

# Trajectory Series Bootcamp – Session 8

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# 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

# 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)		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

# Company/Product Roadmap Examples



## Product Roadmap Infographics



# 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

# Agenda

- ▣ Product
- ▣ Pricing
- ▣ Company Roadmaps
- ▣ Pivoting
- ▣ Pitch Reviews

# 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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