

THE GUIDE STARTUP FOUNDERS HAVE BEEN WAITING FOR!

**THE ULTIMATE**

# STARTUP FUNDING GUIDE

## HOW TO:

- ➔ ASSESS YOUR FUNDABILITY
- ➔ BUILD YOUR PITCH MATERIALS
- ➔ FIND INVESTORS
- ➔ GET INTRODUCTIONS
- ➔ RUN YOUR FUNDRAISE
- ➔ PREPARE FOR DUE DILIGENCE
- ➔ CLOSE YOUR ROUND
- ➔ WRITE INVESTOR UPDATES
- ➔ PREPARE FOR BOARD MEETINGS

**AND MUCH MORE!**

➔ **8 HANDY  
CHECKLISTS  
TO HELP YOU  
STREAMLINE  
YOUR  
FUNDRAISE**



# TEAM FOUNDERSUITE

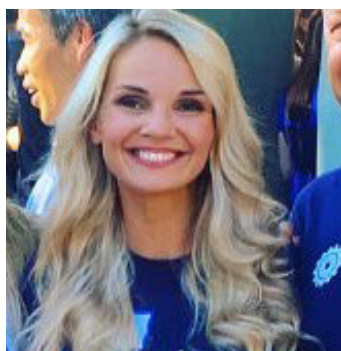
Nathan Beckord, CEO



Hilde Haustreis, VP Marketing  
& Partnerships.



Helga Stormo, VP Customer  
Happiness



*Pip Brangam*

## FOREWORD

Here at Foundersuite we know fundraising is tough!

Over the course of the past year, we have attended numerous startup events and conferences. We have talked to hundreds of founders, and they all want advice on how to fundraise. They want to know how to prepare and what it takes to attract investors.

We have a number of awesome tools to help you on your way. Our **Investor CRM** tool is designed to help you find investors and run your fundraising more efficiently. After you are funded, our new **Investor Updates** tool creates engaging reports in less than fifteen minutes. We also have a collection of **Startup Docs** and a **Founders Market** with great startup deals.

This guide aims to break down the stages of fundraising into manageable chunks. The checklists are designed to help you keep on top of your fundraising and run an efficient process.

I hope you enjoy this guide and it sets you on the path to rock your fundraising!

**By Pip Brangam**  
**Editor**  
**Head of Content Marketing**  
**Foundersuite**

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# 01 ASSESS YOUR FUNDABILITY

## WHAT ARE INVESTORS LOOKING FOR?



HERE ARE 7 THINGS YOU NEED TO HAVE FIGURED OUT BEFORE APPROACHING INVESTORS.

- 1 ☐ **HOW STRONG IS YOUR MANAGEMENT TEAM?**  
Do you have someone who can build, sell, manage?
- 2 ☐ **IS THE MARKET SIZE LARGE ENOUGH?**  
Or getting there? \$1B TAM preferred.
- 3 ☐ **IS YOUR PRODUCT TRULY UNIQUE?**  
Or the fifth clone in a crowded space?
- 4 ☐ **DO YOU HAVE A SCALABLE BUSINESS MODEL?**  
How much value can you extract per customer?
- 5 ☐ **DO YOU KNOW HOW TO SELL THIS PRODUCT?**  
In a repeatable way?
- 6 ☐ **DO YOU KNOW HOW TO SCALE YOUR MARKETING PLAN**  
Is your CAC < LTV?
- 7 ☐ **CAN THIS BUSINESS GENERATE VENTURE SIZED RETURNS?**

**"The smart founder looking to raise an investment for a startup examines his or her own business from an investor's perspective."**  
**David S. Rose**



Preparing to meet with investors isn't unlike prepping for a job interview. As a founder, you are being evaluated on the values, strengths, and weaknesses of your company. Having honest, clear answers to the seven questions on the left will start you in good stead.

Investors want to see that their money would be put to good use in your hands. How can you convince them of this, if you are a first-time entrepreneur? Surround yourself with advisors or someone who has done this before.

It's important to remember it's a two-way street. Here are a few criteria you should consider as a founder about what you are looking for in an investor:



- Do they know the startup industry inside out, and in particular do they know your domain?
- Do they have a large network of potential investors they can make introductions to?
- Do you have a good personal chemistry with them? You will be dealing with this individual for the foreseeable future. It's important that you get on!



# 02 BUILD YOUR PITCH MATERIALS

IN THIS SECTION WE WILL LOOK AT :

- ➔ MATERIALS YOU NEED TO PREPARE TO PITCH
- ➔ A SNEAK PEEK AT FOUNDEERSUITE'S 'ULTIMATE PITCH DECK GUIDE'



# 02 BUILD YOUR PITCH MATERIALS

## MATERIALS YOU NEED TO PITCH AN INVESTOR



Make sure you are prepared in advance with;

### WRITTEN DOCUMENTS

- ☐ 2-3 paragraph email teaser.
- ☐ Two/three page executive summary.
- ☐ 10 slide Investor pitch deck.
- ☐ Business plan. (Optional)

### FOR A LIVE PRESENTATION

- ☐ 30 second elevator pitch.
- ☐ 2-5 minute quick pitch.
- ☐ 15-20 minute angel pitch.

### ONLINE

- ☐ Angelist profile or Foundersuite hosted deck.
- ☐ A short video pitch.
- ☐ Pitch deck hosted online using Foundersuite.

### SUMMARY FINANCIALS

- ☐ Cap table & historical financials.
- ☐ Projections for 3-4 years after funding.
- ☐ Amount of capital to be raised and detailed operating budget.

*"If you're constructing a way to present your story, you should be aware that most investors have small attention spans. They may be late to the meeting, they may be reading other stuff on their iPhone. So you want to organize your information in a way that allows them to process it more efficiently."*

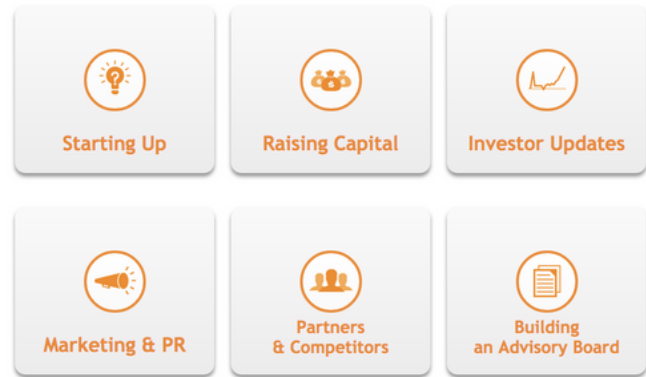
Dave McClure, Founder  
500 startups

To fundraise you will need a collection of supporting documents to build the picture of a fundable company.

There are a wealth of books and resources online, dedicated to each of the points on the list. Here are a few to help you on your way.

### WRITTEN DOCUMENTS

In our collection of **Startup Docs** we have a business plan template, pitch deck and executive summary that are easy to follow. Here is a snippet of the collection.



### LIVE PRESENTATION

For many founders, the live pitch is the most nerve-wracking element. We created **'The Ultimate Pitch Deck Guide'** to help you. Get the guide [HERE](#).

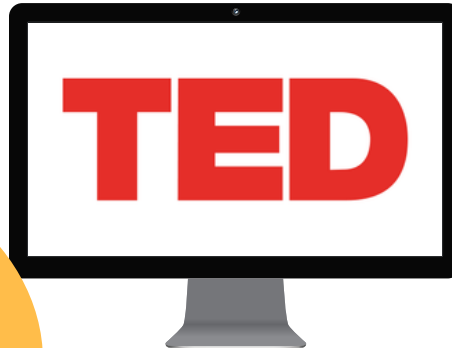
Pitch deck software like Slidemagic provides templates for a professional looking deck.

### ONLINE

An AngelList profile is essential to tell people what your company does, a bit about yourself and some visuals to promote your product or service. Also be sure to use Foundersuite to host your pitch deck.

### FINANCIALS

Getting your finances in order needn't be a headache. InDinero offers a handy Series A Checklist.



Click the screen to check out the 'How to pitch to a VC' TED talk by David S. Rose. Viewed over a million times.





**WHY ARE PITCH DECKS SO IMPORTANT**  
*By Nathan Beckord.*


For roughly the past decade, I've lived and breathed pitch decks— first as a consultant with VentureArchetypes, then as CEO of my own startup, Foundersuite.com. Here are a few things I've learned.

First, why is your pitch deck so incredibly important? Because in the early days, unless you have Instagram-like traction or 3x exits under the belt, no one really gives a crap about you or what you're doing.

It's your pitch that helps turn this cold raw fact around and helps you sell your vision to investors, partners, co-founders, employees and others. When I was consulting to startups, I reviewed at least 1000 decks, and 99.8% were unremarkable. Most were ignored, and the startups behind them died a slow death.

Thus, you need to find a "hook" that will put you in you in other 0.2%— you need to find your "one thing" that is the single most unique, compelling piece of your story. In other words, if you strip everything away...what will investors remember about you a week or two later? To capture this, we use archetypes.

**6 PITCH ARCHETYPES**



**1. PROBLEM/SOLUTION**

This is the classic format long favored by Sequoia Capital and many others. You've found a valuable, rich pain point in the market, and you have the unique domain expertise or a novel way to solve it. You're building a painkiller vs. vitamin.


This structure probably accounts for 85% of the decks out there. It's classic, it's familiar, it's powerful, but it's not always as relevant to web 2.0...is there really a pain point solved by another social photo filter app? :)

**EXAMPLES:**

*Existing vehicles are polluters* —> we built an electric car (Tesla).

*Poor people are being preyed on by payday lenders* —> we built a platform to help people learn and build good credit (LendUp).

*Selling your used car is a huge hassle* —> we built a platform that does it all for you (Beepi).




**2 TRACTION STORY**

With the Traction Story archetype, you're basically "pitching the numbers;" what you're actually doing becomes secondary. The traction story is the hardest to achieve but the easiest to get funded, as there's a direct correlation between the strength of your traction and the speed at which you raise money.

Here, the story arc of your deck is focused on your growth and rate of growth (i.e. the slope of the line) as validation of your vision. In some cases, I suggest you start off strong- on the first slide of your deck, show a chart of your numbers / users / revenue, and use the rest of the deck to tell the story of how you got there."

You'll get massive bonus points if you can also demonstrate the lifetime value of a customer (LTV) is greater than your cost to acquire a customer. In this scenario, adding venture money to the bonfire becomes a no-brainer and it makes sense to dump as much in as you can profitably spend.

By default, a traction story pitch means you've found product/market fit, which is sexy. Questions and pushback may center on your strategies to maintain this growth and defensibility as new competition comes online.




**3. X FOR Y**

This archetype has been in vogue lately, especially with the rise of Uber and Airbnb. Essentially, it centers on applying a proven business model to a new market or application.

Here, X is the established model (e.g. Airbnb) and Y is the new market that the model is being applied to (dog boarding) = DogVacay.

You see this a lot now, and it can be combined with Problem / Solution. However, there's a risk it's been overdone. A variation on this is what I call the Hollywood Pitch, which is a mashup of two different scripts, e.g. "Jurassic Park meets Dirty Dancing"



**4. SCRATCHED YOUR ITCH**

The "scratched your itch" archetype simply tells your personal story of how you came to be where you are today. Usually it involves how you've solved something that was vexing you.

A lot of technical companies get started this way, like Heroku or Dropbox or Github. Or, for example, I started Foundersuite as a side project of a consulting business, after setting up dozens of Google sheets for tracking investors.

It's often very personal which makes it engaging and memorable (especially when you present it live). It's also very effective if you know the problem intimately + the VC has experienced the problem + it's a universal problem. It's not effective if the "itch" is too niche or the market application too narrow or specific.

GET THE WHOLE GUIDE HERE!!

# HOW TO FIND INVESTORS TO PITCH YOUR COMPANY TO

IN THE NEXT THREE CHAPTERS WE WILL LOOK AT HOW TO:

**03 BUILD YOUR INVESTOR FUNNEL**

**04 CONNECT WITH INVESTORS**

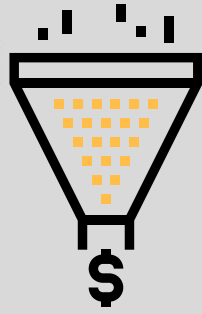
**05 RUN YOUR FUNDRAISE AS A SALES PROCESS**





# 03 BUILD YOUR INVESTOR FUNNEL

## HOW TO BUILD YOUR FUNNEL & CONNECT WITH INVESTORS



### 1. BUILD YOUR FUNNEL BY SEARCHING

- ☐ ANGELLIST
- ☐ CRUNCHBASE
- ☐ FOUNDERSUITE INVESTOR SEARCH

### 2. FILTER & QUALIFY YOUR LEADS BY:

- ☐ LOCATION
- ☐ INDUSTRY & STAGE
- ☐ COMPETITIVE DEALS

### 3. MAP YOUR CONTACTS WITH LINKEDIN

- ☐ 1ST OR 2ND DEGREE CONNECTIONS
- ☐ MAKE FRIENDS WITH FOUNDERS OF THEIR PORTFOLIO COMPANIES

### 4 ASK FOR INTROS.

- ☐ WRITE A SHORT TO THE POINT EMAIL, EASY TO FORWARD ON.
- ☐ IF ALL ELSE FAILS, SEND COLD EMAIL

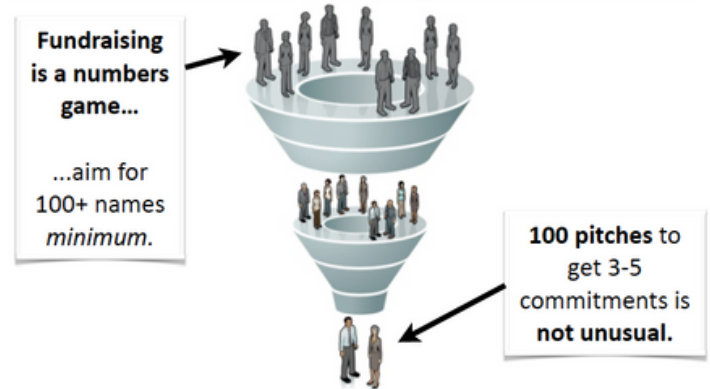
### 5 CREATE A TRACKING SYSTEM

- ☐ ADD INVESTOR CARDS TO FOUNDERSUITE INVESTOR BOARD.
- ☐ USE INVESTOR NOTES TO KEEP TRACK OF EMAILS, CALLS & MEETINGS.



Start to LOOK, and start to SEE you will!

Your investor funnel is your target list of 150-200 investors that might potentially invest in your start up. Gradually you will filter and hone down this list to about 75-100 solid leads.



Here are some tips on how to carry out the steps on the checklist.

#### 1 BUILD YOUR FUNNEL BY SEARCHING:

**AngelList:** Search for investors who have made more than one investment in your space in the past 12 months.

**Crunchbase:** Search Crunchbase by looking at similar but non-competitive deals and find who invested at your stage.

**Foundersuite Investor Search:** Use Investor search to build a target list, searching via both industry and location.

#### MORE PLACES TO BUILD YOUR FUNNEL:

- PE Hub, VentureWire (free daily deal newsletters)
- Conference speakers (VC's love to be on panels)
- TechCrunch, Quora, Medium, etc. (search for 'top investors in')
- Pitchbook, Mattermark (paid).

#### 2 FILTER & QUALIFY YOUR LEADS

Cull your prospective investor list until it's comprised only of qualified targets, around 75-100 direct targets. In order to do this there are some criteria you should consider:

**LOCATION:** Most Seed or A Round investors limit their deals in region. Scan their LinkedIn or website for clues.

**STAGE:** Are they right for your stage? Approaching an investor who normally does \$20 million C Rounds for your \$1 million seed round is usually a waste of time.

**INDUSTRY:** Do your research. Contacting an investor with no previous interest in Bio Tech, for example, is unlikely to pique their interest.

**COMPETITORS:** Have they already invested in one of your key competitors? VC's are unlikely to invest in direct competitors.

**FUNDS:** Do they have the money to invest? Check PEHub to see if they have raised a new fund in the last 2-3 years.

**ACTIVITY:** Look at how many deals the firm has done in the past 12 months. If the number of deals isn't many, that should tell you something.

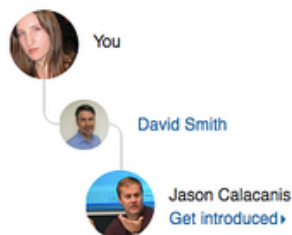
# 04 CONNECT WITH INVESTORS

## 3. MAP YOUR CONNECTIONS WITH LINKEDIN

LinkedIn is a great resource for finding intros to investors. There are a few easy ways to find a connection to an investor:

- Look up the investor's profile. Do you have any 1st or 2nd degree connections who would do an intro?

How You're Connected



- If you can't find a connection, look through the investor's company portfolio on Angelist. If you are directly connected to any of the founders, ask for an introduction. This works as more often than not founders like to help other founders.

## 4 ASK FOR INTROS

If you find a 1st or 2nd degree connection, send this person an email and ask if they can introduce you. Give them a draft of what you would like them to forward to the investor. People are lazy, and this increases the chances of them actually doing it.

**Jeff,**

***I'm working on my seed round.***

***May I browse your connections on LinkedIn and pick out a few names to get a lightweight intro to?***

***Let me know and I'll send you a list shortly.***

***Big thanks!"***

The second step is to send a custom intro request email for each person they agreed to intro you to.

**Jeff,**

***Good chatting with you today. Our seed round is gaining momentum.***

***Could you intro me to (Investor name). The portfolio looks really relevant.***

***Here is a link to the pitch deck and a brief update. Feel free to send along! Big thanks!***

If all else fails, you can send them a direct message. Explain why it makes sense to talk with you. Here is a handy template to follow

### INVESTOR COLD EMAIL TEMPLATE

FILL  
IN THE BLANKS

My Name is (name), I am CEO of (Company Name) We are a developer of (Brief description of what you do) for the (name of market).

Our Product/ Service (describe a specific problem you solve or need to address) for (specific target customers). We do this (better, faster, cheaper) than the competition because (main source of proprietary advantage or secret sauce).

Our Business model is (how you make money e.g license sales, subscriptions, advertising etc). At Present we are (describe stage of business/ concept stage, in product development, beta trials, etc).

We seeking (xx million)in funding to be used for (launch, marketing & sales, hiring, etc). This amount will get us to (describe next major milestone e.g commercial launch, profitability, etc).

Our current metrics are (describe traction, revenue, customers, customer growth rate). When can we set up a deeper dive? (Call to action)

**SEND**

WWW.FOUNDERSUITE.COM

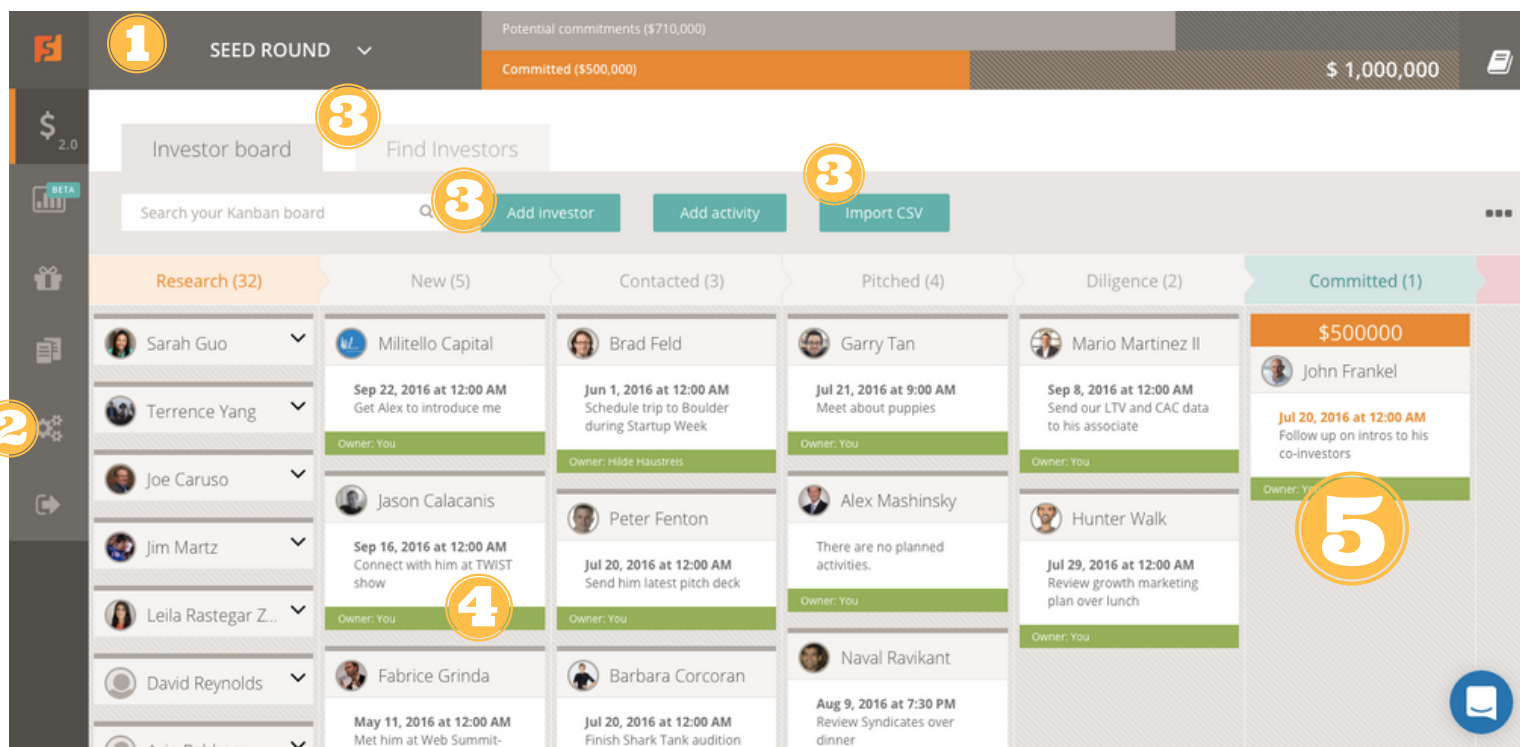
## 5 CREATE A TRACKING SYSTEM

Now that you're starting to contact investors, you need a system to keep track of all your conversations. Spreadsheets work at first but they quickly get out of hand. You need a CRM system, and of course we recommend **Foundersuite**. The Kanban style board allows you to drag and drop investor cards across your board as you progress.

On the next page we will look at creating your tracking system with **Investor CRM**.



# CREATE A TRACKING SYSTEM WITH INVESTOR CRM



Foundersuite's **Investor CRM** is the leading CRM for managing a fundraiser. It is used by startups in every leading accelerator, including Y Combinator, Techstars, 500 Startups, Founder Institute and many more. Here's a quick-start guide to setting it up.

For a full guide to using the CRM, check out our "**Complete Investor CRM Guide**" [HERE](#). Now it's time to run your fundraiser! Selling is the name of the game. In the next chapter we look at how to run your fundraiser as a sales process.



The Complete Guide to using our platform



## STEP BY STEP GUIDE TO USING INVESTOR CRM

- 1 ☐ SET UP YOUR ROUND
- 2 ☐ INVITE YOUR TEAM TO YOUR BOARD
- 3 ☐ START POPULATING YOUR BOARD BY:
  - a) ☐ UPLOADING A CSV FILE
  - b) ☐ USE FIND INVESTOR TAB
  - c) ☐ ADDING INVESTORS BY NAME
- 4 ☐ ADD NOTES, MEETING AND CALL DETAILS TO INVESTOR CARDS
- 5 ☐ DRAG AND DROP EACH CARD TOWARDS THE COMMITTED OR NO COLUMN

# 05 RUN YOUR FUNDRAISE AS A SALES PROCESS

Startup fundraising is a sales process, and as with any sales process, you want to be pitching to people with both the intent and the ability to buy— in this case, shares of your company.

You have built your funnel, and have your tracking system. Now it is time to drive it forward. The list below outlines the steps of your sales process.

## RUN YOUR FUNDRAISE AS A SALES PROCESS



- 1 ☐ **GET AN INTRODUCTION TO EACH TARGET INVESTOR**
- 2 ☐ **SCHEDULE A PITCH MEETING**
- 3 ☐ **RESPOND TO ANY DATA OR REFERENCE REQUESTS.**
- 4 ☐ **DRIVE EACH LEAD TOWARDS A YES OR A NO**

No one is going to do this for you, you have to be persistent, and follow up relentlessly until you get a definitive answer. Every investor interaction will lead to multiple meetings, calls and emails. Keeping on track and not letting things fall by the wayside is key to a successful raise.

Here is the step by step process from the checklist.

### 1. GET AN INTRODUCTION TO EACH TARGET INVESTOR

We have covered how to map your connections and intros in Chapter 4 'Connect with Investors'.

### 2. SCHEDULE A PITCH MEETING

Schedule a meeting for each lead and rock your pitch. At the end of every meeting, get a clear understanding of where they stand on your deal opportunity. Shoot for getting an amount they would be interested in investing. You won't usually get a commitment on the first meeting but do not accept vagueness.

### 3. RESPOND TO ANY DATA OR REFERENCE REQUESTS

If the meeting goes well, investors will want to know more about your business. Refer to our due diligence checklist in chapter six to get a feel for some of the things you might be asked for.

### 4 DRIVE EACH LEAD TOWARDS A YES OR A NO

Drive each lead through the stages of the funding and due diligence process-- and ultimately towards a YES (i.e. a term sheet or offer of funding) or NO ("not right now", "no thanks ever!").

Making this happen means staying on top of every little detail. Your fundraising motto shall be; "Let no follow-on task slip through the cracks! Ever!"

Sounds easy, right? It might seem so at first, but by your 20th meeting, and 100th followup email, it will get overwhelming --especially if you're trying to co-ordinate tasks between co-founders.



"You just never stop selling. It's the unfortunate curse of being a CEO."  
Gil Penchina

On the next page we will give you a sneak peek at Foundersuite **Investor Cards**.




# PRO TIP! USE INVESTOR CARDS TO STAY ORGANIZED

Foundersuite **Investor Cards** are designed to help you keep on top of your fundraising process. They have a number of neat features to enable you to stay on top of things:

## 1. SCHEDULE AND LOG YOUR PLANNED ACTIVITIES

Meetings, Emails, Calls, and Tasks.



Jason Calacanis

EDIT

<<

OWNER

Select owner...

>

\$ COMMITMENTS

Amount Committed:

\$ 0

EDIT

Potential to Close:

% 10

EDIT

Take Notes

Add Activity

Upload File

Email

Call

Meeting

Task

Other

SUBJECT

Meet him for beers at Foleys during Boulder Startup Week

INVESTOR

Brad Feld

>

DATE

2017-04-20

<

TIME

08 : 30 AM

DURATION

01:30

>

ASSIGNEE

Hilde

>

NOTES

He loves super hoppy Imperial IPAs from Oskar Blues

☐ Mark as an all-day activity

iCalendar

>

Add Activity

## 2. SEE ALL YOUR COMPLETED ACTIVITIES

Things you've done. This is very helpful to see where you (or your co-founder) last left off with a particular investor. You can also add Files and Notes to stay uber-organized.

PLANNED ACTIVITIES

COMPLETED

Activities

Notes

Files

History

All

Email

Call

Meeting

Task


Other

☒ Met him for coffee at Red Barn

Mar 14, 2016 at 11:00 AM

(0:30h)

We talked about his interest in social marketplaces and how we fit in that ecosystem.



## 3. SEE YOUR UPCOMING TO-DOS

So you keep on top of the myriad number of follow up tasks, and never miss an important activity or deadline.

PLANNED ACTIVITIES

COMPLETED

All

Email

Call

Meeting

Task


Other

OVERDUE ACTIVITY

☐ Send revised forecast

Apr 4, 2016 at 9:00 AM

(0:30h)



Your upcoming activities also appear on the main investor board, so you can easily stay on top of all your action items in one clean, visual space.

STAY ON TOP OF THINGS. DRIVE IT HARD. DON'T TAKE NO FOR AN ANSWER!

# YOU ARE ALMOST THERE! IT'S TIME TO DRIVE IT OVER THE FINISH LINE!

IN THE NEXT TWO CHAPTERS WE WILL SHOW YOU HOW TO :

**06 PREPARE FOR DUE DILIGENCE**

**07 CLOSE YOUR ROUND**





# 06 PREPARE FOR DUE DILIGENCE

You are on your way to closing your funding round. It would be great if an investor just handed over a check, unfortunately, that's not how it works!

Due diligence is a comprehensive review or investigation of material facts in regards to an investment.

It is a critical stage in the funding process, and one in which many deals fall through. But don't panic. Just think of it as a final check on all aspects of the company and the team, and prepare accordingly.

Getting through the due diligence process is a critical part in the development of a relationship with the investor. During this process, you'll build trust and establish the groundwork for an ongoing partnership.

Full disclosure, no surprises and being able to answer any question, no matter how probing about everything your company has ever done will see you through.

Depending on the size of the investment, the round, and the professionalism of the investors, the information you will be asked to provide will vary.

There are three main categories of things investors look for during the due diligence process:

## **MARKET DILIGENCE**

This refers to verifying the claims you and your company have made regarding the industry you are entering. E.g. market size, current competitive players, and industry trends.

## **BUSINESS DILIGENCE**

This refers to business operations including your customers, revenues, expenses and your personal background

## **LEGAL DILIGENCE**

This focuses on your company's structure, documentation and history. This is factual and can be backed up by documents, and lawyers can assist with this side of things.

The Checklist on the right is an extensive list of the types of documents you might be asked for.

# DUE DILIGENCE CHECKLIST



The documents you will need to prepare:

- 1 ☐ INVESTOR PITCH DOCUMENTS
- 2 ☐ INCORPORATION DOCUMENTS
- 3 ☐ MANAGEMENT INFORMATION
- 4 ☐ BOARD OF DIRECTORS INFO
- 5 ☐ INTELLECTUAL PROPERTY DETAILS
- 6 ☐ PRODUCT DEVELOPMENT PLANS
- 7 ☐ PRODUCT & SERVICE DETAILS
- 8 ☐ CUSTOMER & CLIENT PROFILES
- 9 ☐ MATERIAL CONTRACTS
- 10 ☐ FINANCIAL INFORMATION
- 11 ☐ TECHNOLOGY AGREEMENTS
- 12 ☐ OTHER LEGAL INFORMATION

# 10 TIPS & HACKS FOR CLOSING

Closing a round can feel like a never-ending process at times. Here are some ways to speed up the process.

## 1 **ABC- ALWAYS BE CLOSING**

Always be closing means that at the end of every meeting you have to push for a clear understanding of where they stand. How much might they be interested in investing.

## 2 **FACEBOOK RE-TARGETING**

Take all your targets' email addresses and plug them into a Facebook re-targeting ad. This will get you noticed and in to their subconscious.

## 3 **TRACK DECK VIEWS**

Use Foundersuite or Docsend to see who's viewing your deck. Plug any new emails in to your re-targeting.

## 4 **WORK YOUR ADVISORS**

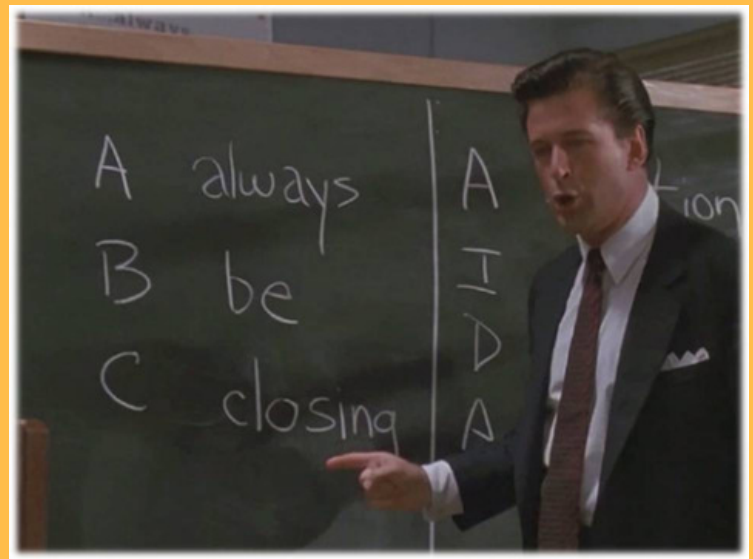
As your round gains momentum, lean on your advisors to "heat up" the deal by calling on the investors you're talking with.

## 5 **SHOW YOUR PASSION**

To get a startup funded you have to be passionate about your company. Don't be afraid to show it. Treat every pitch like it could be 'the one'.

## 6 **HERD THE CATTLE**

Once you start working the competitive leads, you need to start getting word out to ALL of the interested parties, that this deal is getting hot. This is key to continue momentum with the deal and keep your potential leads hot.



## 7 **THE NEED FOR SPEED**

Every communication you have with prospective investors must include a sense of momentum and urgency in the deal process.

## 8 **EXPECT MULTIPLE MEETINGS**

It can take from 3-6 meeting to actually getting a term sheet. More term sheets = more leverage = faster close.

## 9 **FOLLOW UP FREQUENTLY**

It can be very hard to get an actual "no". Keep pushing until you get an answer.

## 10 **HANDSHAKE DEAL PROTOCOL**

Silicon Valley runs on handshake deals. A handshake deal is a verbal commitment to a transaction. This Y Combinator BLOG POST explains.



**CONGRATULATIONS  
YOU SURVIVED, YOU DID IT!  
BUT THE FUN DOESNT STOP  
HERE. IT'S ONLY JUST  
BEGUN!**

NOW IT'S TIME TO BUILD, GROW AND HUSTLE SOME MORE.  
ONWARDS AND UPWARDS!



## **AFTER THE DEAL**

IN THE NEXT THREE CHAPTERS WE WILL SHOW YOU HOW TO:

- 08 WRITE INVESTOR UPDATES**
- 09 PREPARE FOR BOARD MEETINGS**
- 10 RUN A BOARD MEETING**

# 08 WRITE INVESTOR UPDATES

You secured an investor? Go you! Now is not the time to slack off or go quiet. Keeping your investors updated on your progress is very important. Here is a step by step guide to using Foundersuite's **Investor Update Tool**.

## HOW TO WRITE AN INVESTOR UPDATE

Use Foundersuite's Investor Update tool to write an update in 15 minutes or less. Here is what to include and how long to spend on each section.

### 1 ☐ STRING TOGETHER A FEW BULLET POINTS FOR:

☐ COMPANY SUMMARY

☐ RECENT HIGHLIGHTS

☐ WHAT CHALLENGES ARE YOU FACING?

☐ HOW CAN YOUR INVESTOR HELP YOU MOVING FORWARD?

### 2 ☐ ADD YOUR KPIS

### 3 ☐ ADD SOME IMAGES

☐ PRODUCTS

☐ TEAM

### 4 ☐ PREVIEW AND SEND

#### STEP 1: STRING TOGETHER A FEW BULLETS

Just start writing. Scratch out a few simple lines about what's going on with your startup. It doesn't need to be a literary masterpiece, and shorter is almost always better.

I suggest you begin by writing a brief "Company Summary" followed by "Challenges" and then a "How You Can Help" section. These are typically the most important / impactful messages to get across. If you have time later, you can add more, but let's get a first draft done.

#### REMEMBER: BULLET POINTS ARE YOUR FRIENDS!

#### STEP 2: ADD YOUR KPIS

If you use a BI tool or data visualization software, or if you're keeping your metrics in Excel or a Google Sheet, just take a screen shot of the table / graph and add it to your report as an image.

If you use none of these, revert to our friend the bullet point. Just be sure to drop the most important data points that drive your startup.

#### STEP 3: ADD SOME IMAGES

Humans are visual creatures, so spice up your Investor Report with a group photo of the team, or a screen shot of your new product. Or kittens. Investors love kittens. If you don't like kittens, wireframes of products under development are always a good way to "sell the vision."

#### STEP 4: PREVIEW AND SEND

Add your logo and tagline, click Preview to make sure it looks good, and then hit Publish. This will create a unique, permanent URL to share.

Lastly, open up a new email addressed to your investors, copy your report URL into that email, and copy and customize this intro text:

***"Dear investors and advisors, please view our [Progress Report / Company Update / Investor Update] covering the last [month / quarter / year].***

***I look forward to your feedback, comments and suggestions.***

***Sincerely, [your name]."***

**And you're done! On the next page you can see what your shiny new investor update will look like.**





All The News That Fits

## Daily Planet Quarterly Report

1 Apr, 2016 - 25 Jun, 2016

Created on:  
June 25, 2016

Published by:



Clark Kent

Company summary

Financial summary

Monthly Growth

Challenges

Philadelphia Plant

Quarterly Goals

How can you help?

Shout outs and thank  
yous

Signature

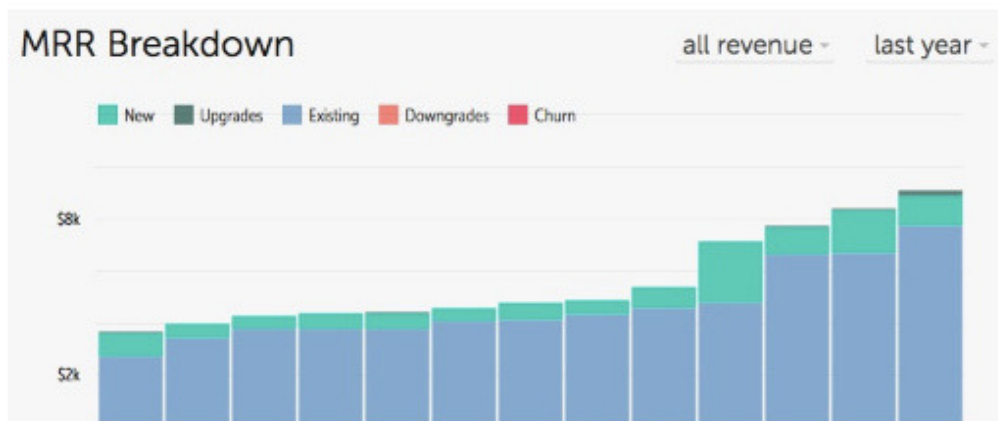
## COMPANY SUMMARY

- We had a good quarter. Highlights include signing three new distribution partners that will broaden our reach into Asia and Latin America.
- Our team nearly doubled in size as we brought on a contract sales force. We expect this team to be fully operational by August.
- On the product side, we are getting ready to launch our Investor Portal and early feedback has been amazing-- stay tuned.

## FINANCIAL SUMMARY

- MRR is around \$80k and we are growing at a fairly consistent 15% per month. When the new sales team ramps up, we aim to increase this to 25% M-O-M.
- Churn has been an issue. Our subscribers tend to be price-sensitive so any dip in the economy impacts our bottom line.
- We have \$2.7m cash in the bank and given our burn rate, we have around 12 months of runway.

## MONTHLY GROWTH



## SUMMARY

In under 15 minutes you can have an awesome, reusable Investor Update template that will increase your fundability and make you look good.

Why are investor updates so important? In the words of Jason Calacanis:



"If your startup isn't sending you monthly updates it's going out of business."

## Don't forget the kittens!



# 09 PREPARE FOR BOARD MEETINGS

As a condition of funding, most investors will take a board seat and require regular board meetings. The board represents the rights and makes decisions on behalf of the shareholders. These duties give them influence over long-term decisions about the company.

## UNDERSTANDING HOW A BOARD OF DIRECTORS WORKS

A board of directors is elected by the stockholders of the enterprise, and its fundamental duty is to oversee the management of the company. The kind of board you need will depend on the type of startup, the stage of its maturity and the number of stockholders.

## THE THREE W'S FOR CHOOSING YOUR BOARD

The decision of who sits on your board is important. A well-structured board will add value to your startup and you should benefit from direct mentorship from them. David S. Rose identifies three qualities you should look for in your board members.

### WEALTH

An investor who might be able to help with fundraising in future rounds.

### WORK

Directors with specific areas of business expertise e.g., business development, networking, recruiting.

### WISDOM

Experienced investors who can provide sage advice from an objective perspective.

## BOARD MEETINGS

For many founders board meetings are a nerve-wracking experience. The goal is to show the board what you have been doing and what progress has been made.

How you prepare in advance will impact the meeting's success. Here are a few steps on how to prepare for your meeting. On the next page, we'll dive into how to run the meeting.

**1** Set up a regular schedule. For early stage companies, growth and change can be rapid so meeting might be every other month or quarterly.

**2** Send a full information package to all board members several days in advance of the meeting. The package should include:

- Current month, quarter, and year-to-date financial reports.
- Updates on key performance indicators (KPIs).
- Slides to be presented at the meeting.

## THE MEETING

On the right is a checklist to prepare for your meeting.

# PREPARING FOR BOARD MEETINGS



**DON'T FEAR BOARD MEETINGS!  
MAKE THE MOST OF THEM BY  
MAKING SURE YOU PREPARED IN  
ADVANCE.**

- 1** ☐ **PICK A MEETING SPACE**
- 2** ☐ **OUTLINE THE PRELIMINARY AGENDA**
- 3** ☐ **SEND PRE-MEETING PACKETS**
- 4** ☐ **PREPARE EXTRA MEETING PACKETS TO BRING WITH YOU**
- 5** ☐ **PREPARE OUTLINE FOR MINUTES**
- 6** ☐ **MENTALLY RUN THROUGH THE MEETING**
- 7** ☐ **DISTRIBUTE BOARD MINUTES TO ATTENDEES**

On the next page we will look at how to run the meeting.



# 09 RUN YOUR MEETING

## BEFORE THE MEETING

Decide who will keep the minutes. Minutes are high-level notes about what was discussed. Many attorneys will do this (often for free).

## CALL THE MEETING TO ORDER

State the time the meeting starts, which should be recorded in the minutes.

State that you have a quorum, and do a roll call listing which Directors are present. Also state anyone else who is present. This should be recorded in the minutes.

Briefly review your agenda slide.

Vote to approve the minutes from the last meeting. Vote on any open issues such as new stock option grants.

## GO THROUGH YOUR SLIDES

I like to start the meeting with a color-coded Management Summary slide showing where we are ahead, neutral, and behind plan.

**NEXT:** Go through the recent quarter's highlights. You should have one slide each covering Product, Sales & Marketing, Team, Finance and Metrics. Include other core topics as needed.

**NEXT:** Cover your 90 Day Plan. This should be high-level and should just include 2-3 priorities per quarter.

**NEXT:** Cover Strategic Discussion topics. These are usually big, impactful things you need to decide upon, such as a new fundraise, a business model pivot, an acquisition, etc.

**NEXT:** Cover Official Board Business including resolutions and items needing board approval, such as the minutes from the last board meeting. Other common items needing approval include the 409a valuation, stock option grants, etc.

State that the board was previously provided the proposed Board resolutions, then briefly discuss, then ask: "does anyone wish to make a motion to approve?" (someone motions to approve), then "do we have a second (someone seconds), all who wish to approve (they approve). Done

Set next board meeting date if needed.

State if there are no further business to come before the Board, the meeting is adjourned.

## CONCLUDE THE MEETING

State and record the time in the minutes.

## Agenda

1. Official Board Business Approve Minutes From Last Meeting	5 mins
2. Management Summary	30 mins
3. Metrics and Financials	
4. Marketing & Sales	10 mins
5. Hiring	10 mins
6. 90 Day Plan	10 mins
7. Strategic Discussion	10 mins
	15 mins



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## Management Summary

Category	Performance	Notes
Product Dev	Exceeding	Launched new product (FM) and new versions (CRM)
Marketing	Exceeding	Laid groundwork for Q2 sales campaigns + content marketing
Hiring	Exceeding	Solid SF + PL team in place & "in the groove"
BD / Partnerships	Average	Been laying low waiting for new products
Finances	Poor	Burning cash; just now starting "real" sales effort



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## 90 Day Plan

### Key Focus Areas:

1. Crank up outbound sales engine (20k+ targets)
2. Release new Investor Update product + continue to improve Investor CRM
3. Get ready for next funding round



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