

Get Confident

Prepare for early-stage fundraising



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

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 screenshot displays the P2B Investor Equity Deal Room interface. At the top, a dark navigation bar contains the P2B Investor logo, the title "P2B Investor Equity Deal Room", and links for "DASHBOARD", "SUPPORT", "ACCOUNT", and a "LOG OUT" button. Below the navigation bar, the main content area features a tabbed interface with "Index", "Recent", "Downloads", and "Users". The "Index" tab is active, showing a list of 11 folders, each with a folder icon, a name, and a right-hand menu containing a list icon, a wrench icon, and a checkbox. The folders are numbered 1 through 11: "1. Business Plan", "2. Capital Stock", "3. Charter Documents", "4. Company Financials", "5. Credit & Operations", "6. Sales & Marketing", "7. Loans & Lines of Credit", "8. Legal & Regulatory", "9. Lease Agreements", "10. Management, Employees & Consultants", and "11. References & Contents List". A "Select All" link is positioned at the top right of the folder list. To the right of the folder list, a sidebar contains a list of controls: "Datasite Controls" (with a gear icon), "Direct Log In Link" (with a link icon), "Audit Trail" (with an eye icon), "Add Folder" (with a folder icon), and "PDF Index" (with a document icon).

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 than 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.
2. Avoid getting defensive, but don't be afraid to disagree when appropriate.
3. Track who you speak to and when. Keep records of every pitch, every diligence request.
4. Treat fundraising as you would a product launch, a campaign, or any other important project.
5. 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, nerve-wracking, 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.





Thank you

We are always interested in partnership opportunities, and we reward referrals.

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