

# Successful fundraising is 25% confidence and 75% preparation



# Are you in the right room?

- Early-stage equity fundraising
- Raising under \$1M
- First round self-funded and/or friends and family
- Focus on angel investors in \$25K \$100K increments
- Company has product, initial revenue, and early traction



# Why me?

- Co-Founder / CEO of P2Binvestor
- Raised \$2.5M of angel capital in Colorado over three rounds from over 40 investors
- First \$1M round raised with no revenue
- Made many mistakes



# Angels are funding lots of startups

#### Angels Provide ~90% of Outside Equity for Startups

#### Angel Investors (2013)

- \$24.8 billion
- 71,000 deals
- 32,000 seed
- 29,000 early stage
- 9,200 expansion
- > 298,000 individuals

#### Venture Capital (2013)

- \$29.6 billion
- 4,050 deals
- 120 seed
- 1,375 early stage
- 2,550 later/expansion
- 548 active firms



# Characteristics of an angel investor

- Successful, exited entrepreneurs or retired business people
- Generally invest in 2-5 companies per year
- Believe in supporting local communities
- Invest \$20-50K, looking for 10x returns
  - Less than 10% of wealth in angel Investments

## They are sophisticated investors who understand the risks involved in being an investor



# Common attributes of angels

- Focus on protecting and increasing wealth
- Time-poor and timing matters
- Prefer to invest in what they know
- Usually want to invest with others



# What is an angel looking for?

- Passionate, authentic, and committed entrepreneur
- Clear, easy-to-understand value proposition
- Strong business plan with results, experience, and sensible assumptions
- Momentum
  - Product traction
  - Investment traction



# Where do you find these angels?

- Your local startup network
  - 1 Million Cups and similar
  - Startup Week/end events
- Crowdfunding sites
  - CircleUp, Fundable

- Angel groups
  - Gust
  - Angel Capital
    Association
- Pitch competitions
- Other entrepreneurs in your network



Confidential

# What do you need to start raising money?

#### Key fundraising documents:

- 1. Pitch deck
- 2. Executive summary
- 3. Term sheet outlining the deal
  - Purchase-agreement template
- 4. Financials
  - P&L, balance sheet
    - » YTD & previous year
  - Four-year financial projections
  - 12-month cash-flow projection

#### Not critical but useful

- A good startup lawyer
- Short demo video
- FAQ
- Team headshots

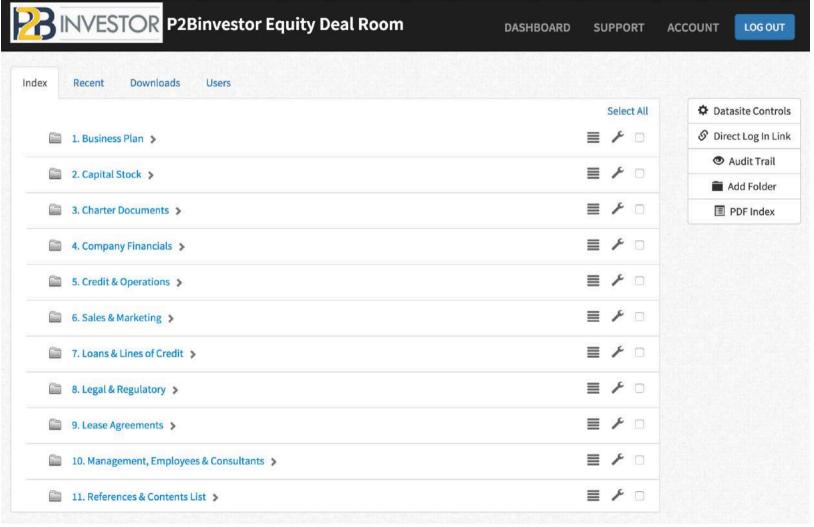


# Tips for getting started

- Create profiles on AngelList, Gust, and LinkedIn
  - Use AngelList to see who invests in companies like yours
  - Use LinkedIn Premium to send notes to targeted people
- Apply to pitch everywhere
  - Angel groups (local and non-local)
  - Pitch competitions
  - Startup events
- Learn to love networking (and coffee); take every meeting
- Start a monthly mailing list for people you speak to and share company and product news, updates, and other communications



# A diligence (or data) room sets you apart





# The perfect investor deck

- Keep it simple
- Pictures that convey meaning
- 10-20 slides
  - Four bullets per slide
- Design matters
  - Template / designer

Your deck is never done.

#### Key topics to cover

- What do you do?
- What problem are you solving?
- Why is it better then what's out there?
- How big is your market? What segment is addressable by you?
- What's your go-to-market strategy?
- Exit strategy
- Traction
- Financial projections
- What are you asking for?



# Things you should always know

- 1. What is your valuation, how much of your company are you selling?
- 2. How much cash will you burn in the next 12 months?
- 3. What are the top metrics that drive your business?
- 4. What are you using the money for?
- 5. What are the big challenges you will face? How does the money help you?



## Tips for success

- 1. Focus on listening, not speaking.
- Avoid getting defensive, but don't be afraid to disagree when appropriate.
- Track who you speak to and when. Keep records of every pitch, every diligence request.
- Treat fundraising as you would a product launch, a campaign, or any other important project.
- Don't take the NOs personally, understand why.



# Fake it 'til you make it



TED Talk - Amy Cuddy: Your body language shapes who you are

Fundraising is stressful, nervewracking, and makes us extremely vulnerable.

Staying confident even in the face of negativity is essential to success.



# Getting the money is only Step 1

- Treat investors like your best customers; engage them
- Regular communications are critical
- Be honest about the good and the bad
- Ask your investors for advice and help

The better we treat our angels, the more they will invest in other companies.



# Your equity is precious; use it wisely

- Raise what you need and spend it carefully
- Natural foods/products companies face lower valuations making equity very expensive
- Use equity to invest in sales and marketing
- Leverage equipment, PO & A/R funding to finance operations



# Raising money is a repeatable process that anyone can do.



