

# **Is it Just the Idea that Matters? A Field Experiment on Early Stage Investment**

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## **Abstract**

Which factors are most important to early-stage firm success? This paper contributes to this long-standing debate among academics and practitioners using a field experiment involving 4,500 active, high-profile, early stage investors, implemented through AngelList, an online platform that matches investors with start-ups that are seeking capital. The experiment randomizes investors' information sets through the use of nearly 17,000 emails regarding "featured" start-ups. Overall, investors respond strongly to information about the founding team, whereas they do not respond to information about either firm traction or current investors. However, there is significant heterogeneity: the most experienced and successful investors react only to the team information, while the least experienced investors respond to all categories of information. The results suggest that, conditional on the quality of the idea, information about human assets is highly important for the success of early stage firms.

JEL classification: G32, L26, D23

Keywords: Angels, Early stage firms, Entrepreneurship, Theory of the firm

Current Draft: January 12, 2014

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