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1 message

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INTRO -

Bridge the translation gap between investors and startups - and they have an attention span of a gnat. Why do they like some and hate others. She's read a thousand business plans.

If she's an investor, she's got 10 plans on her desk - and then there's a must-read pile. Get there.

They want to know specific info

Slide 1 -

10-15 minutes

Look at each page and pick 3 points make - let the audience read th slide to learn the other points

THE INVESTOR MAKES THEIR DECISION BEFORE THE END OF YOUR FIRST MINUTE PITCHING!!!

NEVER READ YOUR SLIDES!!!

KNOWDA BIZ YOU'RE IN

Pipeline is up - get SEEDREVIVAL IN!

They invest in -

- 1 - Do you have a product to solve a problem they understand?
- 2 - are their real people you're reaching? Is the market big enough to make YOU attractive?
- 3 - your team - are YOU "the guy" who's going to MAKE IT HAPPEN for them?

Slide 2 -

WHAT are you selling

Who is your customer? WHOEVER the PEN-HOLDER is who WRITES THE CHECK! Not ancillary stepping stones to the PEN-HOLDER

DESCRIBE that SeedRevival CUSTOMER!

Why is my product unique - intellectual property - patents pending are a BIG DEAL - be intelligent about this LEGAL!! The biggest problem is - if you're actually successful

Slide 3 and 4

WHAT IS THE PROBLEM you're solving?

Who has it?

SOLVE THE PROBLEM TODAY!

Aaron's smiling! Sweet!

Start with the pitch - then do the plan! GET EM GOOD in that first minute.

BUT... NEVER do MORE than a slide a minute. PACE YOURSELF.

Graphs and pictures are always better than TEXT ONLY - (Text with graphs inset?)

Prototype shots are awesome (screenshots)

SPEND ALL YOUR TIME ON THE FIRST FOUR SLIDES - REALLY!

Slide 5 -

It's really hard to get market data, but you really have to do this work!

GO to TRADE JOURNALS - they often share self-reported data - maybe not technically accurate, but directionally accurate. TRADE WEBSITES.

Think about ancillary products and markets which will convey context for your game-changing, first-to-market social action network.

Cite sources on the slide - save the details about the website/companies you derived your info from LATER.

Who's the guy I'm cuttin the check to?

THE MORE YOU BLOW THEM AWAY WITH DATA, the better they feel about the first 4 slides making sense.

Slide 6 and 7

Who are you selling to and why/how?

Who's first. You hire a sales guy. What's he gonna do?

My best target market is this and here's why. Age, users of networks/sites/blogs...

You have to understand your customer so well, you have to know who they are and where they live?

PIVOT! WHAM! I'm going to be the driver behind what someone else is doing - SEEDREVIVAL is going to private label to ALL the networks who are into this - and SOLVE THAT PROBLEM for them.

No longer can you say, "I'm going to launch a website - I gottan app!"

SO.. where ya gonna stick it?

Slide 8 -

Competitive Analysis

See 20 minutes in recording!

Figure out what makes you different.

Consumer reports - circle shows whether it's green or full - to say "these guys kinda have what I have, but not quite."

RED is bad! Financial persons see red and go into a cold sweat!

Slide 9 -

Management Team - slide. You need to BE THE GUY in charge! MANAGE, TOM! TAKE CHARGE!

Talk enough about your background to explain WHY you're important.

MAKE SEEDREVIVAL WORK AS A SOCIAL NETWORK!

MAKE YOUR STORE WORK.

USE SOME KIND OF ACTION ALERT SYSTEM.

GROW SOME FOOD!

Talk about whoever's most critical to your success - software development?

Advisors - What about their background gives the investor confidence that an independent expert believes in the company.

Patent Pending is one thing but ADVISORS have stuff to do - they wouldn't be hanging around unless they believed in what you were doing!

FIND A GODLY - LANCE WALLNAU-LIKE - ADVISOR or 4!

Entrepreneurs with successful exits - like SHAE ADAMS!

They don't expect to be paid - they may only meet with you once a month.

Anyone getting paid isn't an advisor.

Slide 10 -

SECOND SLIDE TO WORK ON!

Answers 5000 questions all at once.

Dates that are important to your PLAN.

Got a written PLAN, Tom?

Done - Dec - May - August - 2 yrs (these spaces can be different)

Product Dev

Sales Targets

Launch Dates

Revenue Targets

Staffing

Critical for Success

Capital

Are you in beta? How real are you?

And what is the point at which you will be worth more money? when your VALUATION goes up - and how long will it take you to get there.

In the lower right corner, you're going to talk about how long their money lasts and how much gets done with that - 2 distribution deals? a launch plus profitable?

So what's your team gonna do?? Slide 10

Very succinct and to the point.

Still just trying to get to the first date with that investor.

You don't want to raise too much money too early because it gives away too much value of your company and you're under pressure.

DOING SLIDE 10 HELPS YOU FIGURE OUT HOW MUCH MONEY YOU SHOULD BE RAISING!

Slide 11 - also have photos of this

Financial Slides - Michele's biggest pet peeve!

No don't graph your financials. Show the NUMBERS REALLY BIG and talk about

I need this stuff on both VOLUME metrics and DOLLARS

Do you UNDERSTAND what you have to DO?

5000, 40,000 - 2 million

20k, 20k, 20k

I don't think so.

Bifurcate your customers a little - 6 customers is 20,000 users - 3 distribution deals is 20 million dollars - which would require 2 layers.

Show 3 years out. Anything further is total bull.

I know your financials change every hour, but you have to put a stake in the ground showing that you "get it" right now. If a game changer happens the day before the show, don't sweat that.

Expenses - another favorite - she doesn't care about rent, phone, salary... what is that money doing for her - sales and marketing - and R&D. Period. 2 line items.

Salary of 60k for Dev - 40k for Sales - 100k for CEO

How much of your time is Sales & Mktg and how much is R&D?

Trade Shows, Travel - Sales and Marketing

Clearly this is sales and mktg

Then take all the OTHER expenses - insurance, depreciation - ALLOCATE to the other expenses - at the bottom of the massive spreadsheets.

Rent is doing anything for you - but providing space for your sales and mktg and R&D!

Cost of Goods sold - subscription memberships - "UNIT OF SALE" Server costs don't go into the unit.. YOU MUST GO INTO AN ACCOUNTANT and clear up the terminology.

Don't have to pay for the CTO up front but DO have to go see a tax accountant at least once!

May have a 3rd bucket - OPERATING COSTS

"G&A, administrative, overhead..." DON'T UNDERSELL YOURSELF! Everything DRIVES THE BIG TWO!

It's all a "REASONABILITY" test!

Caaaash FLOW -

Real financial terms.

Earnings and Income are not actually financial terms.

It means nothing unless you're on the stock market.

And only NET INCOME or GROSS INCOME are OK, but the term INCOME by itself means nothing..

REVENUE

COST OF GOODS SOLD

Learn the REAL financial terms!

Slide 11 -

You can show SALES! If it's only a few months say "company to date"

What's good -

Units Sold - Good

Average Price - meh

Percentage of Available Market - kind of too general - she's gonna break down that big number with

due diligence
Revenue
Gross margin
Margin%
G&A
R&D
Marketing & Sales
EBITDA
CAPEX
Required Investment (she'd rather see this on the milestone chart)

Don't use the hundreds! Thousands only!

RIGHT ALIGN

One Dollar Sign at the Top of the Column!

Slide 12 -

THE ASK

How much are you raising - half a million for R&D - half a million for sales & marketing

Use of funds - 3 buckets (or the 2) - by purpose - not type

Type of financing - preferred stock

VERBALLY and DRAMATICALLY PRACTICE! TIMED and WITH VIEWERS!

And if those friends UNDERSTAND what you're pitching, then it's good!

When you're an entrepreneur, you don't even know you're not speaking in english any more.

"PERMACULTURE?" What's that really mean? What does it do?

GE - Jeff Emolt CEO brought board guy - Michele brought a new process that was already successful and she had 2 minutes and ONE SLIDE - and she practiced 150 times!

USE VIDEO TAPED PRACTICES.

Take the change out of your pocket!!!

She actually COUNTS the UMS!

DON'T MOVE AROUND TOO MUCH!

Don't look down! ENGAGE!

Technology - don't pass your product around unless you're Minute Movement!

Don't ever use a pointer!!! If you have a point, your's slide SUCKS!

Talk about points on your slide. That's all.

2 or 3 pts for every slide. They'll READ the rest!

Don't talk much about your competitors! Speak in generalities about their shortcomings.

DON'T STRESS TRANSITION PHRASES! Just CLICK!

The pitch - it works for angel investors IN THIS KC MARKET.

In Silicon Valley, they're hip and cool and new. but HERE.. you need THIS

How much are you raising?

Use of funds - 3 buckets - by purpose - not type

Type of financing - preferred stock, convertible debt, etc

Time to exit -exit possibilities

That's it. This is the deck that has angel-investor-in-kc-virability

BE EARLY to the meeting!

Have the deck ready TWO DAYS BEFORE! Don't CHANGE IT!

So you get the phone call just before your presentation - it might be a TEST to shake you up! Don't stress! Go through your presentation AS PLANNED - **cool hand, Luke.**

Get dates at that presentation. That's your purpose.

Do the plan. Present the deck that the whole town's been looking at.

Don't hedge. If you're not a leader - sticking to your own plan? Don't make excuses. Don't apologize. BE CONFIDENT. BE THE MAN. STAND UP STRAIGHT. SMILE. LOVE EM WELL!

Exit possibilities - entrepreneurs are all crazy. But what level of crazy are they?

Do they know they can't be everything to everyone? Will they admit their shortcomings? Do they understand TIME and PLANS? On the financials, do you put a stake in the ground? Do you get the numbers?

Do they understand that if you don't EXIT the funder will not make any money?

The family heirloom thing won't work so well.

SO..

Who would you sell your company to? And why would they buy it? You COULD have different types of buyers and WHY. The slide could just list the big companies. You tell them the why?

You don't have to actually meet with these exit guys, just

Recent transactions in the market space (within a year) are appropriate - even if you don't have the sales price. Shores up your thoughts on who your exit buyers could be.

Never put IPO on your exit slide. The odds of you doing this are so small, just don't do it.

This give investors the shivers. "IPO" says "CRAZY!"

Slide 13 -

The Leave

Top 3-5 reasons to invest

Reminder of key differentiators

Slide to keep up while answering questions

NOT JUST YOUR LOGO!

See 20 minutes mark for that string of words she let loose.

OTHER THINGS

Don't used fancy building slides - they're kinda 2nd grade.

Put the slide up and let them absorb the slide while you're talking about it.

Also build slides will PRINT TO DEATH!

NO BLACK BACKGROUNDS - bad print - no room for notes!

Maybe ONE dramatic build... but that's it. "That was then - this is DISRUPTION!"

Rhetorical questions are also time-wasters.

Investors don't have time to care.

"So how many people drove here today?"

Slide 15 (she skipped "focused perspective")

Develop a pitch first - then a business plan starts with problem and product

This is where you want to spend most time -

The financials - the milestones - the competition

Patents - IP

Go to market strategy - market sizing - target market

How am I going to get my customer?

Cut and paste from slide deck and stick it in your plan - just fill in the details. This includes things you talk about in the pitch but is not actually on the slides for the pitch.

Executive Summary - alot of investors ONLY read this.

SO

- **Do your pitch**
- **Do your plan**
- **THEN Do your Executive Summary.**

If your business plan is short and sweet, maybe just a summary sentence.

DO YOU REALLY GET IT? YOUR CUSTOMER? HOW TO REACH THEM?

Marketing & Sales plans shouldn't just say, "we're going to this show and that social network... and uh..." NO. Just say, "We're hiring a sales guy who's going into our market."

**I want to know What you're doing - When you're doing it
- Who you're doing it to and WHY.**

Give your plan to outsiders for input!

Sentences are OK, but paragraphs. NOoooooo! We hate paragraphs.

Michele represents - Rick Meyer - Denise Field - half of Kansas City and Wichita when you're talking to her. It has to be easy to reference.

ORGANIZE IT SIMPLY!

Bullet points are great.

Charts are great.

Heavy paragraphs I do not read.

She saw a plan with a SWOT - noooo take the weaknesses and threats out! Talk about that stuff on the date!

"We're doing great, it's just that we have 3 lawsuits right now..." Nooo!

K-tek - a state org - "I will not talk to you unless you send me your plan." She would write questions

and then a synopsis of what she thinks the product was - THEN she would call - and IF I liked it, then I'd invite them to pitch. THEN if she liked the pitch, she would call them for an ON-SITE meeting - and give them 2 hours - WITHOUT AGENDA - drove em all crazy.

She was looking for - see 36 minutes mark -

After the first hour, she would kind of turn the tables on them and give her recommendations.

Rick Vaughn - best presentation problem - they'll vet you out and try to make sure you have what you say you have, then work with you to make sure you can succeed.

DILIGENCE - tax returns - articles and bylaws - any legal doc the company is obliged to - she starts to get all up in your stuff. Then she cuts a check....

She might work for a VP firm but Angel Groups are like a dating service. They've joined The Mid America Angels of KC - Rick Vaughn - and he will help you with these jaded investors.

Angel groups advantages - there's a certain domino effect that could take place as one goes, another might. Rick will take a poll - set up a question and answer session - THEN they may do Due Diligence with ou

Trish has an angel group
Nebraska has one
Vaughn has one

Valuation - is not done the way entrepreneurs do it -

Really tricky for startups. Rick Vaughn has a GREAT class on how to value your company - At something center.

YOU MUST BE ABLE TO ACCOUNT FOR YOUR CASH FLOW.

IT guys are a million - if you have a product on the market - maybe that's another million - and you're all worth less than 5 million. Period.

Silicon Valley is whole different environment.

**Don't vaulate yourself on your pitch. (It could kill the 1st mtg)
Rick Vaughn thinks you SHOULD! Hm...**

If you meet with them, give them a range (we think we're worth 3.5 to 4 - when you're actually worth more like 3)

Most groups in KC do "preferred stock" rather than common.

Some do convertible debt.

Preferred gets them on your board of directors..

BOARDS should never have more than 5 - founder gets to choose two inside board seats - but not designated as you and someone else - but two guys you choose - series A get two seats - 5th seat is agreed upon by the other 4.

Talk about during the negotiations:

Voter rights
Share Holders

"You can't sell the company without the Series A agreeing."

And get all the crazy stuff "can't do this or that without us.." OUT!

Investors want to make sure that you can't leave the company without taking them with you - or making sure that they're taken care of - that you can't sell your shares without

"Callback rights" "Piggybacks" etc is about you not QUITTING on them.

Due diligence by the COMPANY OWNERS on the INVESTORS!!!

Some investors believe (IN KC) that if they give you a million buck, they're going to make you WORK to "get your company back."

In your Articles and Bylaws, you will make sure there's a mechanism - "poor performance" or something - to get RID of them if things go south!

If a board and staff are in cahoots together or subservient to some evil mastermind -

For YOUR "due diligence" on your Investors - hey, ask Michele Weigand. You really can trust her. See ***.

To GET OUT of her nightmare board dude, she had to call an emergency meeting, discovered the 401k cheating thing he was doing, then wrote legal letters - because EVERYONE was jailable.

What if this investor ran off the rails - how could I fix it?

LLC - are like a big ol' white paper - DON'T put your employment arrangement in the LLC!

Get the employment agreement between YOU and your LLC agreement. THEN they have to negotiate AFTER that!

MUST DO, AARON!!!!

Talk to Denise, Michele and Rick and ask around.

There is a legal restriction on board members because if the company gets sued so do they.

FOLLOW your articles and bylaws - set your calendar and MAKE SURE your board meets quarterly - if you don't do that, that's a legal loophole for them to FIRE you!

Minutes are discoverable for legal action. So you need to take them - no more than a page or two - NOT EVERYTHING SAID - but who voted for what -

"Presented first quarter financials - Board approved." That's it.

Don't give too much away!

Realize ANYONE can look at those minutes - including potential investors.

CONFLICT OF INTEREST POLICY - in case a Board member has one, he/she CAN NOT VOTE!

And it's all in your Bylaws and Articles and you STICK to it!

You will be WORKING FOR YOUR BOARD OF DIRECTORS.

Pre-sell them on the bad news - confess early and confess often.

You can't see them as adversaries but partners!

Manage your board - go to dinner with them - they're important people you work for!

UM, Question - Who needs angels when you have kickstarter? - Tom

It is kinda like Hotel California! Which ain't necessarily a bad thing - but you can definitely never leave - without your Angels!

GET ACCOUNTING ADVICE.

Founder Shares.

The voting rights and who's on the board is all laid out in the Articles and Bylaws.

Business plan - yes on pictures, charts, maps

TEMPLATES - they're mostly OLD SCHOOL - tell me what your product is and your problemsolving. If I don't see that in the beginning, I'm done!

Follow what she laid out.

What's good -

Units Sold - Good

Average Price - meh

Percentage of Available Market - kind of too general - she's gonna break down that big number with due diligence

Revenue

Gross margin

Margin%

G&A

R&D

Marketing & Sales

EBITDA

CAPEX

Required Investment (she'd rather see this on the milestone chart)

And Kaufmann's resources are the best!

Entrepreneurship.org - Founder's School

LeanStack.com

