

Trajectory Series Bootcamp – Session 3

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Agenda

- ▣ Product and Company Roadmap
- ▣ Fundraising Fundamentals
- ▣ Pitch Reviews

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)		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

Company/Product Roadmap Examples



Product Roadmap Infographics



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

Fundraising Fundamentals

The Default answer is NO

It's Not You!

- It's your idea
- It's your market
- It's their thesis
- It's bad timing

Don't assume investors see your idea the way that you do

Each meeting is about getting the next meeting

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?

Early

- ▣ 6-9 months of runway
- ▣ To hit milestones
 - ▣ Product
 - ▣ Customer
- ▣ Double the enterprise value

Later

- ▣ 18 months of runway
 - ▣ Not too short
- ▣ To hit milestones
 - ▣ Product
 - ▣ Customers
- ▣ Double the enterprise value
- ▣ “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

- Are investing a potential acquirers or keeping an eye on the market
- Not typically valuation sensitive
- Not likely to lead
- Be careful about board participation – or cover potential competitive topics in executive session

Lead Investors

- For a priced institutional round (VC) you'll need a lead investors:
 - Set the terms, pricing and closing
 - Help syndicate the deal
- Well priced angel rounds don't necessarily need a lead

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
- 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

The screenshot shows a LinkedIn message window. At the top, there is a header with a blurred profile picture and window controls (maximize, close). Below this is a separator line with the word "TUESDAY" centered. The message content includes a profile picture icon, a blurred name, and a timestamp "2:34 PM". The message text reads: "Introduction 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 is a prompt "Start your reply by choosing one" followed by three buttons: "Interested... >", "Maybe later... >", and "No thanks... >". At the bottom is a text input field with the placeholder "Write a message or attach a file" and a "Send" button. The bottom-most bar contains icons for video call, reply, and emoji, along with a "Send" button and a 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

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
- Free Hubspot – calendar, opens, tracking and DocSend functions
- Zoom Meeting – you control the variables (not free, 45 minute limit)
- 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!

Dilution

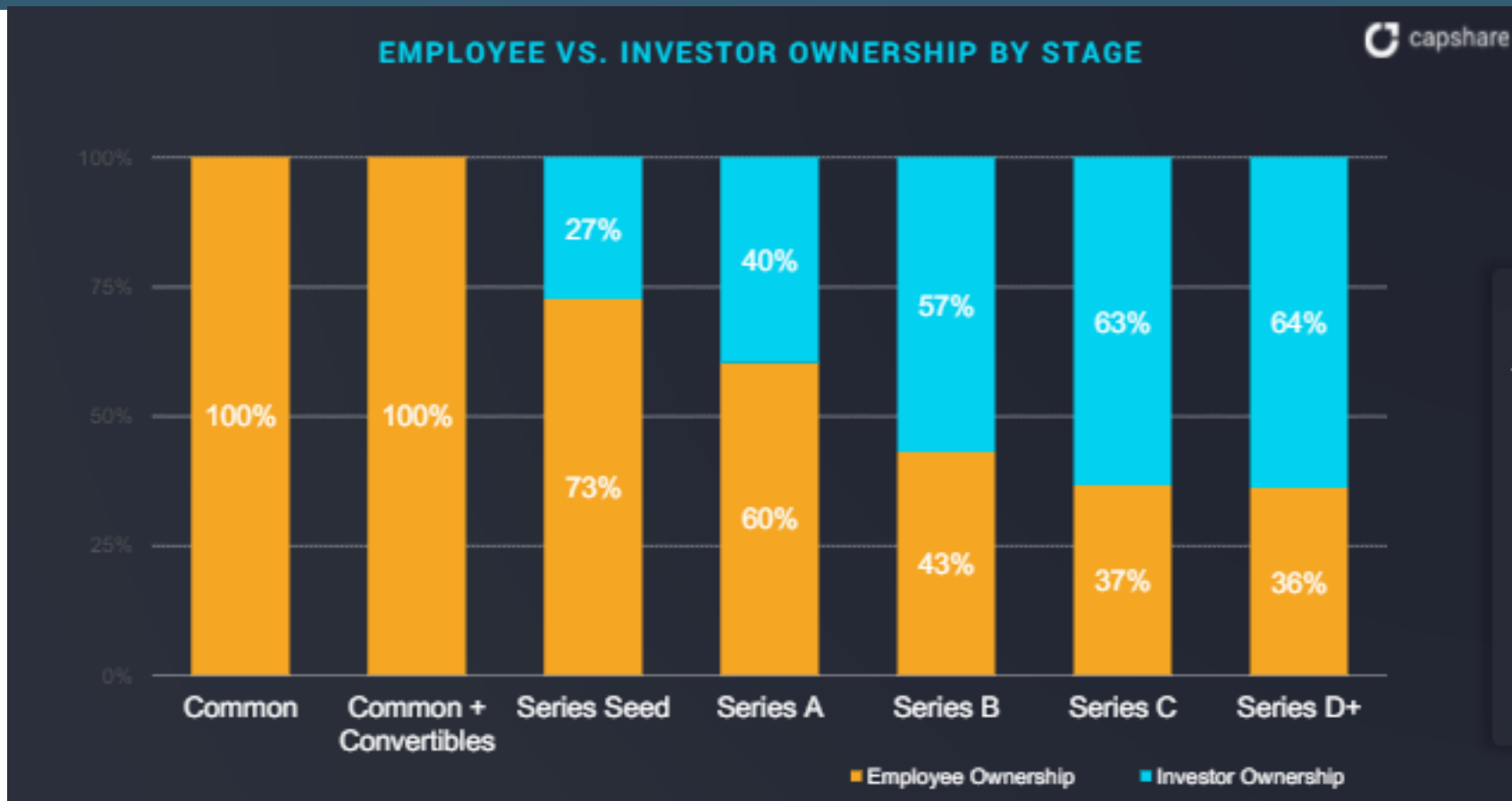
- ▣ Each round of funding you will sell 20-35% of new equity
 - ▣ Seed stages tend to be tranching in Seed 1, Seed 2
 - ▣ Milestones driven, ~12 months, smaller amounts
 - ▣ Series A – 18 months, 12 to deploy, 6 to raise

ANGELCALC [What's New?](#)

Create New Model

Model: Sample		Calc Model
Created:	N/A	Edit
Number of Converts	2	Delete
Convert Investment	\$1,100,000	
VC Investment	\$2,000,000	
Pre-money Valuation	\$8,000,000	
Pre-money FD Shares	10,000,000	
Post-Money Options Pool	10%	
Pre-Money Options still avail:	150,000	
Sharing is off		

Dilution over time



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

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 Prep

Lunch – 60 Minutes

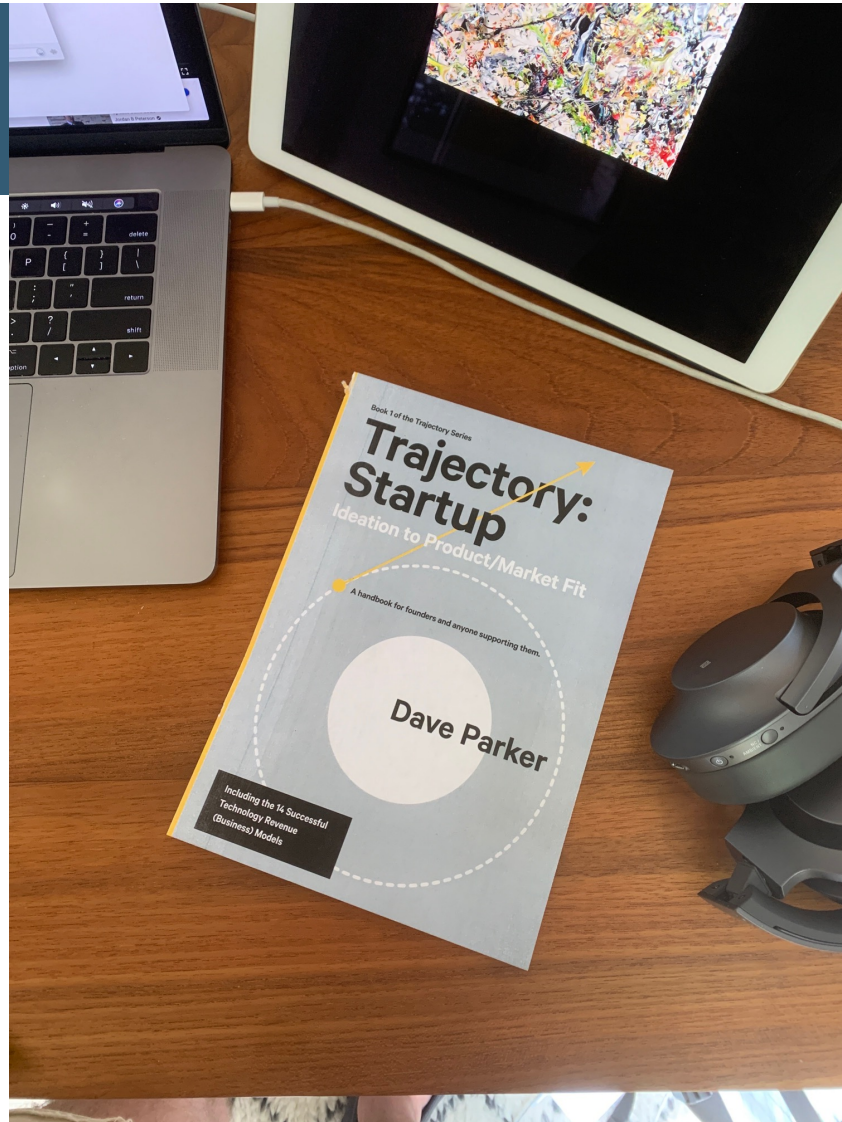
Session 3 Deliverables

- Have your awkward co-founder discussion
- 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
 - Monthly Update email
 - Forwardable [Email](#)

Q&A

THANKS!

Supporting Slides



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