



US Capital Raising

BOOTCAMP

CHRIS
DAVIDSON

Bootcamp Chapters

1. Investment 101 & Capital Raising Process
2. Dispelling Myths
3. Materials for a Capital Raise
4. The Set Up
5. The Meetings
6. The Closing

Chapter 1

Investment 101 & Process

- Investment Round and Investor Types
- Investment Stages
- High Level Investment Process

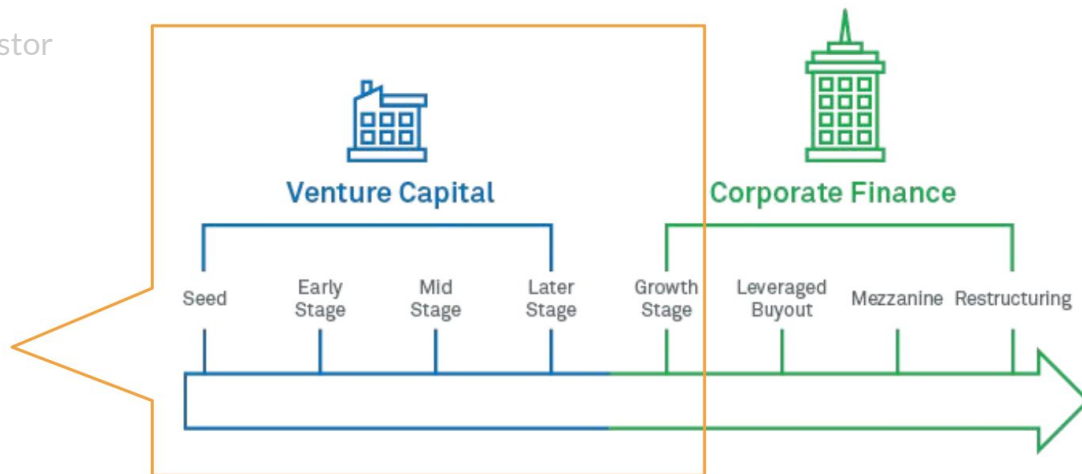


You're almost always better off making your business better than your pitch better.

Marc Andreessen

Investment 101

- Ideas - Business Plan
- Bootstrapping - You are the investor
- Friends & Family
- Pre Seed
- Crowdfunding
- Incubators/Accelerators
- Seed
- Post Seed
- Series A
- Series B
- Growth Equity
- Venture Debt
- Revenue Based Financing
- Alternative Sourcing of Financing
- Private Equity
- Bank Loans
- IPO



Investment Round Types

Friends & Family

Invest over \$60B per year

38% of startups raised a F&F Rounds

Amount: \$25K to \$50K

Advantages : Easy access to funds, little due diligence, and little to no push back on valuation

Disadvantages: Doing business with family member & no clear understanding on return expectations or duration money will be out

Unpriced Rounds

Vehicle: SAFE / Convertible Note w/ a Valuation Cap & Discount Rate

Timing to Close: 2 weeks from signed Term Sheet

Legal Cost: \$5 - 10K

Amount: \$3M and Under (Pre Seed, Seed and rarely Post Seed) and Bridge Rounds

Advantage: Lighter diligence, cheap & fast

Disadvantages: Not sure of exact dilution or valuation

Priced Rounds

Vehicle: Issuance of Stock in the company at a fixed price valuation (per share value)

Timing to Close: 6 weeks from signed Term Sheet

Legal Cost: \$50-100K

Amount: \$3M and Over (Post Seed, Series A and Beyond)

Advantage: Learnings from going through the "Process" & know valuation & dilution

Disadvantages: Expensive & lengthy

Investor Types

Angel Investors

Angels are high net worth individuals that invests in the earliest stages of a company life cycle

Approximately, **300,000** active “angel” investors in US

Invest in **1 in 10** deals

Angels Invest over **\$25B annually** into 60,000 companies

Amount: Approximately **\$75K**

“**Angel Groups**” are a group of Angels that pool their capital to make larger investment into companies (Silicon Valley Angels)

No Follow On: Angels investors typically don't do follow up investments

Super Angels

Super Angels: Think of them as 1 or 2 person **Min VC Firms**. They investing money for themselves, their family members or close friends.

Super Angels raise funds like VCs but invest early like Angel

Amount: Between **\$250,000 to \$500,000**

Super Angels are **smaller, faster, and less demanding** than VC firms

Super Angels give startups much less money than VCs, but they expect a lot less in return. Typically, they **Do Not Take** a Board Seat

Investor Types

Family Offices

A **Family Office** is a Wealth Management Company that **invests money on behalf of** a wealthy individual or a group of individuals

Two Types of Family Offices: Single-family offices (**SFO**) and Multi-family offices (**MFO**)

Amount: 10,000 worldwide managing funds of over \$5 Trillion

Family offices have **Patient Capital ("Evergreen")** and have different and/or longer term return expectations than a VC

Family Office **can often invest** across different round types (Seed, Series A, Series B, etc)

Family Offices value **discretion and confidentiality**

Venture Capital

Amount: Over 1,000 active VCs in the US

Invest in **1 in 100** deals

VC funding in **2022 was \$238B**, down from **\$348B in 2021**

Investment Amount: Avg. investment **\$10M**, pending on the round.

Due Diligence: 5 to 6 proper meetings to getting an investment

Virtually all VCs will want a **Board Seat** and will provide **active support** to their portfolio companies

Best way to get connected to a VC is via **Warm Introduction or Referrals**, not by a cold email.

Stages of the Startup Journey

Investment 101 & Process

Seed	Post Seed	Series A	Growth Round
INITIAL SUCCESS	TRACTION	INITIAL SCALE	SCALE
Benchmarks : \$30- 70K MRR & growing >100% YoY You have: Minimum Sellable Product. You are beyond MVP. Clients: 10-15 via “Founder Lead Sales” Next Step: Moving away from Founder Lead Sales to Process Driven Sale.	Benchmarks : \$1M - \$2.5M ARR & growing >100% YoY 1st experience of the beauty of Compounding revenues Next Step: Move to Predictive Analysis in sales...AKA for every 1 SDR, and 1 AE you can achieve xxx customers and XXXX revenue	Benchmarks: \$4M+ ARR and close to or at a 3:1 LTV: CAC ratio Revenue and customers are compounding, processes are in place and it's time to grow. Next Step: Demonstrate Scale vis your repeatable processes and systems. You have: Predictive Analytics	Benchmarks: \$10M+ ARR and achieving a 3:1 LTV: CAC ratio Processes are working and ready to accelerate growth and enter new markets Next Step: Turn your 10M+ ARR business to a \$30-50M business via Growth Capital. You have: A De Risked Company

Investment Types

Pre Seed Round

- **Size of Round:** \$50,000 to \$500,000
- **Round size is small** because dilution is greatest
- Investment in an **idea/concept** (pre product)
- Funding to build out **product** and get to MVP
- Key Investor: **Angels**
- **For exceptional team** that the VC previously knows

Seed & Post Seed

- **Size of Round:** Seed: \$500K-\$3M & Post Seed: \$3-\$5M
- On average **15 to 50** investors
- Company has active customers and you are starting to implement repeatable processes
- **Post Seed:** First official valuation of the business
- **Key Investors:** Angels, Family Offices, Small VCs

Series A Round

- **First significant round** of VC capital
- Size of Round: **\$5M-\$15M**
- An 'Easy A' Round when: :
 - You have meaningful **traction**
 - You have **predictive analytics**
 - Proven **customer track record**
 - ARR of 6M+ per year
 - 2 -3x ARR Growth
- What the funding gives you:
Infrastructure Raise
 - Money to build out team & processes needed for Growth Capital Rounds

Investment Types

Series B Round

- Funds normally range from **\$15M-\$50M**
- Companies have starting to turn a profit or know how to get to profitability
- Business model and processes are working and needed **capital** to expand margins and scale
- Targeting **international expansion**, or new related product categories.
- **Numbers & Metric based Investment:** Investment is based on revenue, margins, market share, profits, etc not on team or the idea.
- **ARR of \$12M+ *MRR (+\$1M)**

Series C Round

- Often used to **prepare** the company for a buyout, make acquisitions or IPO
- Available to companies with **huge traction** with unicorn potential
- Can lead into a **D, E, F Round** but that capital s typically provide by private equity, hedge funds and banks.
- Funding can range from \$25M to hundreds of millions

Investment Process

Investment 101 & Process

1



6 -8 weeks

Set Up: The Campaign

2



6 weeks

Cohorting: The Meetings

3



6-8 weeks

Herding Cats: The Closing

Investment Process: The Set up



Set Your Cohort

- Cohort Raise is a Professional / Institution Raise that people run in PE, Real Estate & Hedge Funds
- Line up all 1st Meeting for the 1st two weeks of your actual raise



Create a Calendar

- Avg. raise take 4 to 6 months. This is a long time for a startup
- Mapping out the Raise on a calendar will help you see if you are ready and what holes you have to fill



Prospect Investors

- 100-150 warm investor leads needed to close round
- Research investors, find investors and manage investors in CRM



Create Content

- Plan out your email templates and communication topics in advance of both prospecting your leads and then communicating to investors during your actual raise.



6 -8 weeks

Investment Process: The Cohort Raise

Investment 101 & Process

Create a Cohort: Have all your 1st, 2nd, 3rd Meetings, etc at roughly the same time to help allow you to move process quicker.



Investment Process: The Meetings

It typically takes **6 meetings** to close an Venture Capital Investor

1. **1st Meeting:** (Quick Pitch: 15 to 30 min. with analyst)
2. **2nd Meeting** (Full Pitch: 30 to 60 min with analyst and 1 team member)
3. **3rd Meeting** (Full Pitch: 60+ min with 1 partner)
4. **4th Meeting** (Due Diligence: 60+ min - operational or technical)
5. **5th Meeting** (Due Diligence: 60+ min - operational or technical)
6. **6th Meeting** (Full Partner level : 60+ min)

Term Sheet or Offer Shortly thereafter



6 weeks

Investment Process: The Closing

Unpriced Rounds (SAFE / Convertible Notes):

- **Meetings:** 45 days of meeting and get 4 to 6 commitments
- **Communicate:** Share these commitments with other investors
- **Call for Capital:** 35% of round committed
- **Set Closing Date:** 45 days following call for capital to allow for final meetings
 - Allow people to perform: “S**t or get off the pot”
- **Close**
 - Hold your close date

Priced Round:

- **Meetings:** 45 days of meeting and get 2 - 4 term sheets
- **Communicate:** Share notification of term sheets to other Investors
- **Pick your Lead:** Pick favorite term sheet / investor
- **Paper Round:** Take 4 to 6 weeks to do all the legal paperwork
- **Followers:** Line up your followers and/or strategic investors
- **Close**

3



6-8 weeks

Result: Successful Capital Raise

Investment 101 & Process



Investment Process: The Set Up

The “Set Up” of the Campaign Process: Get 100 to 150 Warm Leads

- **Need:** 100-150 warm investor leads needed to close round
- **Duration:** 45 to 60 Days
- **Raise Start Date:** Pick a Start Date 2 Months in the future

To Dos:

Goal #1: Get Warm introduction to the Investors

Goal #2: Line up all your 1st Meetings in the 1st 2 weeks of raise

Goal #3: Get Data Room Prepped

Goal #4: CRM, Email Marketing / Messaging Created and Ready

Goal #5: Map out Sale Cycle: It take 4 to 6 proper meetings to close an Investor

1



6 -8 weeks

Investment Process: The Meetings

Create a Cohort: Having all your 1st, 2nd, 3rd Meetings, etc taking place at the same time will allow an easier raise

1. 1st Meeting: (Quick Pitch: 15 to 30 min. with analyst)
2. 2nd Meeting: (Full Pitch: 30 to 60 min with analyst and 1 team member)
3. 3rd Meeting: (Full Pitch: 60+ min with 1 partner)
4. 4th Meeting: (Due Diligence: 60+ min - operational or technical)
5. 5th Meeting: (due diligence: 60+ min - operational or technical)
6. 6th Meeting: (Full Partner level : 60+ mi)

2



6 weeks

Term Sheet or Offer Shortly thereafter

Chapter 2

Dispelling the Myths

- History of Entrepreneurship in US
- Current VC Market and Trends
- Truth Setting about Raising Capital and Venture Capital Investors

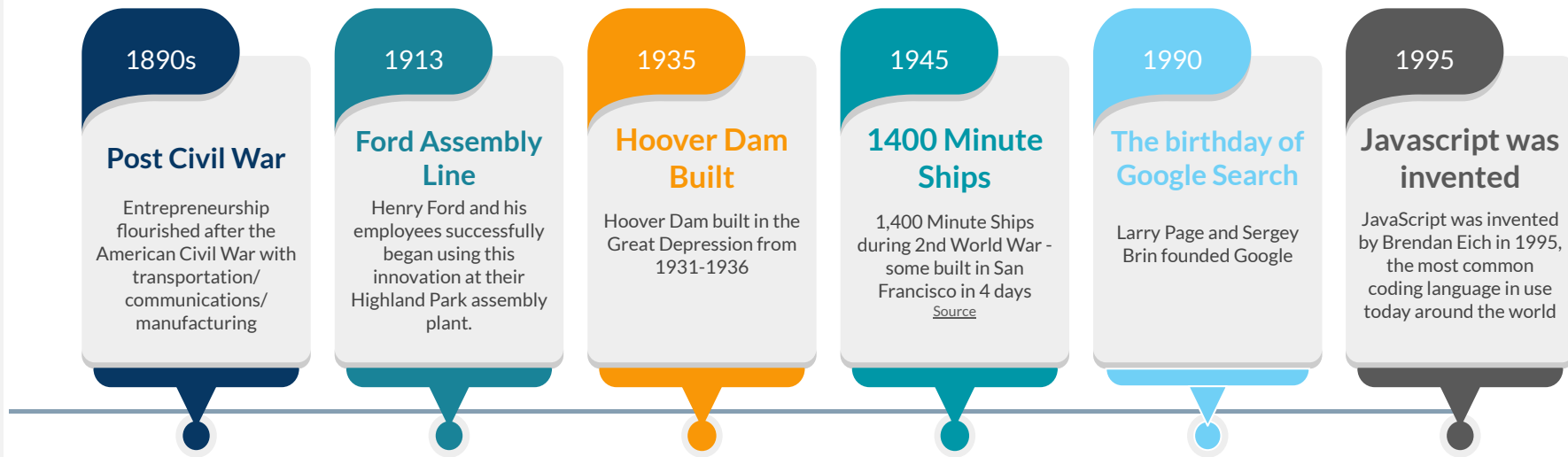
Chapter 1 - Review

Investment 101 & Process

- Investment Stages
- Investor Types & Investment Round
- High Level Investment Process

US: The Most Entrepreneurial Economy in the World

Innovation and entrepreneurialism is deeply rooted in our history



Culture of Entrepreneurship

31M

entrepreneurs in the
United States

~16%

of the United States
adult population

The state of California is the 5th
largest economy in the world

Country	2022 GDP (\$T USD)
United States	\$23,315
China	\$17,734
Japan	\$4,941
Germany	\$4,259
<u>California</u>	<u>\$3,598</u>
India	\$3,176
United Kingdom	\$3,131
France	\$2,958
Italy	\$2,107
Canada	\$1,988
Korea, Rep.	\$1,811

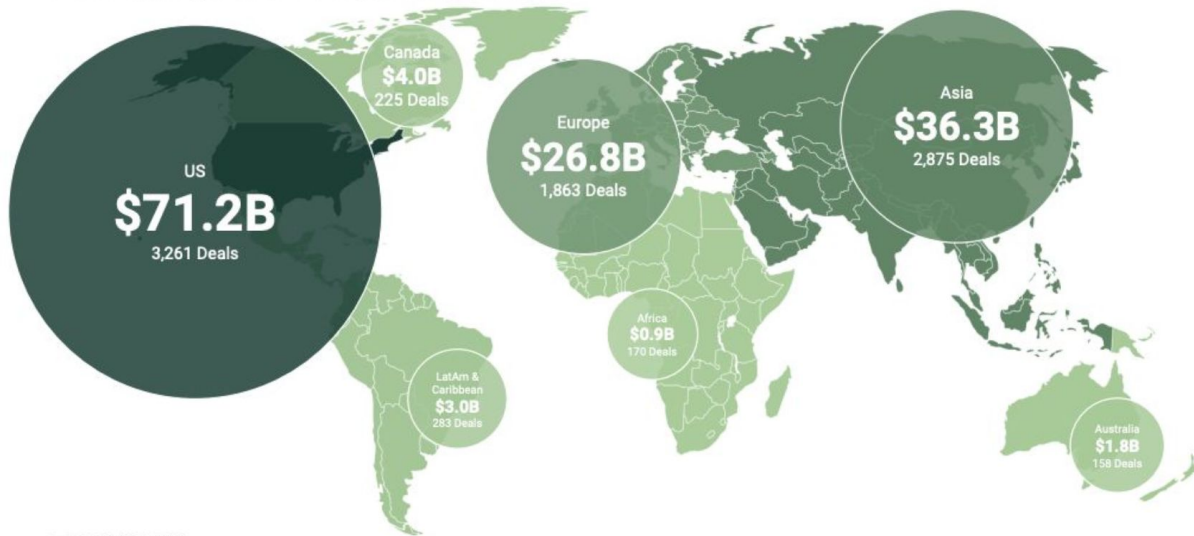
Source: Bureau of Economic Analysis, World Bank

State of Venture - Globally

Dispelling the Myths

State of Venture | Global Trends | Investment Trends

Global regional comparison Q1'22



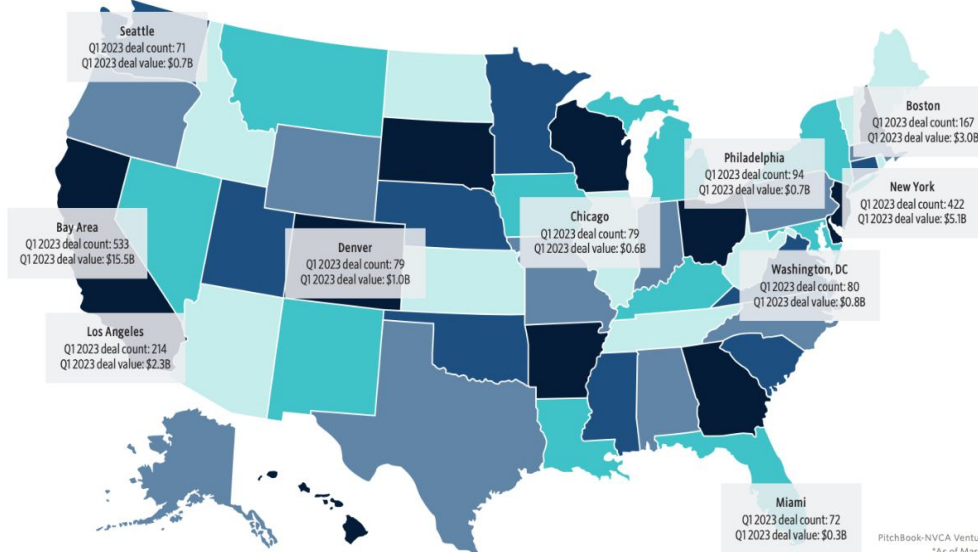
CBINSIGHTS

State of Venture - Nationally

Dispelling the Myths

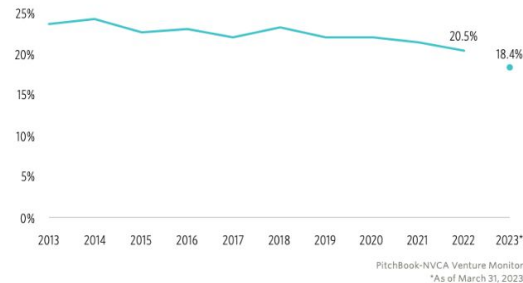
Regional spotlight

Bay Area, New York, Los Angeles, and Boston continue to lead the way
Bay Area's share of deal count falls further*



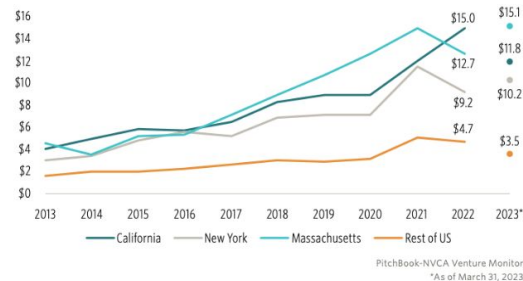
Other markets gaining share over Bay Area

Bay Area deal count as a share of all US VC deal counts



Deal size growth not uniform

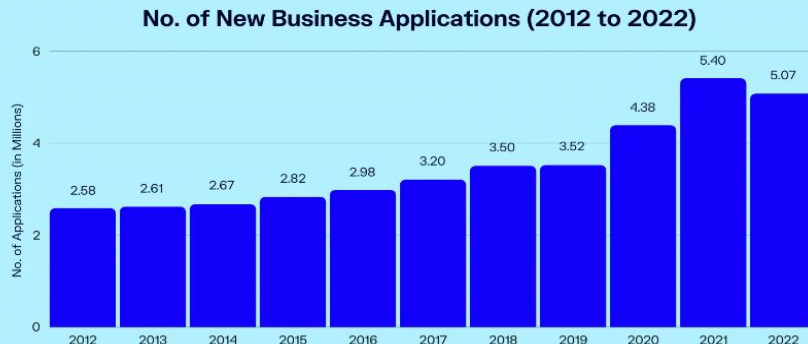
Median early-stage VC deal value (\$M) by region



Pandemic Entrepreneurship Boom

Dispelling the Myths

- Pre-pandemic saw a decades long slump in business formation
- But 2021 saw Americans start 5.4 million startups, which is an all time record
- Key growth areas:
 - Retail, Warehousing, E-Commerce
 - Healthcare startups
 - Staffing by 15.5%



Source: Census.gov

OBERLO

General Truths: Venture in 2023

Dispelling the Myths

Times have gotten more challenging in Venture Capital over the past 9 to 15 months.

- **Tiger Global:** Selling a portion of their portfolio via secondary markets
- **Softbank Vision Fund:** Loss of \$32B.....yes \$32B
- **Forbes 30 under 30:** Raised \$5.3B of funding and have been arrested for frauds and scams worth over \$18.5B.

Valuation Challenges

- **Recapture Value:** Investors trying to recapture as much ownership, value and leverage as possible
- **Punitive Terms:** Liquidation preferences, tranching use of funds, down valuation rounds
- **Personal Company Examples:** B Round & A Plus Round
- **Fund of Fund VC Firm::** +45 deals they have seen & **TWO** Up round

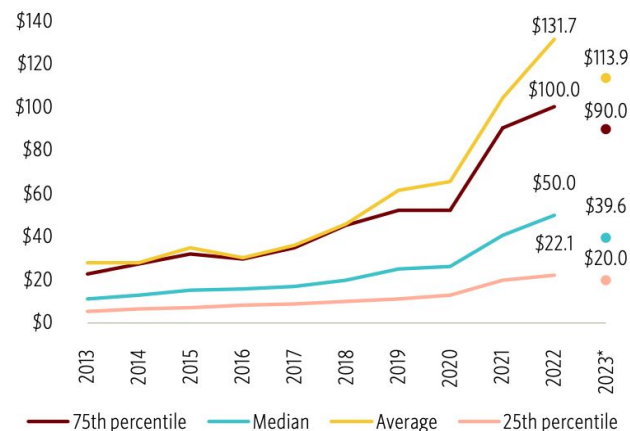
Venture Stats in 2023

Dispelling the Myths

- Q1 2023 **VC Funding** totalled \$9.6B, falling below the \$10B amount for the 1st time in 11 quarters
- The average **deal size** decreased approximately 30% from \$8.8M to \$6.2M over the past 12 months
- The average **pre money** valuation dropped approximately 20% over the past 12 month from \$50M to \$39.6M`

Early-stage valuations exhibit a severe decline

Range of US early-stage VC pre-money valuations (\$M)



PitchBook-NVCA Venture Monitor

*As of March 31, 2023

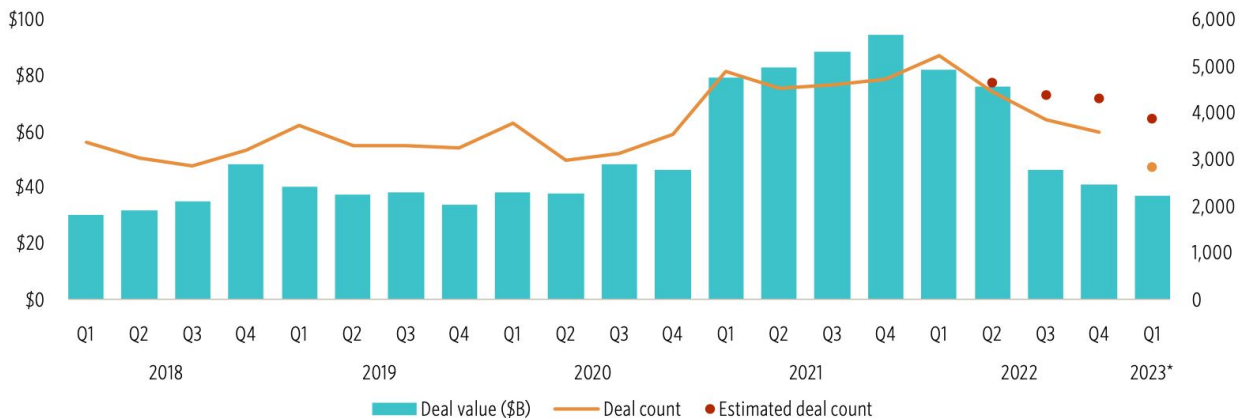
There is still HOPE!

With this all said...

- Deals are **STILL** getting done - at smaller deal size & Investors are **STILL** investing - at lower valuations
- Founders are **STILL** raising capital

Estimated Q1 deal count remains above 2020 quarterly figures

US VC deal activity by quarter



Venture Trends in 2023

Dispelling the Myths

Good companies are still **Raising Capital**

- **EBITDA+ or Path to Profitability:**
 - Investors are looking for companies to move closer to profitability vs. growth at all cost
- **Types & Location** of revenues matters:
 - Product revenue is valued, consultancy revenue is deleted
 - US investors value US revenue more than Non US Revenue
- Next funding rounds are **Not Guarantees**
 - Companies that do not warrant a follow on round are doing bridging rounds until their business warrants it.



Venture Trends in 2023

Dispelling the Myths

- **Pushing back on Valuations:** As previously mentioned, investors are pushing down on Valuation and I am hearing this trends will continue for the next 9 to 12 months
- Don't have to be in San Francisco
 - Venture Market Hubs outside of Silicon Valley are continuing to strengthen
 - I want you in SF, but you don't have to be there anymore
- Zoom OK, but **In Person** Best
 - Zoom only first meeting now the new normal,, but sooner you can get **In Person**, the better



Chapter 2

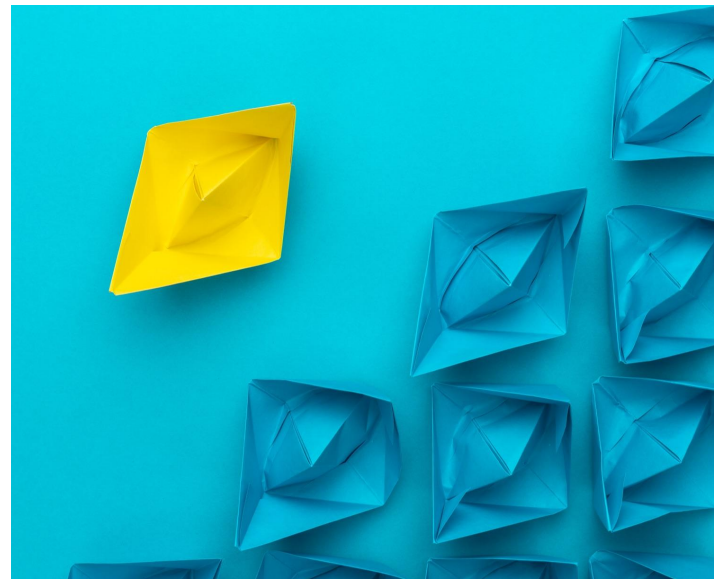
Dispelling the Myths

Chapter 2: Part 2

Founder Truths For Capital Raising

Dispelling the Myths

- Raising Capital is a **FULL TIME** Job
- It takes **2x the time** that you think it will, appropriately **6 months**, including the time to set up the raise
- As it is a full time job, is your company **ready**?
 - Have you accounted for you being “out of the Business” for the raise?
- Get used to **Rejection** - Think Like an Actor
- It's a **numbers games**....More leads that you think you will ever need
- **Self Care is Key**



Truth About Investors

Dispelling the Myths

- Investors **SUCK**..... yes we do
 - Ask difficult questions
 - Make you think about your business in a different way
 - Trying to poke holes in your business
- With this said, the sooner you can **Think and Act like** an Investor.....the Better
- Investors pick up on **Signaling**
 - A proper Fundraising Process, Sales Cycle, Go to Market, Tech Product Roadmap, Growth Plan, etc
- **Love your Investors**
 - Your Investors will be with you for up to **7 to 10 years**
- **PTSD Is Real**
 - Don't be afraid



How Much Money To Raise

Dispelling the Myths

I am always asked: "How much should I raise....." as if it is a game

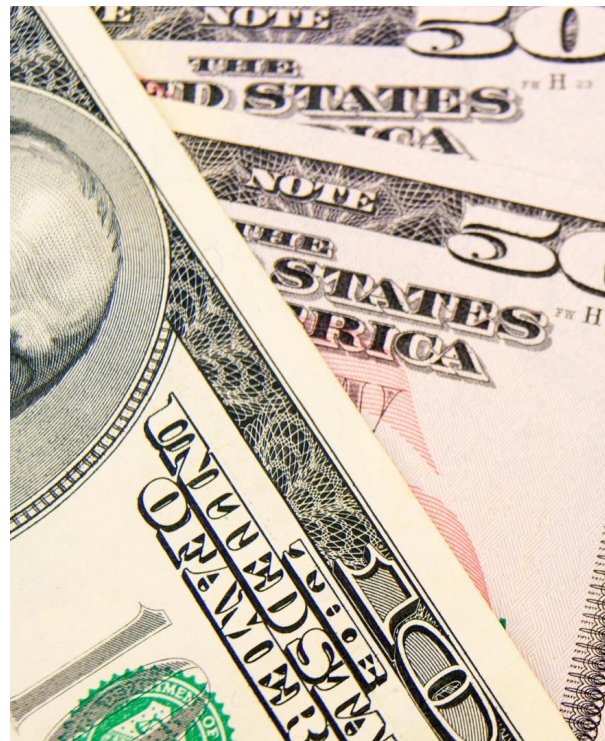
- How much you should raise is a function of **three factors**:
 - How much Money do you **NEED** for the next 18 to 24 months?
 - How much Money does your business **WARRANT**?
 - How much Money **CAN** you raise?
- Show me the **MATHS**
 - **Don't Make me hunt in your Financial Model**
 - Create a Use of Funds Playbook / 18 Month Plan - focus on where you are now, where you will be post raise & how to get there
- **EXECUTION**: It is all about the **How**
 - How are you going to EXECUTE on the Playbook
 - How we hire 40 people, how expand into the US, how we increase ARR from 1 to 3M
 -
- Get used to **Dilution**:
 - Sell 20 to 25% of business per round
 - After B Round, you are no longer the largest investor in your business



How to Use Investors & Their Money

Dispelling the Myths

- US Investors **WILL NOT PAY** for your US Traction
- US Investors are not the business of taking “**Business Risk**”
 - **Will not pay** for your Roll Up
 - **Will not pay** for you to US Market Traction
 - **Will not pay** for your learning curves
- US Investors are great for **Growth Capital and Scale Capital**
 - Have your metrics, have proven predictive analysis and show them **how** their money will **2 to 3x your ARR**
- Non US Investors are great to get you to **\$1-2M ARR (USD)**
- NON US Investors take **PRIDE** in helping founders “**Get the the US**”
 - Use your AUS Investors to give you Runway of 9 to 15 months of or Initial US Go to Market



US Venture Capital Firms 101

Dispelling the Myths

Get to know your Venture Firm

- **Generalists vs. Specialist:**
 - Have sector/industry preferences (Crypto, FinTech etc)
- Will have **Stage** preferences
 - Seed, Post Seed, Series A, Series B
- “Pick / Picked” a **Winner**
 - Investors will not invest in competitors to one of their existing portfolio companies
- A Lover Scorned
 - Once a Fund loses money in a space, will not revisit
- Looking for a **Rocket Ship**
 - Are you building a **Rocking Ship**?



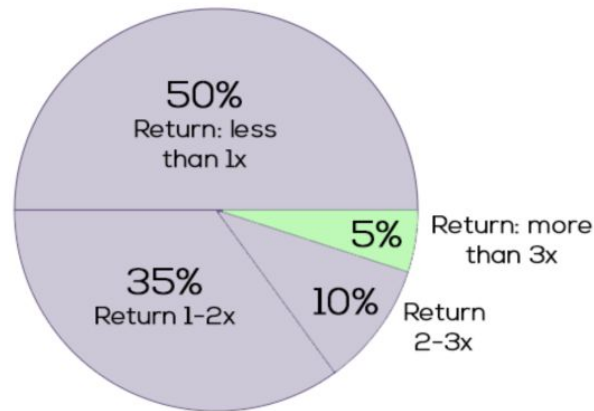
Need for a Rocketship - VC Returns

Dispelling the Myths

Does your startup have the potential to return the VC's entire fund?

- VC's need to raise \$ too (from LP's)
- 10 year fund life: 2% Management Fee / 20% Carry
- Expected to return 3x fund, but this is hard to do
- **80/20 Rule:** 80% of your return from 20% of investments
 - **10 to 15%** of a fund Investment make up their returns
 - Out of a portfolio 20 companies, **2 or 3** need to be home runs

VC Fund Return
on Investment

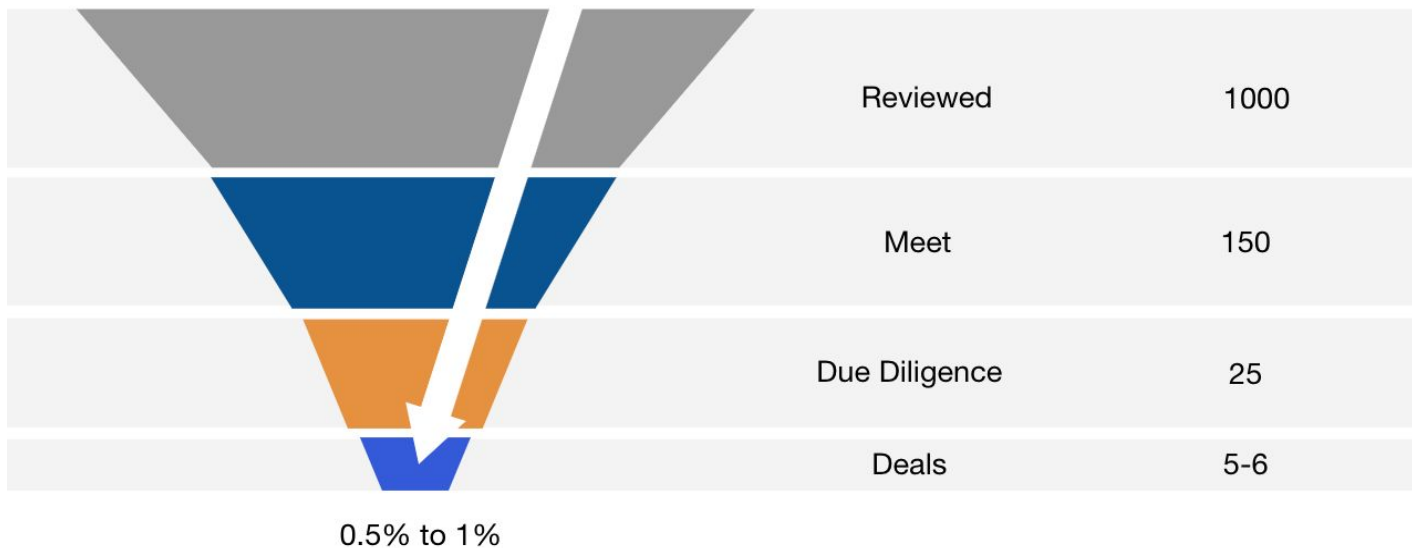


Source: [appendix](#) for [Cambridge Associates Vintage data](#)

Rejection: VC Funnel Maths

Dispelling the Myths

VC Dealflow Funnel = 99%+ Rejection Rate



StartUp Success Rates

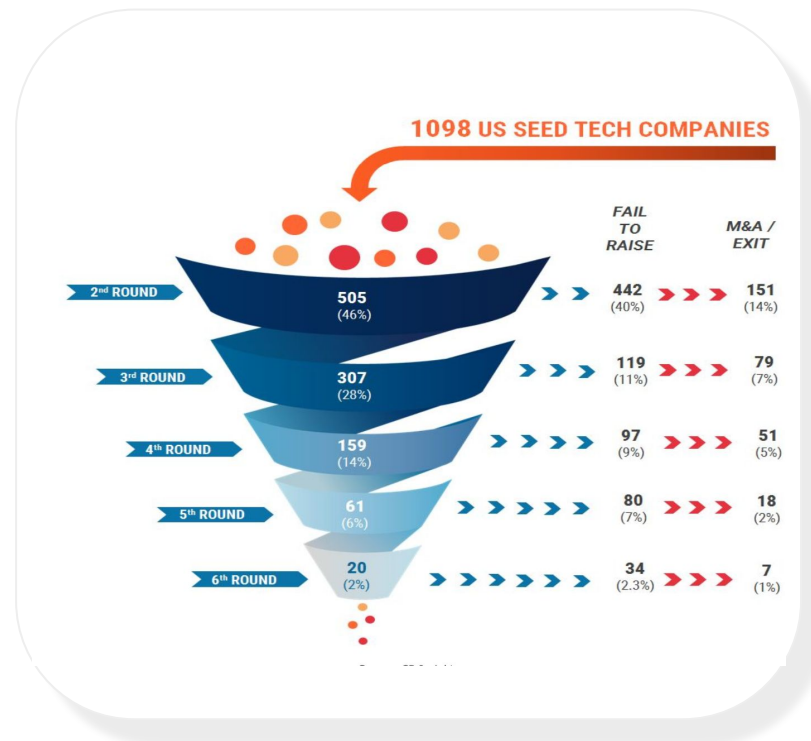
Dispelling the Myths

Only **50%** of companies that raised their initial seed ended up raising a second round of funding

28% of companies that raised a seed round in 2008–2010 exited through an M&A or IPO within 6 rounds of funding

Less than **1%** of companies ended up becoming unicorns valued at \$1B+.

70% of companies end up either dead, or become self-sustaining.



What does this mean for you?

Founders must **STEP UP**: Money is going to the companies and to the founders that Investors believe have the best chances of **making them Money**

Get comfortable Addressing and Answering

- Why are you a good investment?
- How are you going to be 5 to a 10x in our portfolio
- Are you better prepared for the raise than others
- How are you going to Stand Out - (**Tall Poppy** is real)

If you have a good business, if is investment worthy, **money will be available**

Chapter 3

Materials for a Capital Raise

- The Pitch: 30 Min, 10 Minute and 90 Seconds
- The Pitch vs. The Deck
- The Deck: Why vs. How

Chapter 2 - Review

Dispelling the Myths

- History of Entrepreneurship in US
- Current VC Market and Trends
- Truth Setting about Raising Capital and Venture Capital Investors

The Must Have Materials

Materials for a Capital Raise

Materials Needed for your Raise

- ✓ Pitch
 - ✓ 30 minute Pitch
 - ✓ 10 minute Pitch
 - ✓ 90 seconds
- ✓ 1 Pager
- ✓ Investment Deck
- ✓ Data Room
- ✓ Technology & Planning (Part of Chapter 4)
 - ✓ Email Templates for Outreach
 - ✓ CRM



HUGE Mistake: Start with the Deck and then build the Pitch

1. Start with the Pitch and build the Deck to replicate it / support the Pitch
2. Get to the point where you only need a few slide from the deck
3. Think of your deck as back up/support
4. Boardroom Realness:
 - Talk to investors like they are Board Members
 - Have a conversation about your business, how you run it, how you make money, etc.

30 Minute Pitch

What is the story that need to be told?

Basic Pitch Structure

- **Conclusion** : “Don’t bury the Lead”
 - **1 to 2 Minute Rule**: Who you are, what you do and why is is a good Investment
- **The Why** - Why me, why product, why team, why a need in the market
 - Company Description with Mission Statement
 - Problem/Solution, etc
 - Product Specifics
 - Team
 - Target Customer and Pain Point
 - Market (Size - TAM & SAM)
 - Competition
 - Why your company will be the winner in this space



What not to do

- Ramble!
- Sound unconfident
- Talk about yourself
- Get defensive

You're building your company and personal brand so every impression matters

30 Minute Pitch

What is the story that need to be told?

Basic Pitch Structure

- **The How:** *How am I going to build a "\$1B Company"*
 - Go to Market
 - Financials & Unit Economic
 - Use of Fund
 - Scale Plan
 - 18 Month Growth Plan
- **Close:**
 - Restate conclusion: Why you....why and how are you going to make me money



What not to do

- Ramble!
- Sound unconfident
- Talk about yourself
- Get defensive

*You're building your
company and personal
brand so every impression matters*

10 Minute Pitch

Same Structure as the 30 Minute Pitch, but shorter

Basic Pitch Structure

- **Conclusion, “Don’t bury the Lead”: 1 to 2 Minute Rule:** Who you are, what you do and why is a good Investment
- **The Why:** Why me, why product, why team, why need
- **The How:** How am I going to build a “\$1B Company”
- **Close:** Why and how are you going to make me money



What not to do

- Ramble!
- Sound unconfident
- Talk about yourself
- Get defensive

You’re building your company and personal brand so every impression matters

90 Second Pitch

Same Structure as the 10 Minute Pitch, but shorter

Basic Pitch Structure

- **Conclusion :** “Don’t bury the Lead”
- **The Why:** Why me, why product, why team, why need
- **The How:** How am I going to build a “\$1B Company”
- **Close:** Why you....why and how are you going to make me money



What not to do

- Ramble!
- Sound unconfident
- Talk about yourself
- Get defensive

*You’re building your
company and personal
brand so every impression matters*

The One Pager

Purpose: Fact Sheet summarizing the major part of your business

Content: Comes from your Pitch and your Deck and includes:

- Your team
- Your business model
- Target market
- Highly info on your competitors
- Your USP
- Future financials or next steps
- Milestones that your company has accomplished to date
- Investment Ask

Lots of tools to build and manage this template



What not to do

- Create a product brochure
- Be longer than 1-2 slides
- Not to be on brand and well designed

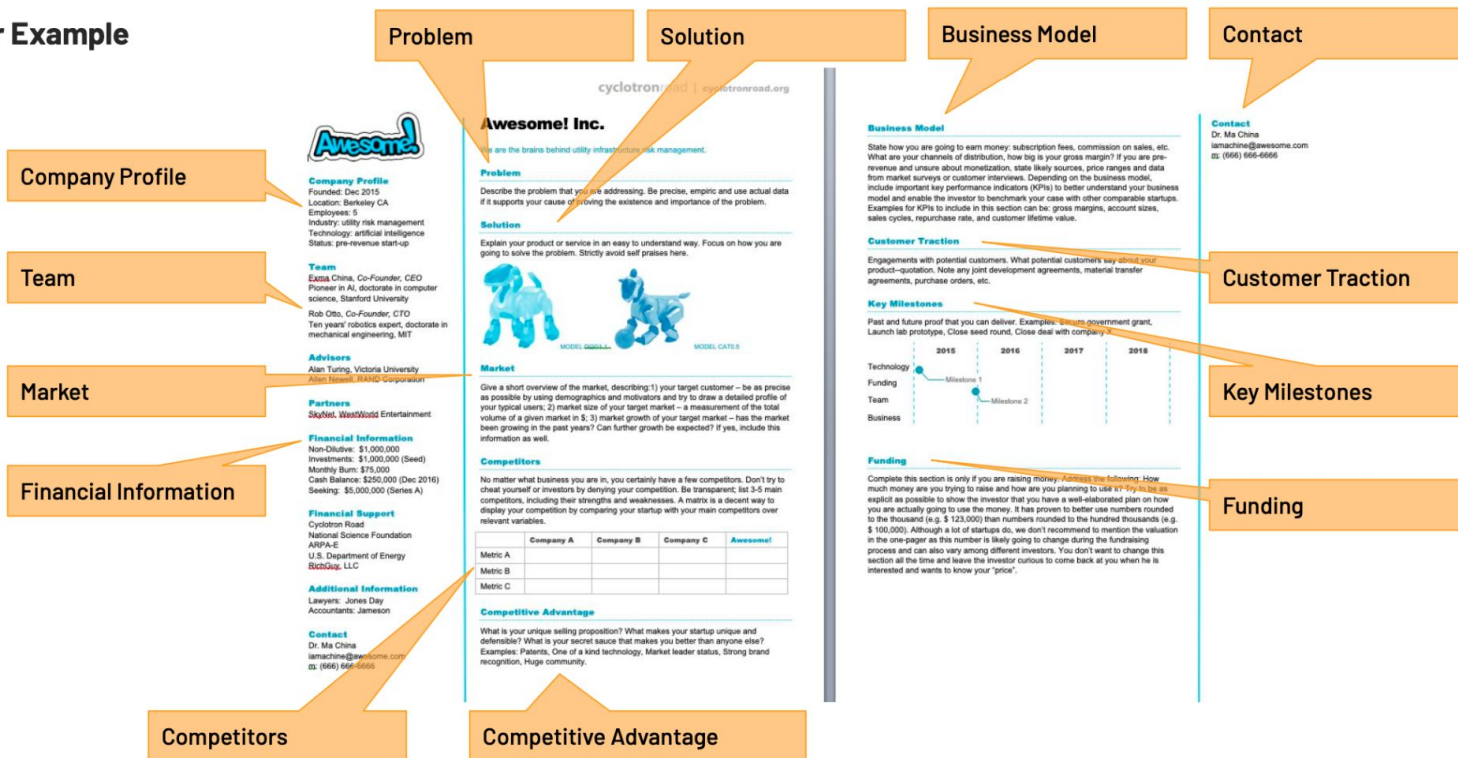
The 1 Pager needs to grab attention and convert into a pitch meeting so be punchy, to the point and impressive!

NOTE: This document will be used by junior analysts to score and filter your company for partner review.

One Pager Example

Materials for a Capital Raise

1 Pager Example



The Investor Pitch Deck

Materials for a Capital Raise

Things to be Aware of:

- **Don't make me READ:**
 - Bullet Points vs. Paragraphs
- **Say what you mean...**
 - "what I really want to say is..."
- **Discuss your Processes:**
 - Step 1, Step 2, Step 3'
 - '3 Pronged approach'
- **Tall Poppy Syndrome is Real**
 - Don't be afraid to Stand out
 - Fact are Facts!!!!



'The How' vs 'The Why'

Seed Round Deck: Focus on "The Why"

- Why our product is good
- Why is Team the Right Team
- Why is the Market Size correct

A Round Decks: Focus on "The How":

Investor are guying your PLAN / "The How"

- How am I going to 3x Revenue for 2 years and hire 85 new employees
- How am I going to build a \$1B Company
- My plan to scale in to the US in.....

Your Job: The sooner you get to talking about "The How", the better.

- "The How" Conversation is Meeting #2 or #3



Critical Deck Advice #1

Materials for a Capital Raise

GIVE ME a
“B-DECK”

Critical Deck Advice #2

Materials for a Capital Raise

Be “Original”

Critical Deck Advice #3

Materials for a Capital Raise

Don't bury
the Lead

The Investor Pitch Deck

Materials for a Capital Raise

1

Company & Tag Line

Company Logo
Company Tag Line
Investor Logo
Contact Details

For In person Meeting.
Personalize it for Investor

2

Company Introduction

Why are we here today?

- Define your company, business, product
- Give them your Conclusion

What is your company?
Who are you?
How are you going to build a 1B company?

The Investor Pitch Deck

Materials for a Capital Raise

3

The Problem/Pain Point

Explain the problem/pain point
you're solving and why the
market needs your company
and solution

Show how customers are deeply affected by the problem.
Customer references/case studies are invaluable here.

4

The Solution

Brief overview of your Solution
EX:

We take the complexity out of...
Provide a two sided marketplace to...
Seamlessly connect new sales channels...

This is **NOT** your product page with features

The Investor Pitch Deck

Materials for a Capital Raise

5

Product

Technical and feature detail
More detail about your technical
architecture, products features etc

Sometime investors will want to see more
about the technological you've developed.

6

Competition

Provide high level details of your
competitors and how your business
and products differ and are better
positioned for success

Race Car Driver Discussion

Investors will do their DD and will
find competitors and ask difficult questions if
you too haven't identified them

The Investor Pitch Deck

Materials for a Capital Raise

7

Addressable Market

Set out TAM, SAM & SOM

TAM must be credible to your industry
Can you get to \$100M ARR on 1%?
You must do top down and bottom up

Do not exaggerate and be prepared to share your calculations. Do not add additional vertical markets to justify SOM. Focus on what you can achieve in 3 years.

8

Traction & Achievements

2021

2022

2023

Achievements

- 1.
- 2.
- 3.

Goals/KPIs

- 1.
- 2.
- 3.

Revenue
Funding

Achievements

- 1.
- 2.
- 3.

Goals/KPIs

- 1.
- 2.
- 3.

Revenue
Funding

Achievements

- 1.
- 2.
- 3.

Goals/KPIs

- 1.
- 2.
- 3.

Revenue
Funding

Show how you've achieved traction. Highlight your achievements to date. This could include key contract, customers, etc

The Investor Pitch Deck

Materials for a Capital Raise

9

Go To Market / Scale Plan

Your Scale /Growth Plan in
4-5 sections

1. Scale / Launch Plan
2. Channel Strategy
3. Unit Economics
4. Predictive Analytics
5. Expected Outcomes

This is **NOT** your sales plan, it's your GTM Strategy

10

Financial Projections

Year 1	Year 2	Year 3
Features 1. 2. 3. Benefits 1. 2. 3.	Features 1. 2. 3. Benefits 1. 2. 3. PRICE	Achievements 1. 2. 3. Goals/KPIs 1. 2. 3. PRICE

Don't include complicated projections
but get your unit economics right.

The Investor Pitch Deck

Materials for a Capital Raise

11

The Team



Teammate 1
Role
Experience
Expertise



Teammate 2
Role
Experience
Expertise



Teammate 3
Role
Experience
Expertise

The Team is everything to an investor! 70% of their decision will be based on whether they think the team has the expertise and capability to deliver. Is this your life's work or just a side gig?

12

Investment Opportunity: The Ask

Show where you have got to

What you need and Where the new funding will be used

High level KPIs

1. Complete V1 of the Platform
2. Reach milestones 1-3
3. Close X Sales with \$X Revenue
4. Position business for X Round

Be confident with the ask and the KPIs

Investor Pitch Deck Appendices

- Contact details (add to main deck if sending out)
- Company Information (company formation, cap table, patents ect)
- Use Cases, Examples and or White Papers
- GTM Plan & Sale & Marketing Plan with Customer Personas
- 18 Month Growth Plan
- Financial Model
- Additional Product R&D
- High Level Funding Breakdown
- P&L
- Patents, inventions etc
- Legal Notes (if outstanding)
- Access to Data Room (depending on round)

Expect these sections to be discussed in the second and/or third investor meetings

Data Room

BOLD = required first phase of diligence

Deal Terms & Docs

- Docs (term sheet, convertible note)
- **Cap Table**

Financials

- **Historical financials** (Income statements, balance sheet)
- **Financial projections**
- Tax returns

Team

- **Team resumes**
- Advisors & board members

IP & Tech

- **Patents or provisional patents filed**
- Tech licensing agreements

Corporate Docs

- Incorporation docs
- Contracts/ LOIs
- Lease agreements

Product, Marketing, Sales

- **Product roadmap**
- **Marketing plan**
- **Marketing Channels (CAC:LTV)**
- **Cohort analysis**
- **Unit economics**
- **Customer pipeline**

Deck Etiquette: Send it

“To Send or Not to Send, that is the Question”

Entrepreneurs:

- Typically do not want to send too much information in advance
- Game Play of controlling the process
- Don't want to give away trade secrets, not wanting everyone to see

Investors:

- Give it to me in advance or I will not meet with you
- Quick Yes / Quick No

My Advice:

- Send the fricking deck
- You are sending the wrong signal by overplaying your hand



Reminders

Your pitch is a major tool to get your business off the ground. It matters, so get it right!

- Know your audience (3 to 5 different versions based on Investor)
 - VC, HNW, Angel, Family Office
- Learn from the feedback and iterate on the materials as needs
- Track the opportunities in a **CRM, NOT a spreadsheet**
- Ensure your website, blogs and any external facing tie to your Pitch / Deck
- Build your campaign email sequence



Chapter 4

The Set Up

- 6 to 8 week period you need to prepare for your 1st Meeting
- Pitfalls to avoid prior to your 1st Meeting
- 4 Step Approach to your Set Up

Chapter 3: Review

Materials for a Capital Raise

- The Pitch: 30 Min, 10 Minute and 90 Seconds
- The Pitch vs. The Deck
- The Deck: Why vs. How

The Investment Process

The Set Up

1



6-8 weeks

Set Up: The Campaign

2



6 weeks

Cohorting: The Meetings

3



6-8 weeks

Herding Cats: The Closing



Proper Preparation Prevents Poor Performance

James Baker

Former US Secretary of State

Mistakes to Avoid

Mistakes that happen in the Set up period are hard to recovery from:

- ✓ Not spending enough time prospecting leads prior to the start of the Raise (6 to 8 weeks)
- ✓ Not enough warm leads at start of raise to close the round
- ✓ Not using a CRM appropriately
- ✓ Not having a email communication planned out throughout your raise (meeting and closing)
- ✓ Not setting up your Cohort properly



In short:

You just don't start a Capital Raise, it is a process that needs to be set up

Investment Process: The Set up

The Set Up



Set Your Cohort

- Cohort Raise is a Professional / Institution Raise that people run in PE, Real Estate & Hedge Funds
- Line up all 1st Meeting for the 1st two weeks of your actual raise



Create a Calendar

- Avg. raise take 4 to 6 months. This is a long time for a startup
- Mapping out the Raise on a calendar will help you see if you are ready and what holes you have to fill



Prospect Investors

- 100-150 warm investor leads needed to close round
- Research investors, find investors and manage investors in CRM



Create Content

- Plan out your email templates and communication topics in advance of both prospecting your leads and then communicating to investors during your actual raise.



6 -8 weeks

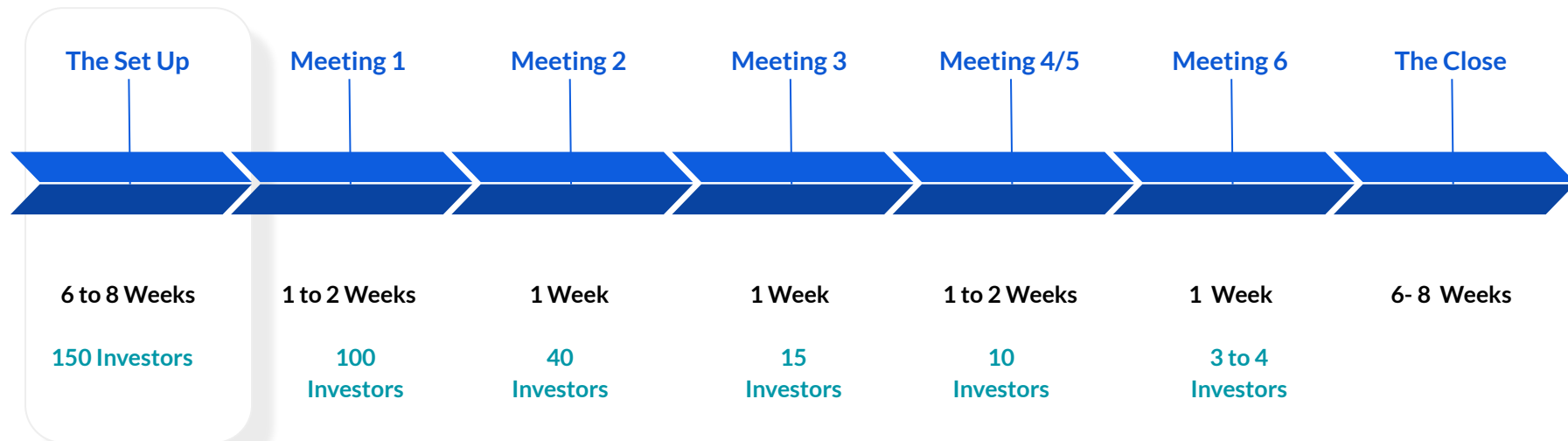
Step 1

The Set Up

Set Your Cohort

The Cohort Raise

The Set Up



IMPORTANT:

1. Cohort Raise creates a sense of urgency for Investors to perform during the assign window of the raise
2. Shows you are running an Institutional Raise to your investors....a process they do for their own raisee
3. Be more efficiency with time and move the process quicker

DO NOT “take” a 1st Meeting prior to public “Start Date” of the raise

Step 2

The Set Up

Create a Calendar for the Raise

Why a Calendar

The Set Up

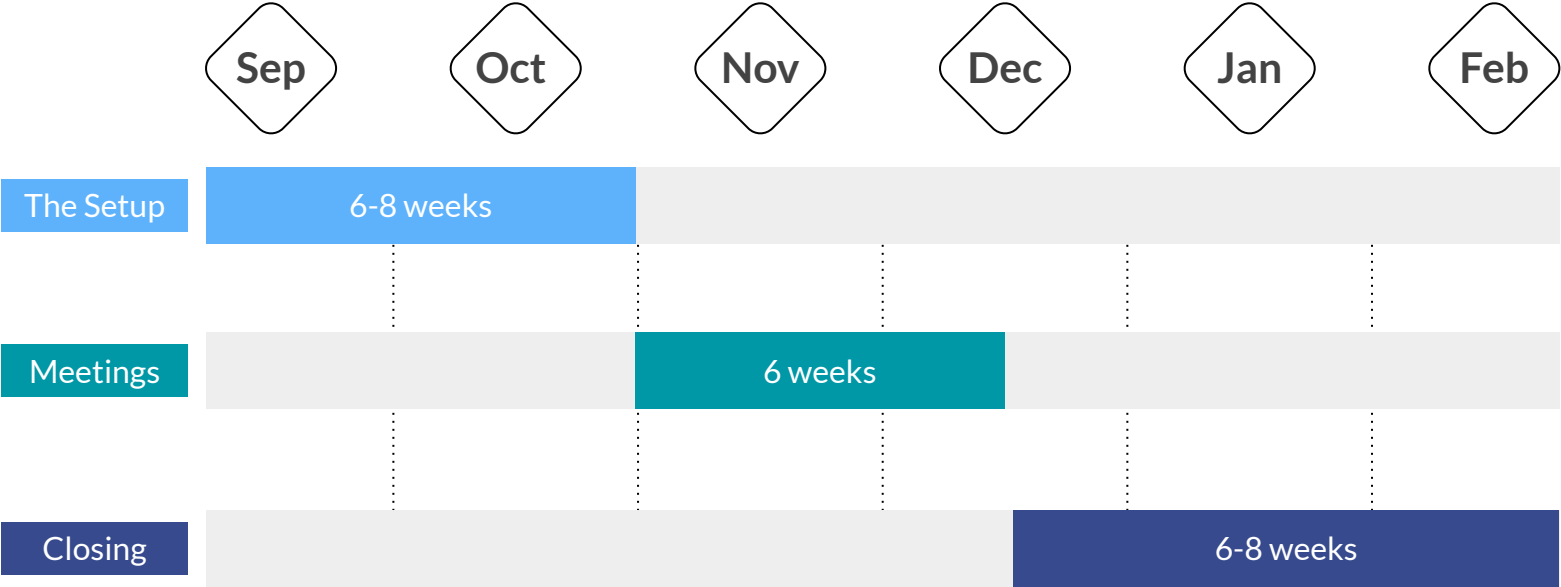
It is important to visualize a 6 month raise to help you see the challenges ahead as you preparing for the raise:

- Venture Capital Raise take 4 to 6 Months
- For a 2 year old company, a 6 month raise is 25% of your life span
- As it is a full time job, 6 months is a long time to be “out of the business”. Are you ready, is the company ready?
- Account for holidays, personal travel, seasonal work slow down, industry conference, family obligations

 **6 Months is Long**
Think about how much your company has evolved and changed and iterated over that past 6 months

Create a Raise Calendar

The Set Up



Chapter 4

The Set Up

Chapter 4: Part 2

Investment Process: The Set up

The Set Up



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6 -8 weeks

Step 3

The Set Up

Prospect Investors

Prospect Investors

The Set Up

Prospecting your Lead List - Ideally you need **100 to 150** warm leads to close your round

- Existing Investors / Cap Table
- **Personal referrals from other founders (a portfolio companies of the investor you are targeting)**
- Personal referrals from Existing Advisors and Board Members
- Personal referrals from your network/etc
- Angel Lists/Crunchbase/Pitchbook
- LinkedIn, Investor Blogs
- Accelerators
- **Zoominfo or similar list building tools**

Starter List

Top 50 Angel Investors

Investor Blogs

Fred Wilson

Mark Suster

Hunter Walk

Prospecting & Automation Tools

The Set Up

List Building	Email and LinkedIn Automation & Analytics	CRM
• Zoominfo • LinkedIn Sales Navigator • Buy lists • Use external list building teams • Apollo • Alternatives to Zoominfo	• Skylead • Interseller • Reply.io • outreach.io • Salesloft • Dripify • Apollo • Hubspot Sequences (not to be confused with their email marketing tools)	• Copper • HubSpot • PipeDrive • Salesforce • Active Campaign (self serve)
Use the above tools to help find Investors that would be a good fit for your raise	Plug in your leads list and email cadences to automate messaging and track responses at scale. Tracks all opens, responses and click throughs. Same as your email automation tool.	Add your leads that are now actively in the pipeline

Research The Investor

The Set Up

Investment Category	What category do they fall in? (Angel, Family Office, VC etc)
Sector	What sector/category do they invest in? (AgiTech, IT/SaaS, BioTech etc)
Stage	What Stage to they invest in (Seed, Post Seed, Series A, Series B)
Funds Status	Where are they in their fund (raising / deploying / fully deployed)
Check Size	What is their check size range, do they lead or follow
Add. Services	Do they have additional services to offer: HR, Tech, Sales, etc
Region	Do they invest at world/country/state/city level
Right Person within Firm	What is their title, How long have they been with the firm? What is their Focus within the Firm

Build & Manage Your List in CRM

The Set Up

Build your list of 100 to 150 Warm Leads

Open Opportunities (95) \$7,175,000.00 ADD NEW Sort By No Selection Filters

REQUEST FOR 1-PAGE SUMMARY (19) \$1,025,000.00	CHASED (13) \$1,050,000.00	EV MEETING TO REVIEW INTEREST (7) \$200,000.00	1ST MEETING (8) \$300,000.00	2ND MEETIN \$150,000.00
Bolt VC ★ Bolt Mark Janes \$250,000.00 Close Date: 5/31/2021	Unorthodox Ventures ★ Unorthodox Ventures Mark Janes \$250,000.00 Close Date: 5/31/2021	Portage Partners ★ Portage Partners Mark Janes \$50,000.00 Close Date: 3/8/2021	ff Venture Capital ★ ff Venture Capital Mark Janes \$50,000.00 Close Date: 4/4/2021	Zev Lapin ★ B3 (part of Bk \$50,000.00 C
Schematic Ventures ★ Schematic Ventures Mark Janes \$50,000.00 Close Date: 4/4/2021	Karot Capital ★ Karot Mark Janes \$250,000.00 Close Date: 5/31/2021	Spiral Sun Ventures ★ Spiral Sun Ventures Mark Janes \$50,000.00 Close Date: 2/28/2021	Helios Capital Ventures ★ Helios Capital Ventures Mark Janes \$50,000.00 Close Date: 3/25/2021	Bridge Inves Bridge Invest \$50,000.00 C
Kaneva ★ Kaneva Mark Janes \$50,000.00 Close Date: 4/4/2021	Luis Ruano Angel Investor ★ Ricari Mark Janes \$50,000.00 Close Date: 3/2/2021	The Seed Lab ★ The Seed Lab Mark Janes \$50,000.00 Close Date: 2/27/2021	Forefront Venture Partners ★ Forefrontvp Mark Janes \$50,000.00 Close Date: 3/2/2021	Faraday Ven Faraday Venti \$50,000.00 C
Darling Ventures ★ Darling Ventures Mark Janes \$50,000.00 Close Date: 4/4/2021	Rockies Venture Club ★ Rockies Venture Club Mark Janes \$50,000.00 Close Date: 3/1/2021	MicroVentures ★ MicroVentures Mark Janes \$50,000.00 Close Date: 5/31/2021	Advisor Fund ★ Advisors.fund Mark Janes \$50,000.00 Close Date: 2/28/2021	M25 VC ★ M25 VC Mar Close Date: 3.
Urban Innovation Fund ★ Urban Innovation Fund Mark Janes \$50,000.00 Close Date: 4/4/2021	Liquid 2 Ventures ★ Liquid 2 Ventures Mark Janes \$50,000.00 Close Date: 3/1/2021	XTX Markets ★ XTX Markets Mark Janes Close Date: 4/1/2021	MaC Venture Capital ★ MaC Venture Capital \$50,000.00 Close Da	RedZone Inv RedZone Rob re: 3.

Settings Help

How to Manage your CRM

The Set Up

Set up lead stages & sales cycle for your investors similarly to how you would a customer in your sales funnel

Investor Lead Stages

Lead

An individual investor who is at the top of the funnel and has not yet been reached

Marketing Qualified Lead

An individual investor who has responded to your outreach and interested in a meeting

Sales Accepted Lead

An investor that is interested in receiving a pitch

Sales Qualified Lead

Investor has been qualified as a match for the company and there's interest in next steps

Pipeline shown as a Sale Cycle

1st Meeting

Analyst Coffee meeting

2nd Meeting

Analyst meeting w/ 1 other team member

3rd Meeting

Partner Meeting

4th Meeting / 5th Meeting

ODD or Tech Meeting

6th Meeting

Partner Meeting

Offer

Close Funding

Step 4

The Set Up

Create Content

Content Needed for Raise

The Set Up

New Materials

Sequencing
Templates

Email and LinkedIn
Templates

Investor
Correspondence Plan
via Content Calendar

Previously Discussed Materials

Chapter 3 Materials: Pitches, 1 Pager and
Presentation Deck

Data Room: Deal Terms & Docs, Financials, Team,
IP & Tech, Corporate Docs & Product, Marketing,
Sales Materials

Sequences & Best Practices

The Set Up

A **sequence (or cadence)** is the set of messages / touchpoints that you will use while prospecting your **100 to 150 warm leads list**

- First email must be personalized with investor outreach -
 - Why & How
 - “**why** you, why us, why now” & “**how** I will 3x revenue annually”
- Keep it brief and powerful: should be able to read it in 15 to 30 seconds
- **5-7 touchpoints** across email and linkedin
- Write in a human way - **personal** tone, not robotic and too salesy
- Include your investor deck using docsend or similar so you can update it at anytime
- End with **Call to Action:**
 - “Our official Start Date of the raise will begin in 45 days on November 1st. Are you able to meeting during the 1st two weeks of November?”



Email with personalization in it had a 47% open rate.

Sequences Example

The Set Up

Touchpoint 1:

Email : Introduction - Personalized email

Touchpoint 2:

Linkedin Connection - Connect via email

Touchpoint 3:

Email: **Follow up** - Assume they have not read your first message so follow up re-surfacing the message with a brief concise note

Touchpoint 4:

Linkedin Message - Send linkedin message acknowledging you reached out via email and highlighting the same details you send in email 1.

Touchpoint 5:

Final Email Follow up - Send a **SIGNIFICANT** business update a new customer closed, a press release, case study vs just resurfacing email.

Touchpoint 6:

Moving on Email - Will reach out to you post raise or on next raise



On average, it can take more than 4 touchpoints to get an investor to respond



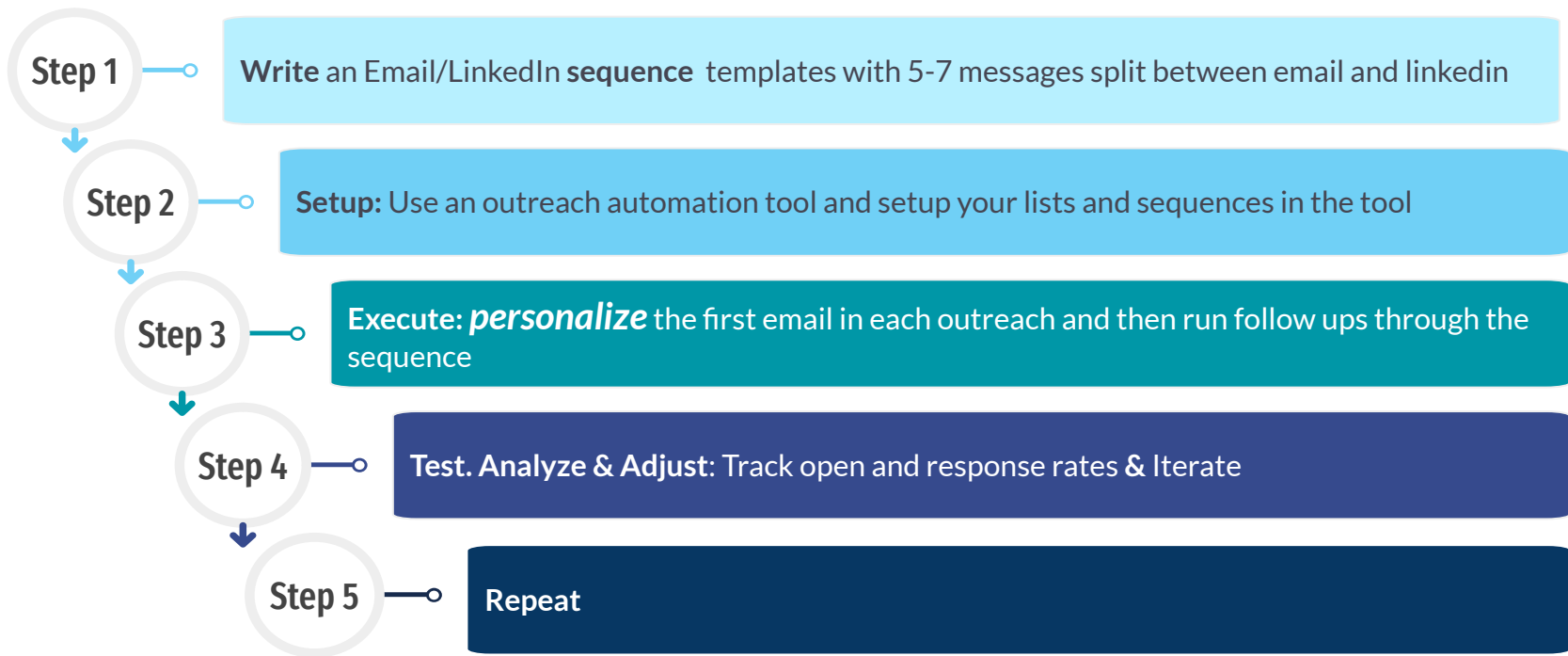
Resource

Check out the SmartSaaS Email Deliverability Guide

Sequence Execution Process

The Set Up

Run your Investor correspondence similar to how you would for a customer prospect for an account based sale campaign:



First Email Example

The Set Up

Introduce yourself and company

Personalized to Investor

Show your traction numbers

Never reference growth rate without the actual ARR number or its BS

Include pitch deck via docsend or similar, do not attach it!

Clear and Unique Subject Line

michael.Castleton@thompsonkell.com

StreamBright - Generative AI for Content Creation. Currently Fundraising

Hi Amelia,

I'm Michael Castleton, CEO of StreamBright, a SaaS platform that enables users to manage, edit, and distribute content across multiple platforms with just one click. Our Generative AI suggests innovative ideas, generates drafts, and optimizes content for various platforms saving creators time and money from the complexities of traditional content creation.

I heard you on the Creative Pulse podcast discussing the exciting prospects of AI and its alignment with your investment philosophy. This was the catalyst for me to reach out to you. StreamBright is at the forefront of utilizing both Advanced Content Integration and Generative AI to revolutionize content management and creations so I think we would be the perfect match for Thompson & Kell Investments.

Traction & Numbers:

- Customers include MediaMerge, CreateSync, PixelNet, and VisionCraft.
- ACV: \$32,000
- Current Revenue: \$350,000 ARR and 11 customers
- Existing customer base corresponds to a \$1.2M Run Rate
- US TAM: \$6.3B (\$1.6T global content creation and management market)

Here is our pitch [deck](#).

I am raising a seed round of funding to supercharge our product development, introducing a suite of new features in our V1 release by March. These features include both expanding our platform Integrations and Generative AI capabilities. Additionally, we are looking to hire our first Account Executive and Content Strategist to enhance our market penetration.

I'd love to set up a 30-minute phone call or grab a coffee. Are you available any time in the week following the 15th?

Cheers,
Michael Castleton
CEO, StreamBright

How you will use the funds

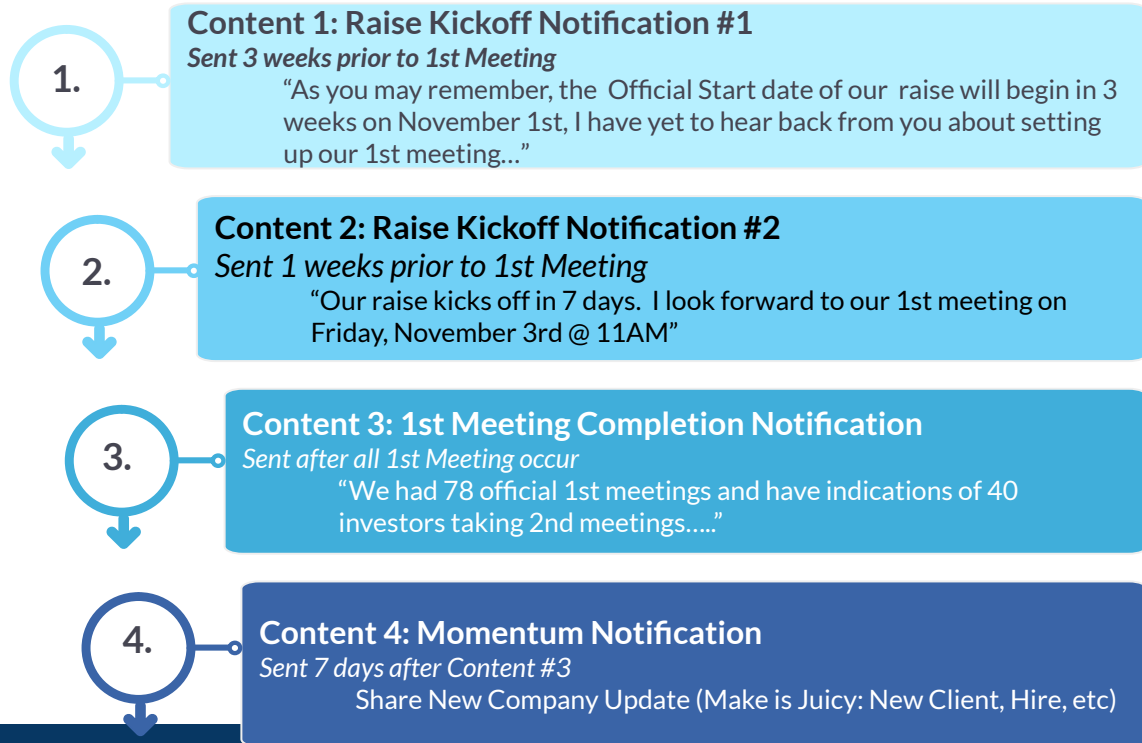
End with CTA for a meeting

Secret Sauce

Planning out your Investors correspondence
during the raise itself prior to your 1st
Meeting

Create Raise Content Calendar

Your Meeting and Closing sections of your raise will take 3 or 4 months, so, plan out in advance of your 1st meeting your email communication via a content calendar - emailing roughly every 1 to 2 weeks:



The Set Up

! Keeping Investors informed through the Raise will:

1. Move them along the Sales Cycle
2. Signal to them that you are doing a good Job of the Raise
3. Make it easier to invest as they see the momentum that is happening during the raise

Create Raise Content Calendar

5.

Content 5: Raise Update #1

Send 7 days following Previous Communication

"It has been 7 days since my last email update. We have completed our 4th Meetings with xx Investors and close to 3 term sheets / commits"

6.

Content 6: Raise Update #2

Send as applicable

"We have our 1st Term Sheet / 1st Commitment, etc...."

7.

Content 7: Raise Update #3

Send as applicable

"We have our 2nd Term Sheet / 2nd Commitment, etc...."

8.

Content 8: Raise Update #4

Send 7 days following Previous Communication

"We have Selected our Lead Investor, we have 35% of our round committed"

Content Back up: Momentum Notifications

Have 3 to 4 other pieces of significant business updates to share to move an investor along the Sales Cycle if they stall. Make it Juicy....

The Set Up

! Keeping Investors informed through the Raise will:

1. Move them along the Sales Cycle
2. Signal to them that you are doing a good Job of the Raise
3. Allow them to Perform

Chapter 5

“The Meetings”

- Critical Meeting Advice & Common Mistakes
- The Cohort and Review the Actual Meeting
- To Pricing or Not to Price

Chapter 4: Review Set Up

- Prospecting your 100 to 150 Warm Leads
- Email / LinkedIn outreach & sequencing and CRM Tools
- Prepping your Cohort

The Investment Process

The Meetings

1



6-8 weeks

Set Up: The Campaign

2



6 weeks

Cohorting: The Meetings

3



6-8 weeks

Herding Cats: The Closing

Critical Meeting Advice

Tip #1: Do NOT BLEND in

Let Investors in...be authentic: You are selling yourself as well as the company

Tip #2: Show Vulnerability & discuss Mistakes

Investors like doing business with people they feel like they know and can trust

Tip #3: Be an Teacher

Investors invest in businesses they can understand. Your job to be an educator the investor on your company and your plan to make money

Tip #4: It is a Marathon and not a sprint

Don't ever take the foot off the gas pedal on the raise, follow up, etc

Mistake to Avoid

Biggest Mistakes: Below are 5 of the biggest mistakes that I see founders make:

- ✓ Don't dominate: make it a conversation
- ✓ Slow Down
- ✓ Don't make assumptions of knowledge
- ✓ Don't use acronyms
- ✓ Check in with person across table



Meeting Preparation: Sales Training

Sales Training is Key: If it walks like a Duck...

- Video tape yourself pitching
- Review with others
- Get honest feedback & Don't take feedback personally
- Areas of Focus:
 - Speed, speech patterns, language oddities, body language, use of hands, eye contact



Meeting Goals

The GOAL of a Meeting: What do you think the Goal of a meeting is?

Goal #1: Get to the Next Meeting

Goal #2: Get to the Next Meeting

Goal #3: Get to the Next Meeting

Key Goal Faux Paux :

Faux Paux #1: Hit a Home Run

Faux Paux #2: Leave with a Check



Meeting Takeaways

It is **IMPERATIVE** that you do the following by the **END** of a meeting:

1. **Ask about the Investor's Process:**
 - How long is their process, how many meetings
 - Confirm where you are in the process
2. **Try to Mutually Agree on a Timeline**
 - Even after a 2nd or 3rd meeting
 - "Are we still aligned in our timelines"
3. **Confirm Investment Range**
 - Allocation Range
 - Lead / Follow
4. **Next Step:**
 - "What would be a good Next Step in your eyes"
 - "What would be a good about of time from me to reach out if I don't hear back from you"



Meeting Sales Cycle

The Meetings

It typically takes **6 meetings** to close an Venture Capital Investor

1. **1st Meeting:** (Quick Pitch: 15 to 30 min. with analyst)
2. **2nd Meeting** (Full Pitch: 30 to 60 min with analyst and 1 team member)
3. **3rd Meeting** (Full Pitch: 60+ min with 1 partner)
4. **4th Meeting** (Due Diligence: 60+ min - operational or technical)
5. **5th Meeting** (Due Diligence: 60+ min - operational or technical)
6. **6th Meeting** (Full Partner level : 60+ min)



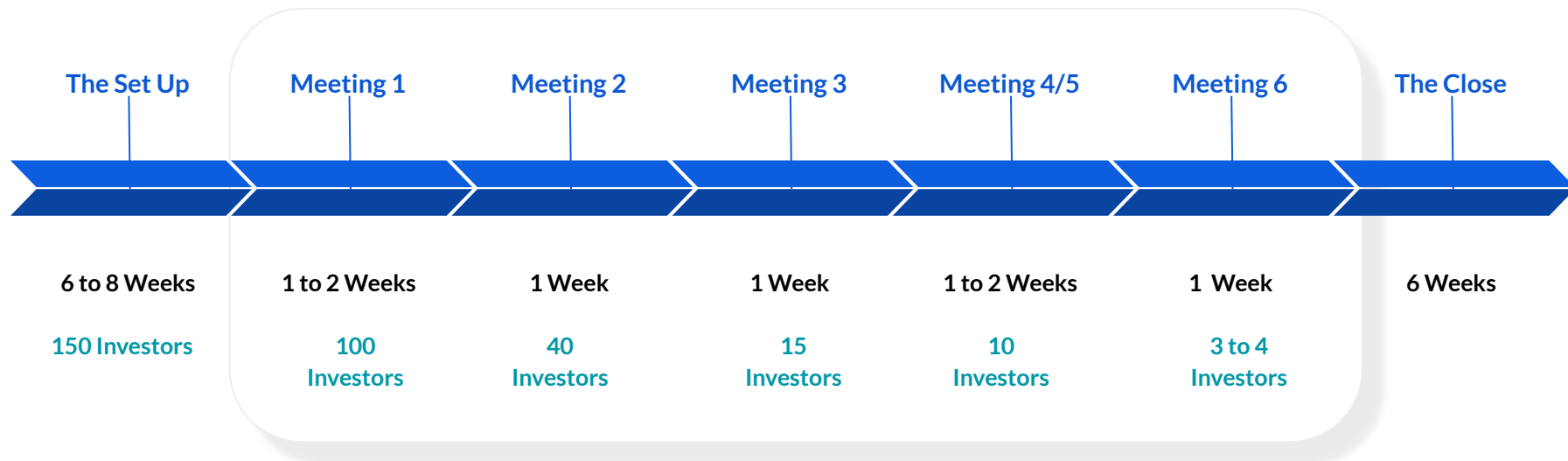
6 weeks

Term Sheet or Offer Shortly thereafter

Cohort Reminder

The Meetings

Create a Cohort: Have all your 1st, 2nd, 3rd Meetings, etc at roughly the same time to help allow you to move process quicker.



First Meeting: The Screening

Structure & Format:

- Quick Pitch: 15 to 30 min
- Presenting to Analyst
- Consider a “Screening Call” or “Box Checking”
- Meet the Fund’s needs: sector, stage, metrics, etc
- Phone call, zoom or coffee



Contents:

- Both your 90 Seconds & 10 Minute Pitch
- **“The Why”** Conversation
- Have deck ready but do not lead with it



Next Step:

- Get to a Proper 1st Meeting
 - *“Does this make sense for you have have a proper 1st Meeting”*

Second Meeting: The Why

Structure & Format:

- Full Pitch 30 to 60 min
- The True “1st Meeting”
- Presenting to Analyst and 1 Team Member (possibly a Partner)
- Typically Zoom

Contents:

- Both your 10 or 30 Minute Pitch
- “**The Why**” Conversation, but let them know you have “**The How**” and ready to discuss
- Have deck ready but do not lead with it

Next Step:

- Get to a Meeting with a Partner

2



Don't forget to:

- Repeating yourself is fine. The new investors need to come up to speed and the existing one will appreciate consistency
- You have done your research on the investor, so tailor the pitch to the them
- Don't expect to leave with a check

Third Meeting: The How

Structure & Format:

- Full Pitch 60 min
- Presenting to Partner and other Team Members
- Preferably in Person

Contents:

- 10 Minute Pitch or 30 Minute Pitch
- Restate **“The Why”**, but focus on **“The How”**
 - *“Give me 5 min to explain “The Why”....why the product, why the need, then give me the next 45 min to explain “The How” we plan to build the Billion dollar company”*
- Have back up materials ready to review or discuss

Next Step:

- Get to the technical meetings

3



Don't forget to:

- Update Investors on where you are in the Raise. How many groups are you talking to and how many in 2nd or 3rd meetings ((not fomo, just informational)
- Ask the tough questions you have for the investor
- Don't expect to leave with a check

Fourth & Fifth Meeting: Due Diligence

The Meetings

Structure & Format:

- Full Pitch 60 min or longer
- Presenting to Partner and other Team Members including Operational and Technical Due Diligence Teams
- Often over Zoom



Contents:

- “The How” Conversation
- Have all material ready, specifically your Operational and Technical Due Diligence:
 - Product Roadmap, Tech Stack details, operational plans, hiring / staffing plans, etc



Next Step:

- Get to a Full Partner Meeting

Sixth Meeting: The Ask

Structure & Format:

- Full Pitch 60 min to 120 min
- Presenting to full Partner Team
- In Person

Contents:

- “The How” Conversation
- **Key Focus:** How are you a good Investment & How can we be a 10X in their portfolio
- Be prepared to discuss any item in your **Data Room:**
 - Growth Plans, GTM Plan, Financials, Sales Plan, etc.

Next Step:

- Ask for the Business

6



Don't forget to:

ASK FOR THE BUSINESS

- Ask the Investor what is left for them as part of their process
- If the Investor is not ready, ask them what else they need to see or you need to do to get the across the investment line.

Good Meeting Hygiene

Below are a few good housekeeping tips:

1. Pick a morning meeting time and avoid lunchtimes or later afternoons if possible
2. Turn up 15 minutes early and dress appropriately
3. For a Virtual Meeting, do a tech check in advance
4. At the beginning of the meeting, ask how much time the Investor has for the meeting. Don't plan on running over
5. Expect to be interrupted and to answer questions, but stay on track to your Pitch



The Pricing “Game”

I have **STRONG** opinions about this....Be prepared to talk about **PRICE**

As a reminder:

- As previously mentioned, get used to Dilution
- If you had the money you needed, you would not need VC money
- You are most likely a **Price Taker**, not a **Price Setter**

Get **SMART** on Valuation:

- Have a **REALISTIC** and **DEFENDABLE** valuation
- Get comfortable talking about it
- Know what your competitors did...u can find it
- Overpricing and overplaying your hand both make you look foolish - **you can't recover**
- Playing Cat and Mouse about valuation is the wrong signal ('you tell me')



Final Reminders: What a VC Says

The Meetings

Slide from SPERO Ventures

- **Storytelling is everything**
- **Practice, practice, practice**
- **Bring the energy** - especially over Zoom
- **Be prepared for any scenario**
 - Pitch w/ & w/o your slides
 - No interruptions or constant interruptions
- **Confidence** --> Attitude impacts outcomes
- **Ask VCs to explain their process/timeline**
- **Follow-up is critical**
- **Pro Tips**
 - Share your timeline
 - Update with good news as appropriate
 - Zoom pitches: Pitch standing



Chapter 6

The Closing

- Recommendation on Closing the Round
- What happens If Round not Closing
- Post Raise: Get to Work

Chapter 5 - Review

“The Meetings”

- Critical Meeting Advice & Common Mistakes
- The Cohort and Review the Actual Meeting
- To Pricing or Not to Price

The Investment Process

Closing: Herding Cats

1



6-8 weeks

Set Up: The Campaign

2



6 weeks

Cohorting: The Meetings

3



6-8 weeks

Herding Cats: The Closing

Critical Closing Round Advice

Closing: Herding Cats

Tip #1: Move Investor Along the Sales Cycle

It is your job to get an investor to go from a 1st Meeting to a 2nd to a 3rd, etc.

Tip #2: Use Your “Raise Content” to send to Investors over the fundraiser

Like we discussed in Chapter 4, reverse engineer a Raise Content Calendar to create excitement and momentum over the 3 to 5 months of the raise

Tip #3: Ask for the Business

“It would be very meaningful to us to have you as an investor and on our Cap Table”

Tip #4: Don't Decelerate

Until all the Wires clear, your round is not closed.

Tip #5: Close and Move on

Avoid rolling rounds and the never ending Raise

Cohort Reminder

Closing: Herding Cats

Create a Cohort: Have all your 1st, 2nd, 3rd Meetings, etc at roughly the same time to help allow you to move process quicker.



Closing an Unpriced Round: SAFE/Convert.

Closing: Herding Cats

Follow the Below Steps to Close a SAFE / Convertible Note:

- 1. Move your Cohort along the Sales Cycle**
Move your Cohort from Meeting #1 to #2 to, etc
- 2. Communicate Commitments**
Announce 1st commitment to the Cohort, same for 2nd, etc
- 3. Call for Capital**
At 35% of round committed
- 4. Set a Close Date**
45 Days following the 'Call for Capital'
- 5. Herd the Cats & Communicate**
' "What can I do to get you across the line in 45 days'
- 6. Hold your Close Date**
Do not keep pushing back the close date unless someone is close



Round is Not Closing?

Closing: Herding Cats

Round is not Closing or not closing quickly: Close, Move on and 'Get to Work'.

Extending the Raise: Bad Signaling

- Always raising or having round that does not close
- Investors HATE it when you are always rising because you are **not running your business**

Close and Regroup:

- Close Round, re-assess burn and runway and get spending and growing with what money you have in the bank

Rolling Round

- Only if you have to raise Month To Month to keep the company afloat



Closing a Priced Round

Closing: Herding Cats

Follow the Below Steps to Close a Priced Round:

- 1. Move your Cohort along Sales Cycle**
Move your Cohort from Meeting #1 to #2 to, etc
- 2. Received Term Sheets & Communicate**
Inform other investors and ask for timeline for them
- 3. Shop Term Sheet**
Be mindful not to overplay your hand
- 4. Pick a Winner**
Best investor is not always the highest Valuation
- 5. Papering**
Takes longer than you think and get ready for the battles
- 6. Follow on & Strategics**
Who do you want on your Cap Table



Congratulations!
Your raise has closed

Now What #1? Celebrate the Win

Now What #2

Mindset Shift

Post Raise: PTSD is Real

Closing: Herding Cats

Lies, Lies Lies: No matter what anyone says, the First 3 to 5 years of company takes a toll on the mindset of the Founders and the Executives...

- You need to shed the **Founder Trama**
- Get over the PTSD of the past 4 years
 - Think of an abused Dog....
- The Trama will stay and continue to impact your decision making are there and if we do not address it
- **Scrappy** is not in our vocabulary
 - The tools that got you to where are now are not the same that will take you to \$1B Valuation

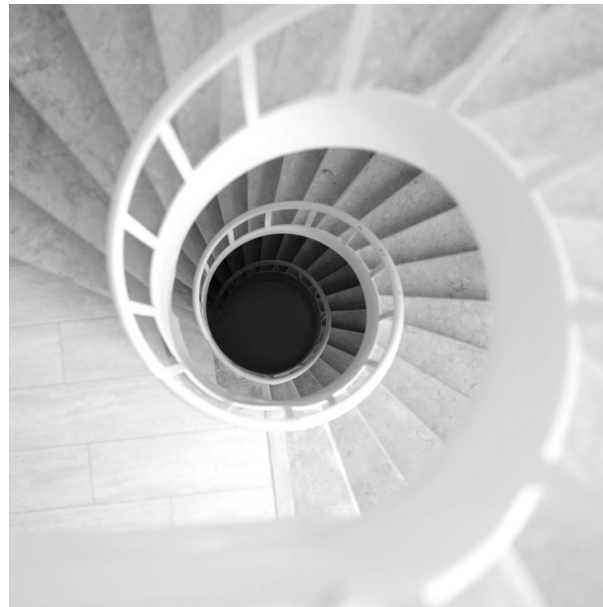


Post Raise: Resetting & Reframing

Closing: Herding Cats

Your company is no longer a StartUp: It is imperative post raise to own a new mindset for the company's best opportunity to achieve success

- “Play to Win” vs “Playing not to Lose”
- Abundance vs. Scarcity Mentality
- Limitless thinking as it relates to future of the company
- New Strategies but same DNA
- “If money was no object” what would you do from here
- “If we knew then what we know now, we should do”



Post Raise: Act Like an Adult Company

Closing: Herding Cats

Signaling, Signaling Signaling: The sooner we can operate like an Adult company the better:

Investors / Customers are **NOT** in the market of taking Business Risk. We need to build the company that can stand alongside them or as close to equals as possible.

- Focus on **EXECUTION!** It is about executing **YOUR PLAN**
- Be Transparent and Honest
- Trust your 'Funnel Maths' & Predictive Analytics
 - Can't wait for Sales to hit to scale
- Work **"On the Business"** not just **"In the Business"**



Now What #3?
Get to WORK

Post Raise: Real Work Starts Now

Closing: Herding Cats

Time to Perform: The truth is that is that the most difficult part of the raise happens after the money hit the banks.....

- Spend Money
- Hit Metrics
- Quarterly / Monthly Reporting
- Prepare for the Next Round
- Reverse Engineer where we need to be in 18 to 24 month
- What does the Baby look like in 5 to 7 years



Post Raise: Common Pitfalls

Closing: Herding Cats

Biggest Mistake: There are several common mistakes that happen after a raise....do not make them yourself

- Take too long to spend the Use of Funds....
- Feel a sense of comfort based on your bank balance
 - Spend money to make money
- Being overly cautious with your money
- Not trusting your Predictive Analytics aka "Funnel Maths"
- Playing "Not to Fail" vs "Playing to Win"
- Not hiring out far enough in the future growth
- Plans change, be ahead of the plan change curve



Bootcamp Chapters Review

1. Investment 101 & Capital Raising Process

2. Dispelling Myths

3. Materials for a Capital Raise

4. The Campaign

5. The Meetings

6. The Closing



Happy Raising!

CHRIS DAVIDSON,
MAP N SCALE