



FLAT6LABS

Trajectory Series Bootcamp – Session 2

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Session 2 Agenda

- ▣ Traction and Product/Market Fit
- ▣ Go-to-Market Planning
- ▣ Product & Company Roadmaps
- ▣ Fundraising fundamentals
- ▣ Pivots
- ▣ Pitch Reviews

Questions from Yesterday?

Traction and PMF

What is “Traction?”

Predictable/Forecastable Revenue

- ▣ De-risking your <time> investment
- ▣ Predictable revenue moves you from valuations based on trailing 12 to future 12
- ▣ Target customer
- ▣ Sales Cycle
- ▣ Tools trail Strategy and Tactics

Customer Acquisition Hypothesis

- Cost of Customer Acquisition (CAC)
- Lifetime value of Customer (LTV)
 - 36 month calculation in a mature business, 12 months for you
- **Time** to close sale
 - How does this change with product/market maturity?
- Churn/Retention
- Average Revenue/measure (User, Account, etc)
- Word of mouth vs. Virality

Product/Market Fit – (it's Math)

Pre – PMF

- ▣ Some Revenue
- ▣ Some Customers
- ▣ Some Marketing
- ▣ A lot Hypothesis

PMF Leading Indicators

- ▣ Traffic
- ▣ Demo's/Downloads
- ▣ Conversion rate increases
- ▣ Time to close decreases
- ▣ ACV increase

PMF Trailing Indicators

- ▣ Predictable & Scalable Revenue
- ▣ Customer profiles
 - ▣ Cohort analysis
- ▣ Churn
- ▣ Scalable marketing
- ▣ Hypothesis + Data
- ▣ NPS
- ▣ Customer Satisfaction

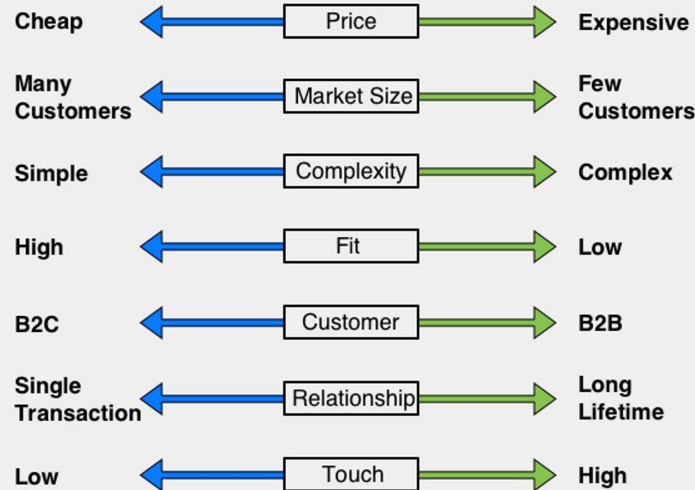
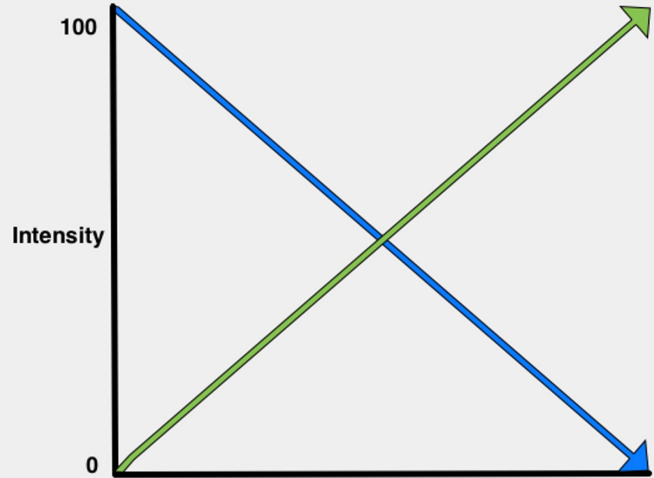
PMF Scorecard

- ▣ ***How would you feel if you could no longer use [product]?***
 - ▣ The answers are the following:
 - ▣ Very disappointed
 - ▣ Somewhat disappointed
 - ▣ Not disappointed
 - ▣ I no longer use [product]

Go-to-market plan

Marketing

Sales



<https://review.fIRSTROUND.com/>

Marketing – Finding the right customers

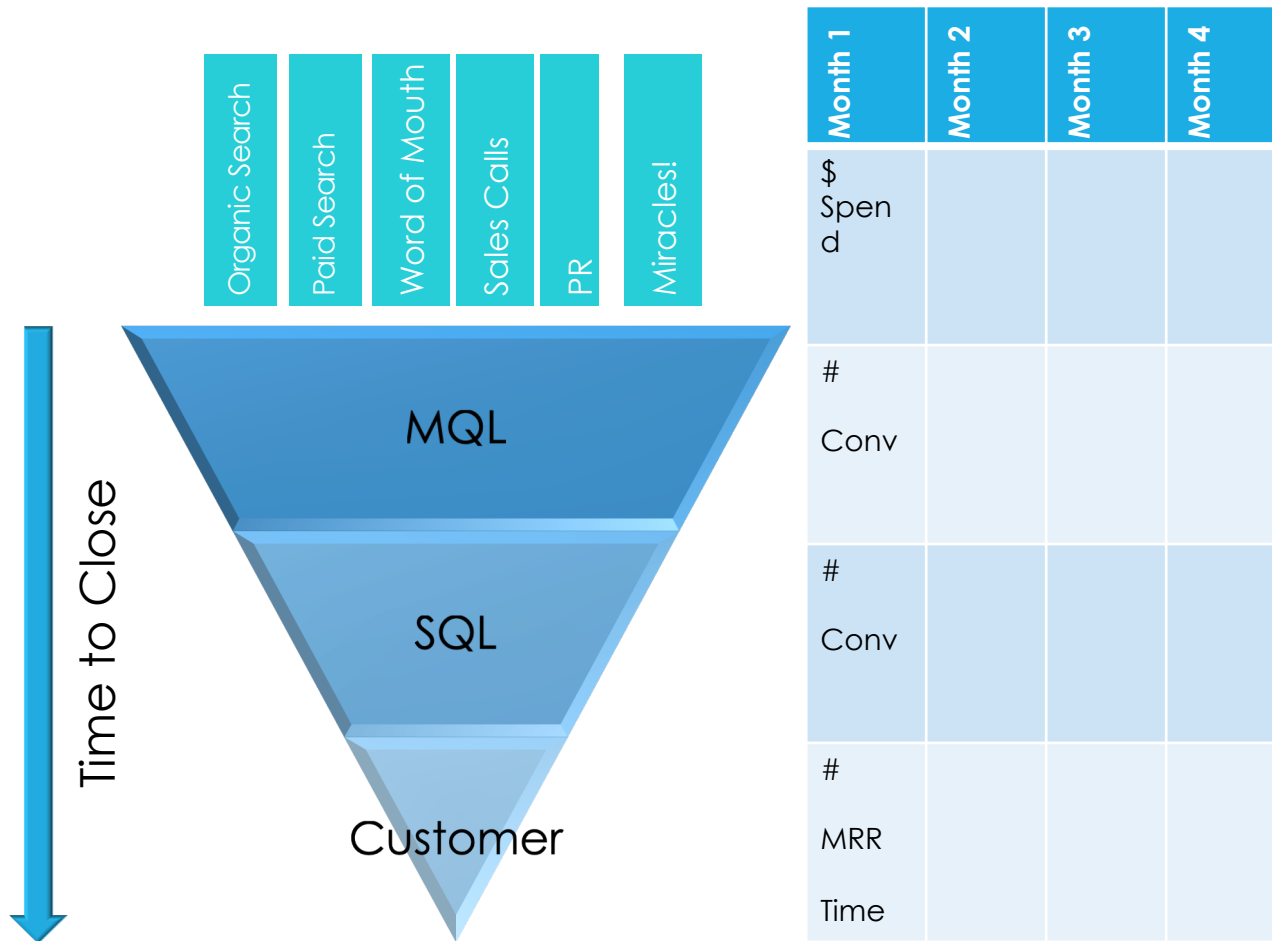
Marketing – Finding Customers

- Messaging/Value Proposition
 - Does it resonate with the target customer segment
 - They are the hero of the story
 - Is it repeatable?

- Strategy
 - Outbound first
 - Inbound second

Key Metric Terms

- ▣ State your hypothesis
 - ▣ CAC
 - ▣ LTV
 - ▣ ARPU
 - ▣ Churn
 - ▣ Time to Close
 - ▣ Customer engagement
 - ▣ Time on Site



Marketing Channels

- ▣ Paid Search
- ▣ Organic Search
- ▣ Word of mouth
- ▣ Sales calls
- ▣ Public Relations
- ▣ Affiliate
- ▣ Email marketing
- ▣ Social



Marketing Qualified Leads

- ▣ Define qualified vs list
- ▣ Suspects
- ▣ Prospects
- ▣ Qualified Prospects



Sales Qualified Leads

- Hand off to Sales
- Identify steps to close
- Number of calls



Time to Close

- ▣ Lead attribution
- ▣ Source time
- ▣ Compressing or Expanding
- ▣ Trend by source



Tracking

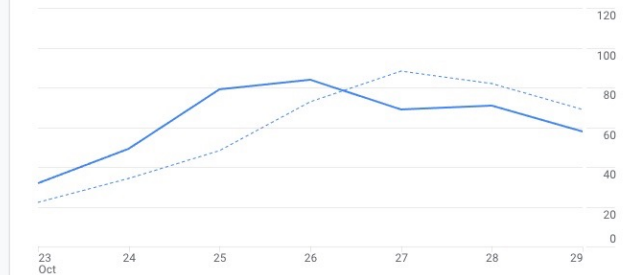
- Data allows you to know where to double down and where to hold back
- Conversion ratios

Month 1	Month 2	Month 3	Month 4
\$ Spend			
# Conv			
# Conv			
# MRR			
Time			

- Home
- Customization
- REPORTS
 - Realtime
 - Audience
 - Acquisition
 - Behavior
 - Conversions

Google Analytics Home

Users	Sessions	Bounce Rate	Session Duration
400 ↑3.1%	482 ↑6.4%	5.39% +6.0%	1m 49s ↑3.8%



Last 7 days

AUDIENCE OVERVIEW

Suggested google analytics facebook pixel gtm web analytics ga4

Results for "tag manager"

Search instead for tagmanager

- Category
- Service Options
- Seller Details
- Budget
- Delivery Time

Pro services Subscription services Online sellers

796 services available

Sort by Relevance

Ad by tracking_expert
Level 2 Seller
I will setup google analytics, tag manager, ad conversions, facebook...

★ 5.0 (6)

STARTING AT \$10

Ad by tracking_expert
Level 2 Seller
I will setup google tag manager, fb pixel, pinterest tracking, conversion tracking

★ 5.0 (92)

STARTING AT \$10

Google Analytics & Tag Manager

<https://analytics.google.com/>
<https://tagmanager.google.com/>

30/60/90 Plan

- Budget
 - Total spend per month
- Channels
 - Top channels
- Tracking
 - What are your key metrics?
 - Traffic
 - Conversion
 - How will you track time to close?

Sales – capturing value creation

How will they buy?

- ▣ Web Direct – place the order to buy on the web
- ▣ Direct – outbound sales, inside/outside
- ▣ Indirect/Channel – fulfills demand, doesn't generate
- ▣ Retail – BestBuy, etc

Sales Model Hypothesis

	Known Market	Unknown Market	Low Price Point	High Price Point	Known Search Words	Unknown Search words
Web Direct	✓		✓		✓	
Direct	✓	✓		✓	✓	✓
Indirect	✓		✓		✓	
Retail						

Sales

- ▣ Model – Pick one, why?
- ▣ Strategy
 - ▣ Who
- ▣ Tactics
 - ▣ How
- ▣ Tools
 - ▣ Sales tools

Business Development

Business Development

- ▣ Strategic relationships
- ▣ Who has the list you want
- ▣ How do you get the partnership

Business Development

- Strategy
 - Who should you get as a partner
 - How will you build the relationship?
 - What channels
- Tactics
 - Messaging/Value proposition
- Tools
 - CRM

Exercise - 30/60/90

- ▣ Write up your 30/60/90
 - ▣ Marketing tests
 - ▣ Channel spend hypothesis
 - ▣ Lead source, cost
 - ▣ Sales tests
 - ▣ Initial Sales script
 - ▣ Pricing
 - ▣ High and low

Go-to-Market Plan

- ▣ Revenue Model
- ▣ Marketing
- ▣ Sales
- ▣ Business development plan
- ▣ Pricing

What to track – best practices

- Marketing Metrics – “Marketing Metrics”
 - Ad Spend
 - Traffic
 - Marketing Qualified Leads (MQLs)
- Sales Metrics “Sales Motion”
 - Outbound/Inbound
 - MQL to SQL Conversion
- Business Development – Partnerships
 - What’s in it for them?
- Pricing

Product

Product Vision

- ▣ Product vision is important
 - ▣ Long term features
- ▣ Startup with PROBLEM not product – pivot product/features around the problem
- ▣ It won't be what you ship first
- ▣ What the world looks like before your product
- ▣ What the world looks like after your product

Minimum Viable Product (MVP)

- ▣ Narrow and list features
- ▣ PowerPoint/Keynote first as your demo
- ▣ What screens do you need to show (e.g. do you need to really show registration – answer no)
- ▣ Have them rank the features
- ▣ Prioritize the build based on the feedback
- ▣ More Customer Development Interviews!

Product Roadmap

- ▣ What Features, When
- ▣ Quarterly targets based on
 - ▣ Budget
 - ▣ Available developers

Cost to Build

Estimating Costs

- Write specification
 - Required for launch
- Design & Flow
 - Post project on Fiverr.com
 - PPT/Keynote first with design
- Test design and flow
- Revise specification

MVP Mechanics

- ▣ MVP Series
 - ▣ [Blog 1](#) – Launching a product
 - ▣ [Blog 2](#) – Writing a spec
 - ▣ [Blog 3](#) – picking a vendor
 - ▣ [Blog 4](#) – Contracts, Monitoring Progress

- ▣ Cost to market and sell – Next Month!

Company Roadmap

Company Roadmap

- ▣ Quarterly Targets
 - ▣ Product
 - ▣ Milestones
 - ▣ People
 - ▣ Hires
 - ▣ # and who
 - ▣ Customers
 - ▣ Onboarded
 - ▣ Revenue
 - ▣ Cash out date

This is a
Supporting Slide

Roadmap Cont.

- ▣ Roadmap is NOT dependent on fundraising
 - ▣ If you raise capital, you move things forward in the roadmap
 - ▣ E.G. items from Q4 move to Q2 next year
- ▣ Where will you be in 18 and 36 months
- ▣ Does it map to your financial model
- ▣ Maps to use of proceeds

Quarterly Roadmap – 18 Months

Quarterly Milestones	Q1 2021		Q2 2021		Q3 2021		Q4 2021		
		Priority (ABC)	Impact (H/M/L)		Priority (ABC)	Impact (H/M/L)		Priority (ABC)	Impact (H/M/L)
Marketing Customer Acquisition (Owner)									
Marketing Budget	\$4,500								
Marketing Channels	Trade Show					Trade Show			
New Marketing Qualified Leads	22			30		38			45
Leads passed to sales									
Return on Adversiting Spend (ROAS)									
LTV:CAC Ratio	4.7			5.1		5.5			5.7
Sales									
Reps headcount									
SDR/Customer Success headcount									
New Sales Qualified Leads	8			10		12			15
New Closed Customer	2			3		4			5
Time to Close									
Average Contract Value (ACV)									
Repeat Customers	4			6		8			10
Revenue (Owner)									
Billings	Revenue Splits								
Major Accounts									

Highlight Key Milestones

- ▣ This is a bit of an eye chart, so highlight key milestones
- ▣ Product ship dates
- ▣ First revenue
- ▣ Key hires
- ▣ 25% History, 75% Future

Company/Product Roadmap Examples



Product Roadmap Infographics



Lunch – 60 Minutes

Fundraising Fundamentals

Fundraising 101

- Stage appropriate capital = what's the right money at the right time?
 - Early – Angels, early stage VCs,
 - Later – Large venture funds
- Control shifts – Board roles, deal terms
- Dilution: every round of funding you will sell 25-35% of new shares
- Bad boards = bad enterprise value

Fundraising Process

- Asking for advice vs cash
 - Who do you know that would like our type of deal
 - What other things would you like to see us complete before we talk again
- Deals that get closed are pulled by the investor, not pushed by you
- Find your lead investors – keep the others warm

Raising for What?

- ▣ 18 months of runway
 - ▣ Not too short
- ▣ To hit milestones
 - ▣ Product
 - ▣ Customers
- ▣ “Use of proceeds”

Angels

- Invest in you and your passion
- Like the market or idea
- Have made money in the sector before
- Something to talk about at a cocktail party!
- Deal type
 - Convertible note with a cap
 - Pro-rata participation (keep my % going forward)
 - Highest risk – least educated (F&F) should be best deal

Early Stage = Risk Capital

- Know your numbers, if you don't have your numbers know your hypothesis (have a position)
- Seed stage VC's are investing other people's money
 - Charter and Thesis
 - Stage, vertical market, size, geography
 - 10% (+/-) stakes plus syndicates
- VC perspective - Elusive deals need to be found
 - Revenue but Pre-product market fit
- "Return the Fund" deals that can produce >10X

Later Stage = Growth Capital

- Post product market fit
- \$10K in marketing spend = Internal rate of return (IRR) of how many days?
- MBA's calculate returns – cash on cash
- Strategics aren't valuation sensitive, but will be slow
- Bigger checks – 20% stakes

Strategic Investors

- ▣ Likely up market buyers
- ▣ Track record of investing/acquisition
- ▣ Want to keep an eye on your development
- ▣ Cash and Board Seat
- ▣ Look for conflicts

Fundraising Process

- Enterprise Sales Process – landing multiple planes at the same time
- Top of the Funnel
 - Research
 - [Crunchbase](#) (cheap) [Technation](#) UK
 - [Pitchbook](#) (expensive)
 - [AngelList](#)
 - Competitive deals (w/ Exits)
 - Create a forwardable [email](#)
 - Ask for approval
 - Follow with Intro

Target Investors

- Targets – build a list of targets, look for LinkedIn and/or email introductions
- They have invested in your market/stage in the past
- They have Board experience for your stage
- They can help with strategic introductions
 - Investors
 - Customers

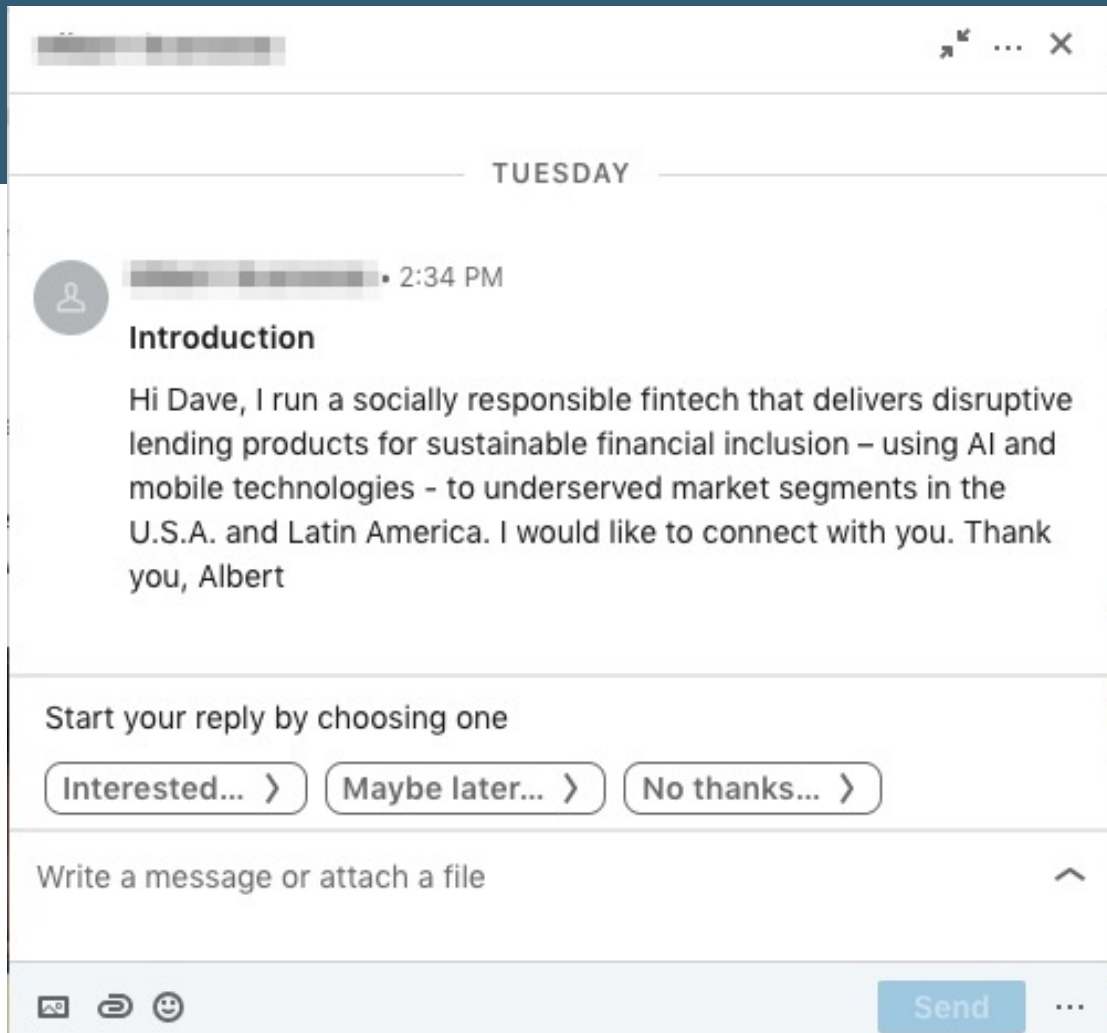
Tools for Pitching

- ▣ Forwardable Email
- ▣ Executive Summary
- ▣ Presentation
 - ▣ ~13 Slides
 - ▣ More is OK if you have data/traction
- ▣ Monthly Update

Forwardable Intro Email

- ▣ Great blog post from [Alex Iskold](#), Techstars NYC
- ▣ The associate needs to be able to repeat your message
- ▣ Make it easy to get the introduction
- ▣ Avoid buzzword bingo

Not



Executive Summary

- ▣ Two pages
 - ▣ "Don't Bury your Lead"
 - ▣ Your headlines and opening paragraph tell the story (see slide 10)
 - ▣ It's designed to get the next meeting, not to get a check
 - ▣ Stay at 10k feet and out of the weeds
 - ▣ Numbers should sync with deck and forecast!
You'll be tempted to get out of sync – be careful!

Deck

- ▣ Generally lead with problem/solution format
- ▣ However:
 - ▣ If you have traction lead with traction
 - ▣ If you're in a complex market, you may want to lead with your team
 - ▣ Have one customer story arch
- ▣ Include contact info

Monthly Updates

- ▣ Using MailChimp Free Account
 - ▣ Investors – Tagged
 - ▣ Customers
- ▣ 30 day intervals
 - ▣ What we thought
 - ▣ What we learned
 - ▣ What we're doing about it
 - ▣ Where we need help
- ▣ Regularly

Tools

- Google Sheets
- <https://freebusy.io/> allows you to show your calendar (including multiple Google Calendars) – save the back and forth (\$6/month)
 - Accept or rearrange
- [Email tracker pro](#) (chrome extension)
- Zoom Meeting – you control the variables (not free, 45 minute limit) (\$15/month)
- Use tools that show professionalism, drive the meeting schedule – don't wait on their assistant

What's happening with the VC?

- Most filter – sector, size, stage, growth, referral source
- Then Screen at Partner Meeting – looking for consensus
- Then invite in for presentation
- So! You need to make the presentation that the most Junior team member has confidence repeating! Have a lead within the firm
- No one's writing a check from an Exec Summary or PPT!
Get the next meeting

Due Diligence Process

- Deal Memo – internal memo used to validate why they are leading the round – it will likely be shared with other investors or future investors
- Document review post
 - Data room
 - Corporate Hygiene
- Customer calls – you likely have a few customers, don't over burden them with random call.
- Meet with other investor

Your Due Diligence

- Ask to talk to their portfolio company CEOs – ask for a couple of companies they passed on investing as well
- Have a structured list of questions
 - Have they been a good investor
 - Give me an example of a time when they were helpful
 - Give me an example of a time they weren't helpful
 - Have they done the things they said they would do when they invested
- Not all money is good money

Tactics for dealing with VCs

- You want to create momentum or a sense of momentum
- Create a reason to close – not a reason to wait!
 - Good news next month is a reason to wait
 - New features shipping next month is a reason to wait
 - Booked revenue is a reason to close = increased valuation
- Not all VCs are arrogant assholes (but many are)
 - Pattern matching – break the mold!

Final Do's and Don'ts

Do

- Keep your eye on the ball – don't miss your numbers
- Manage the process
- Qualify your investor
- Create optionality
- If there's an ELEPHANT room, call it out

Don'ts

- Get < 6 Month of capital
- Hide the ball on any bad news
- Be too transparent
- Let the investor miss a deadline – escrow example

Pivots

What is a Pivot?

- When a startup shifts business strategy to accommodate industry, market, or customer
- The process of direct and indirect feedback changing your business model
- Iterations vs. Pivots
 - Iterations are course corrections
 - Pivots are painful – we were in the tire business, we're now in apps
- Odeo and Slack

When & Why

- ▣ When – 90-180 days
 - ▣ Get out of your head and get in front of the customer
 - ▣ 50-100 customer interviews
 - ▣ Build an email list
- ▣ Solid effort in Customer Development and no positive signals
 - ▣ Didn't find a pain point
 - ▣ Didn't find payment
 - ▣ Some exceptions – Enterprise is hard and slow... New Media model is about growth not cash

How to Pivot

- ▣ Are you staying in the same TAM?
- ▣ Is the product wrong?
- ▣ Is the brand wrong?

- ▣ Focus on problem first, solution second!

Post Pivot



Willingness to Pay

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Conclusions

- Broad funnel gives you the most choices
- They will be talking to other investors
- How you interact in the process will indicate the future
- What do you need in addition to capital?
 - Go to market help
 - Product help
 - Know your blind spots
- Time kills ALL deals

Pitch Reviews



THANKS!

Supporting Slides

Financial Modeling Note

Templates

- Do this after you get in the program – not highest and best use today
- Four Templates
 - Marketplace
 - Subscription
 - Transaction Fee (works for commerce)
 - Productize a service
- Templates in shared [Google Drive](#)

Financial Model Heuristics

- ▣ \$0- \$40 is likely OK
- ▣ Start with Assumptions
 - ▣ Product 1, 2
 - ▣ Services
 - ▣ Release timing
- ▣ Scale Revenue first
 - ▣ Customer count and timing
- ▣ Keep expenses in line as you grow

Q&A

Dave's Madlibs Pitch

Hi, I'm <your name here>, and my company <your Company name here> the problem I'm solving is <insert problem here>. Our product <insert product info here> is designed for our target customer of <insert target customer here>. We make money by <insert method here> and our team is the right team because <insert why you're awesome here>. I need help with <insert help needed here>.



[Amazon Order](#)

[Free Excerpt](#)