



# Funding Essentials

Fueling how you change the world



**New Ventures BC**



## OUR MISSION

Change the  
world through  
innovation.



FOR THE  
PLANET

Certified



Corporation







Vancouver  
Campbell River  
Seattle  
Calgary  
Edmonton  
Whitehorse  
Powell River  
Toronto

San Salvador  
Tegucigalpa  
Managua  
San Jose  
Lima  
San Diego

Piura  
Lagos  
Port Harcourt  
Zurich  
Belgrade

Novi Sad  
Sarajevo  
Skopje  
Madrid  
Tirana

Manila  
Hong Kong  
Seol  
Da Nang  
Ho Chi Minh  
Vanuatu

Hanoi  
Phnom Penh  
Singapore  
Bangkok  
Jakarta  
Fiji

80

80+ Global  
Communities

100

100+ Ecosystem  
Players Supported

25

\$25+ Million  
Raised

750

750+ Alumni  
Trained

500

500+ Companies  
Supported



# Agenda for today

- How do I...?
- Goals
- Capital Raising overview
- Different types of funding
- Wrap up & next steps





# The first steps to Starting Your Round

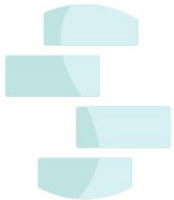


# How to get started



## 10 steps to a strong start

1. Set goals for the round
  - a. Amount, by when, ideal investors
2. Define the ideal investor and identify targets
  - a. AngelList, CrunchBase, Gust, LinkedIn
3. Select a lawyer with experience with funding rounds
  - a. You wouldn't get a painter to fix your car



# How to get started



4. Build your 3-5 year forecast
  - Ideally **3 scenarios**: Base, best, and worst
5. Start your Due Diligence folder
  - Dropbox or Google Drive
6. Ask the lawyer to create the draft financing docs
  - Start with the financing docs, then the term sheet



# How to get started

## 10 steps to a strong start

### 7. Build your pitch deck

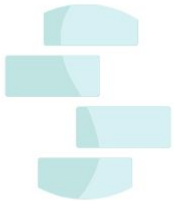
- Get it reviewed (at least 3-4 people)

### 8. Identify ways to get warm intros to key investors

### 9. Practice your pitch on others first

### 10. Start to reach out!

- Warm intros & do your homework on them



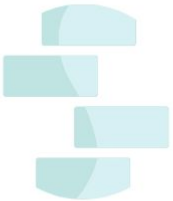


# Goal Setting



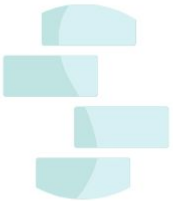
# The importance of goals

- Raising capital is a full-time job
  - But not *all* the time
- It needs to be done efficiently
- Goals help you achieve the right round



# Key goals to define

- Who is your ideal investor?
- How much do you want to raise?
  - Minimum, Target, Maximum
- What kind of money?
  - Grants, loans
  - Crowdfunding
  - Friends & Family
  - Angel investors
- When do you want the money in the bank?





Questions?



# Laying the Foundation



# Look at All Types of Funding Equally

You

Friends & Family

Revenue

Grants

Loans

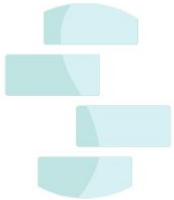
Equity

Equity Crowdfunding

**EVERYTHING IN MODERATION.  
EXCEPT CHOCOLATE.**

*Except Chocolate by Spot\_Of\_Tees*

**Zazzle**



# Time to Close

Time (in weeks)

2-6

4-26

4-16

12-26

16-52

You +  
Friends & Family

Revenue

Grants &  
Loans

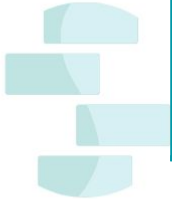
Crowdfunding &  
Equity  
Crowdfunding

Equity



# Landscape of Paperwork

|                     | Common    | Convertible Notes                        | SAFE Agreement                     | Preferred                 |
|---------------------|-----------|--|------------------------------------|---------------------------|
| Set Price           | Yes       | Discount + Cap                           | Can have caps                      | Discount                  |
| Shares              | Yes       | Debt at first Not up front               | Quasi - equity at first            | Yes, with preferred terms |
| Preferred Treatment | Valuation | Interest, on sale, future financing, cap | Convert to pref., no timeline, cap | On sale, future financing |





Questions?

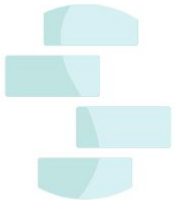




# Ideal Investors

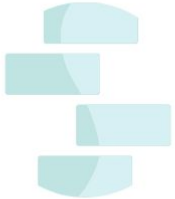
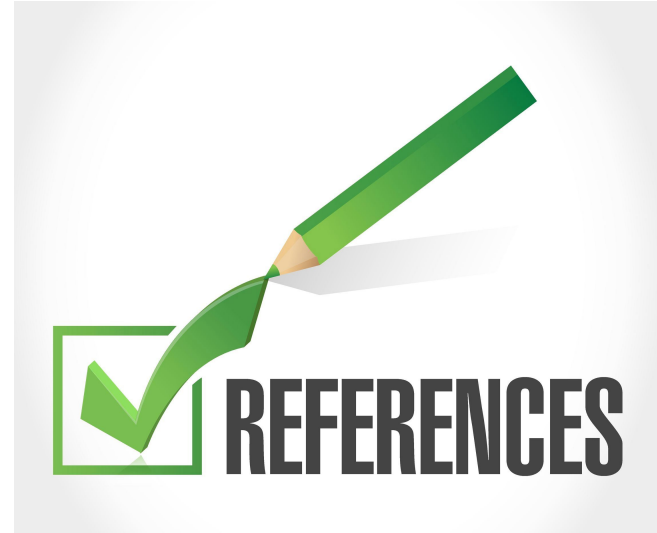
# Ideal Investor: Universal Truths

1. Industry
2. Business Model
3. The right network (investors, customers)
4. Has geographic relevance
5. Return and/or exit aligned
6. Focus on impact



# Ideal Investor for You

- Aligned values
- Easy to work with
- A long-term partner



# Where to Find Them

- **What** they've invested in:
  - industry, business model
- **Who** they've invested in:
  - Other CEOs and investors

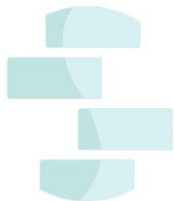
 **AngelList**

**gust** 

**Linked in**

**cb**

 **NACO**  
National Angel  
Capital Organization



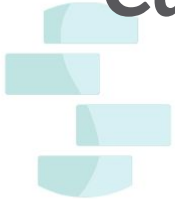


## Key Questions: Early Stage Investing

When will I get my money back?

Why else am I doing this?

*Can I trust you & your team with my money?*





# Questions



# Managing the Funnel

# Managing the Funnel

1. Initial Call / Meeting



2. Interested? (10%)



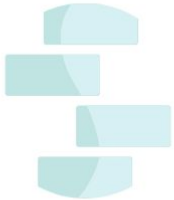
3. Follow-up Meeting (25%)



4. Due Diligence Commences



5. You Verbally Commit (50%)



# The Funnel

6. Additional due diligence



7. Reviewing paperwork (60%)



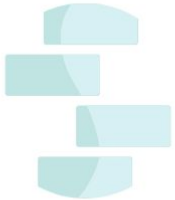
8. Negotiation (70%)



9. Signed paperwork (90%)



10. Money clears the bank!! (100%)







# Getting Out There

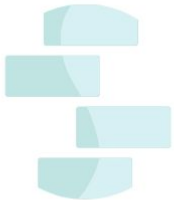
# Getting to Them: Prerequisite Checklist

- Know the state of your business
  - Metrics, Wins
  - Financing paperwork
- Pitch deck ready and tested
- Due Diligence
  - Folder Ready
  - Financials - drafted/built and understood
- Team
  - core team in place, profiles in all the right places
- Progress
  - Plan Ahead



# Meeting investors

- CEOs they have invested in
  - 2nd/3rd meeting
- Fellow investors
- Stalking on LinkedIn, events
- Asking for advice first
  - Only for been there / done that investors
- Being very precise on fit
- Running it like a sales process
  - Minimum 3 attempts





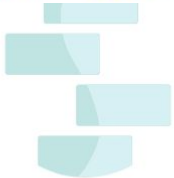
# Tips & Tricks

# Sample Due Diligence Process

## Sample Due Diligence Process

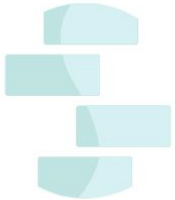


Source: Invested Development, 2013.

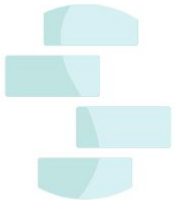




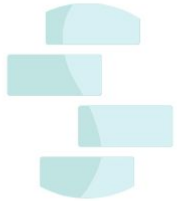
# Know your audience



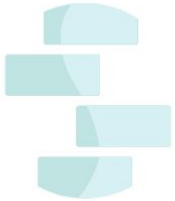
You drive the bus



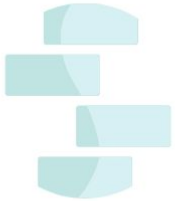
**Monthly updates increase success rates**



# Remember, life happens



# Relationships rule







# Crowdfunding

# Crowdfunding: Increasing alternatives

## Impact Analysis of COVID-19

### Consumer Discretionary

The Consumer Discretionary sector will see **NEGATIVE** impact due to COVID-19 outbreak and is expected to register a low growth rate compared to the global GDP growth



IMPACT

### Market Impact

This market will have **NEGATIVE IMPACT** due to the spread of COVID-19

Pandemic Impact on Market



INDIRECT

## Global Crowdfunding Market 2020-2024

Market growth will **ACCELERATE** at a CAGR of almost

**18%**



Incremental growth



**USD 124.35 bn**

Growth for 2020

**17.11%**

IMPACT



Market growth in 2020 likely to **INCREASE** compared to 2019

Expected time by when the impact on market will normalize



**Q3-2021** [Best Case]



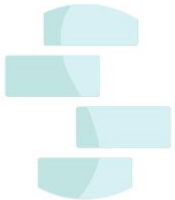
**Q1-2022** [Worst Case]



Market estimates to be revisited and updated in Q3-2020, based on the revaluation of the impact as the pandemic spread plateaus. The update will be available free of cost to all customers.

# Crowdfunding

- Why?
  - Marketing pre-launch!!
- Physical product component
- You have a well established community
- You have a budget to spend



# Equity Crowdfunding

## Why?

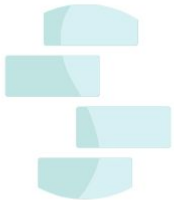
- Marketing & brand BEFORE funding

## Good when:

- Investors can easily relate
  - B-to-C, Finance
- You have a well established community
- You have a budget to spend

## Caveats

- Varied investor types, perception impact



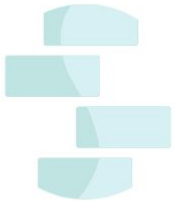
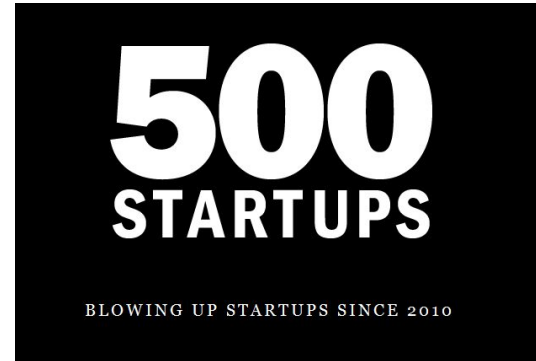




# Surrogate - Accelerators



# Accelerators to catalyze a round





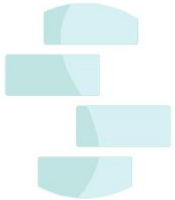
Questions?

A close-up photograph of a baby with light brown hair and a determined, slightly grumpy expression. The baby is wearing a green long-sleeved shirt with a white collar. They are holding a fistful of sand in their right hand. The background is a blurred beach scene with sand and waves.

***I can do it!***

# What's Next?

- Spring Funding Roundtables - June, September
- Fall Impact Investor Challenge: \$100K investment!

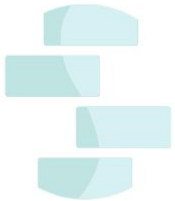


# Connect With Us

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# Building your Pitch Deck





# Overall: 10-20 Slides

- Title Slide
- Company Tagline
- Problem/Opportunity
- Market
- Market Validation
- Market Size
- Solution
- Product
- Competition
- Business Model
- Traction
- Team
- The Ask

## Bonus Slides: After the Thank You

- Financial summary
- 1-2 additional finance slides
- Metrics
- 1-2 additional slides on competition
- Why?
  - Why are you doing this?
- Why Now?
  - If you are in a new space, or have lots of competition, or
  - If people are used to an old way of doing things

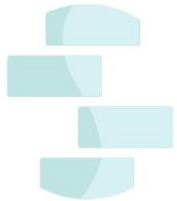
# Two Great Pitch Deck Examples



<http://www.slideshare.net/pitchenvy/square-pitch-deck>

























<http://www.slideshare.net/500startups/launchrock>

# Competitive Landscape



# Matrix Approach

## Competitive Landscape

|         | A   | B  | C   | Company   |
|---------|---|--|---|---|
| Feature |  |  |  |  |
| Feature |  |  |  |  |
| Feature |  |  |  |  |
| Feature |  |  |  |  |
| Feature |  |  |  |  |
| Feature |  |  |  |  |

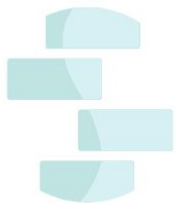
# Quadrant

- Map out competitors based on their brand positioning or key benefits. Your business should be positioned in a clear whitespace, i.e.:





# Are you Really Different?



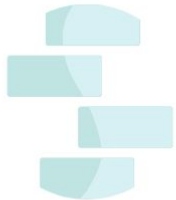
# Sustained Competitive Advantage



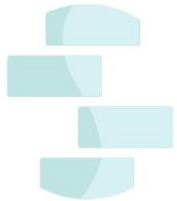
## **The goal**

To show that you will continue to increase your competitive advantage over time

# Traction / Progress

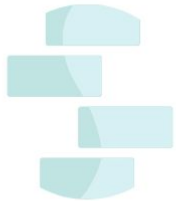


**This is the biggest impact on speed of  
due diligence and round success.**



# Traction

- Decide now how you are going to frame traction
- What are your key metrics?
- How are they evolving?
  - Sales, users, product development, marketing, PR,



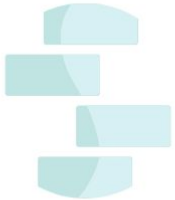
team

# Show

Are you learning?

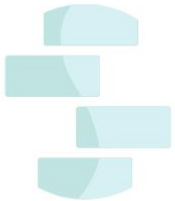
What are you learning?

How are you adapting?





# Financial Forecast



# Financial Forecast

- Shows you are smart and understand how it COULD grow
- You understand the levers
- You understand the risks, opportunities, and how to respond to either

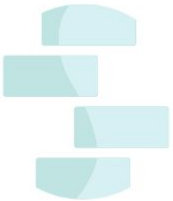


# Need to have

Base Case

Worst Case

Aggressive Case



# Exercise 5: Draft Monthly Update

[Template](#)



# Landscape of Paperwork

|                     | Common    | Convertible Notes                   | SAFE Agreement                | Preferred                 |
|---------------------|-----------|-------------------------------------|-------------------------------|---------------------------|
| Set Price           | Yes       | Discount + Cap                      | Can have caps                 | Discount                  |
| Shares              | Yes       | Not up front                        | Debt                          | Yes, with preferred terms |
| Preferred Treatment | Valuation | Interest, on sale, future financing | Convert to pref., no timeline | On sale, future financing |





# Grants & Loans

# Grants

## Pros

- No dilution
- Link to specific projects and opportunities

## Cons

- Time & effort to apply
- Reporting and overhead
- Repayment?
- Covenants including guarantees, etc.



NRC Industrial Research Assistance Program Programme d'aide à la recherche industrielle du CNRC



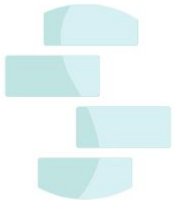
# Loans: Pros & Cons

## Pros

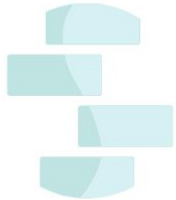
- No dilution
- Can be viewed favourably by investors
- Can help secure grants
- Great pre-launch (small), and once you are cash flow positive

## Cons

- Repayment
- Collateral?
- Debt-to-equity ratio
- Death for a Pivot



# Loans



# Tips

- Consider
  - Pre-launch (loans up to \$60K)
  - When you are profitable and growing
- Have a real Business Plan ready(Futurpreneur)
- Have a 3-5 year forecast (Futurpreneur)
  - Ideally minimum two scenarios

