You Don’t Get $1M in Funding with a Half-Baked Business Plan!

Connect Startup Entrepreneurs With Financing Sources

FUNDING UNIVERSE
What deals get funded

- Balance between risk & return
  - Right valuation, team, market
- An investor gets it!
- Proven track record
  - Investor can believe in Jockey
- Knowledge of the Space
- Superior investment to all other alternatives
It’s about Relationships

• Simple Formula:

\[
\text{Strength of Relationship} \times \text{Traction} = \text{Probability of Success}
\]

-Paul Allen
It’s about Relationships & Traction...

<table>
<thead>
<tr>
<th>Strength of Relationship</th>
<th>Company Traction</th>
<th>Success Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>10</td>
<td>100</td>
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<td>8</td>
<td>8</td>
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<td>7</td>
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</tbody>
</table>
Fundraising Process

- **Initial Screening (Intro., EP, ES)**
  - 40% pass rate (100 → 40)
- **Meetings with the Entrepreneur**
  - 30% pass rate (40 → 12)
- **Due Diligence & Negotiation**
  - 40% pass rate (12 → 5)
- **Investment**
  - 50% pass rate (5 → 2.5)

Result → 2.5% customers
Risk vs. Return

Idea is Feasible

Beta/1st Customer

Model is defined & proven

Expansion $

Best times to raise capital

Valuation

Seed $

R&D $

Ship $

Risk
Not being half-baked

“The Big 3”

1. Executive Summary
2. Financial Model
3. PowerPoint Pitch
The PowerPoint Pitch

• 12 yr. old rule
• Guy Kawasaki’s 10/20/30 rule
• Selling Company, not Product

(Make sure to have an elevator pitch)
Pitching Tips

1. Strong, but simple opening
2. Market Need (problem) & Business Model (solution)
3. Market Overview
4. Product & Service Overview
5. Competition & Competitive Advantages
6. Strategic Partners, Customers
7. Management Team
8. Accomplishments/Milestones
9. Funds Sought/Use of Funds
10. Financial Projections
Key Consideration

YOU! Be prepared to impress…

• Keys to angel investments:
  1. Passion
  2. Integrity
• Good Luck!
The TRUTH…

… about business plans:

Entrepreneurs hate writing them & investors hate reading them!

EXECUTIVE SUMMARY: 2-5 pages
(definitely less than 10)
What Should it Include?

- Problem/Solution
- Market Overview
- Product Overview
- Traction/Milestones
- Mgt. Team/Key Advisors
- Financial Details/Deal Terms
The Financial Model

- Fully integrated with…
  - Sales Assumptions
  - Income Statement (P&L)
  - Cash Flow Statement
  - Balance Sheet
  - Head Count/Salary
  - Cap. Table
Financial Model: Example

Month-to-month projections over the next 3-5 years

Includes: Income statement, Balance Sheet, Cash Flow Statement, Sales Assumptions, Cap Table, etc.
# Sales Assumptions

<table>
<thead>
<tr>
<th>Sales</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
<th>I</th>
<th>J</th>
<th>K</th>
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<td><strong>Month</strong></td>
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<td>Nov-07</td>
<td>Dec-07</td>
<td>Jan-08</td>
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<td>-</td>
<td>-</td>
<td>50</td>
<td>50</td>
<td>50</td>
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<tr>
<td><strong>Retails Revenue</strong></td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
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<td>-</td>
<td>50,000</td>
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<tr>
<td><strong>Co-Placement (Subway or like)</strong></td>
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<td>-</td>
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<td><strong>Inventory Revenue-Manufacturer</strong></td>
<td>188</td>
<td>375</td>
<td>563</td>
<td>563</td>
<td>563</td>
<td>1,500</td>
<td>2,438</td>
<td>3,375</td>
<td>3,375</td>
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<tr>
<td><strong>Inventory Revenue-License Fee</strong></td>
<td>375</td>
<td>750</td>
<td>1,125</td>
<td>1,125</td>
<td>1,125</td>
<td>3,000</td>
<td>4,875</td>
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<td>15,000</td>
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<tr>
<td><strong>Inventory Revenue-Manufacturer</strong></td>
<td>63</td>
<td>125</td>
<td>188</td>
<td>250</td>
<td>375</td>
<td>500</td>
<td>625</td>
<td>750</td>
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<td>1,250</td>
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<td>375</td>
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<td>750</td>
<td>1,000</td>
<td>1,250</td>
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<td>1,750</td>
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<tr>
<td><strong>Total Equipment Revenue</strong></td>
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<td>18,750</td>
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<td>11,063</td>
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<td><strong>Total Retail Revenue</strong></td>
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<td>20,625</td>
<td>21,583</td>
<td>11,938</td>
<td>21,438</td>
<td>75,000</td>
<td>78,563</td>
<td>82,125</td>
<td>32,875</td>
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</table>
Investment Landscape UT

- 7 angel groups
- Dozen of VCs
- 100’s of private angels
Funding

• **5.6M** new start-ups/year
• **1.9M** seeking funding
• **Only 50k** successful raising capital

**97% need help – don’t be a statistic!**

Source: Center for Venture Research
We’re passionate about helping early stage entrepreneurs prepare for and get access to funding.

Brock Blake, CEO
bblake@fundinguniverse.com
www.fundinguniverse.com