

# Trajectory Series Bootcamp – Session 3

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# Agenda

- ▣ Fundraising Fundamentals
- ▣ Product and Company Roadmap
- ▣ When, Why and How to Pivot
- ▣ Pitch Reviews

# 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

# 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

# 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

# First Impressions Matter

- Targets – build a list of targets, look for LinkedIn and/or email introductions
- They have invested in your market/stage in the past
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# 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 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

The screenshot shows an email window with a blurred sender name and a close button (X) in the top right corner. The date "TUESDAY" is centered at the top of the message area. The sender's profile picture is a grey circle with a person icon, and the name is blurred. The message is dated "2:34 PM" and is titled "Introduction". The text of the message reads: "Hi Dave, I run a socially responsible fintech that delivers disruptive lending products for sustainable financial inclusion – using AI and mobile technologies - to underserved market segments in the U.S.A. and Latin America. I would like to connect with you. Thank you, Albert". Below the message, a prompt says "Start your reply by choosing one" followed by three buttons: "Interested... >", "Maybe later... >", and "No thanks... >". At the bottom, there is a text input field with the placeholder "Write a message or attach a file" and an upward-pointing arrow icon. The bottom bar contains icons for attachments, replies, and emojis, along with a blue "Send" button and a three-dot menu icon.

# 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

# 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

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- 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

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

# 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

# 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)
<b>Marketing Customer Acquisition (Owner)</b>									
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
<b>Sales</b>									
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
<b>Revenue (Owner)</b>									
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

# Lunch – 60 Minutes

# Pivoting

# 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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# Session 3 Deliverables

- ▣ Pivoting –
  - ▣ What's your timeline
  - ▣ What should you accomplish in 6 months
- ▣ Build your product and company roadmap
  - ▣ Three year visual for Flat6
  - ▣ 18 Month, category milestones for your financial model
- ▣ Fundraising
  - ▣ List building
  - ▣ Monthly Update email
  - ▣ Forwardable [Email](#)

# Q&A

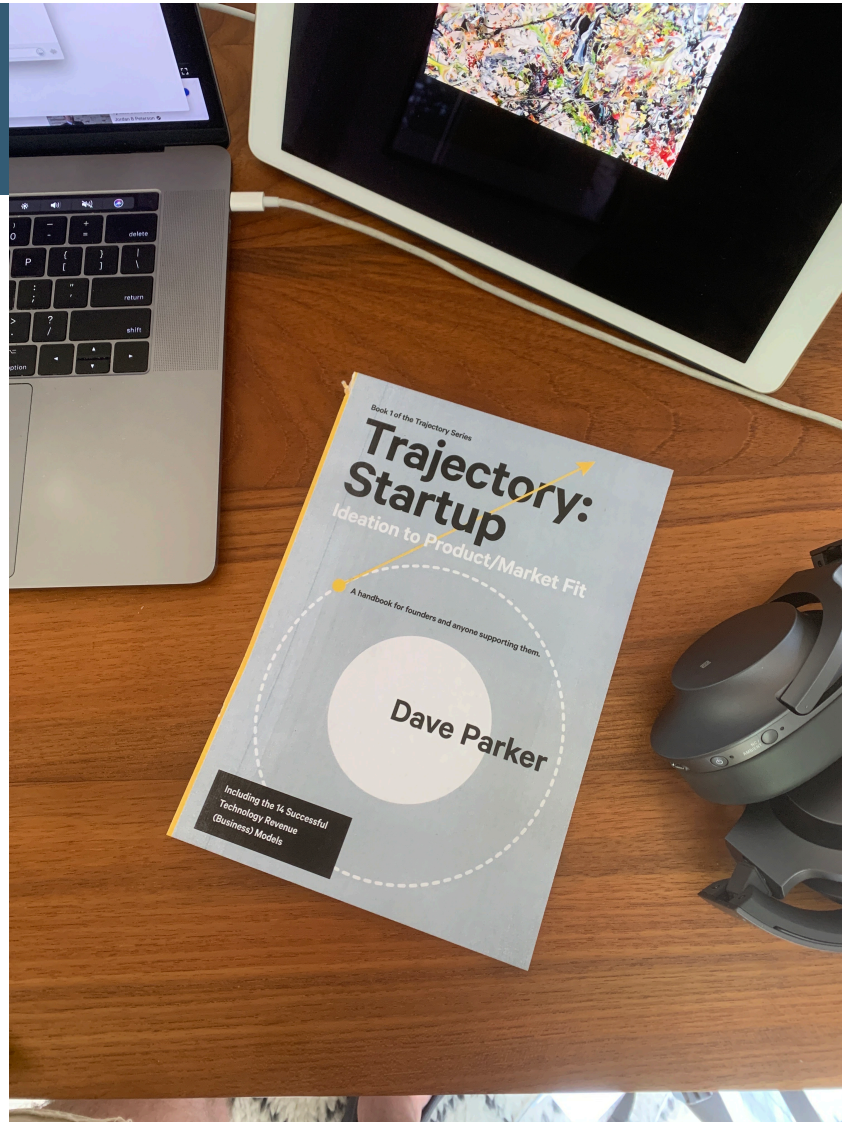
THANKS!

# Supporting Slides

# 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

# Pitch Prep



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