group hopes to fill city investment gap**Birmingham Business Journal - by [Jimmy DeButts](#) Staff

A trio of young Birmingham businessmen are launching an angel investor network to infuse capital into a stagnant startup market.

The Birmingham Angel Network is aiming to invest \$12 million a year in local startup companies, according to network co-founder Josh Watkins. Watkins said his group hopes to attract 125 members to the investor club to expedite funding for "stage one" firms.

Birmingham, unlike many communities including Huntsville, does not have an active angel investor organization. Watkins said promising firms have left Birmingham to secure needed financing while others have languished without funds necessary to progress toward profitability.

"You should see more deals and it should make it less laborious," Watkins said.

Watkins and his partners Jim McCormick and Eason Balch have strong local roots and business ties. Watkins is managing member of the Watkins Law Firm LLC. McCormick is co-founder of **PryorMcCormick Investments**. Balch is the grandson of **Balch & Bingham** LLP founder Eason Balch Sr. and is a financial planner at **Regions Financial Corp.**

The well-connected trio's proposal could establish a critical asset to the local business community and its future health, **Birmingham Venture Club** President Greg Curran said. Curran said angel investors could be the lifeline many struggling or upstart companies need to thrive and boost local payrolls.

"It's important," Curran said. "It would be a value added to the Birmingham business community to have capital for earlier stage companies. We want every young company we can. For a young company, if someone is willing to invest and one condition is they move to another state, young companies would have to do that.

"Capital does have leverage," he added. "By having capital in Alabama we might have opportunities to bring companies to Alabama. Angel investment networks are geared for the local business community."

Watching a local company uproot and move its headquarters to Ohio was the genesis for Watkins' angel network. Watkins said his firm was trying to secure funding for a company but could not locate local investors. Eventually the company found funding in Ohio.

Losing jobs and business opportunities prompted Watkins and his friends into action this spring. He said he plans for the club to conduct its first meeting in the fourth quarter of this year.

"It's not for a lack of Birmingham funding," Watkins said. "There just wasn't anything in place here."

Angel investors, on average, saw a 27 percent internal rate of return on their investments, according to a 2007 study commissioned by the **Ewing Marion Kauffman Foundation**. The study found the average return on angel investments was 2.6 times the initial investment within 3.5 years.

The success of companies chosen for funding varied, with 52 percent of angel investors receiving less than their original capital when startup companies were sold.

The Birmingham Angel Network will target potentially lucrative biotech and industrial technology companies, Watkins said.

Watkins said the club receives approximately one submission per day on its Web site, **birminghamangels.com**.

The board members will review the submissions before selecting three that will make 15-minute presentations at quarterly network meetings.

[jdebutts@bizjournals.com](mailto:jdebutts@bizjournals.com) | (205) 443-5628

All contents of this site © American City Business Journals Inc. All rights reserved.



Bob Farley | F8Photo.org

Members of the Birmingham Angel Network - Joshua Watkins, Jonathon Lindsey, Eason Balch, and Jim McCormick. "There just wasn't anything in place here," Watkins says.

[View Larger](#)