

# How to turn startup ideas into reality by taking money from strangers



# Our speed date agenda

- The anatomy of the first date
- Love will tear us apart - sing-a-long to Joy Division in the four steps of the 12 minute speed dating waltz
- Getting to 'Yes'
- Lessons from the man who invested \$200k in Google day one...



Emotional!



Rational!



Financial!

· LOVE WILL TEAR US APART ·



## Personal Scoreboard

- Lifetime takings £35.1m
- Lifetime 'failed bids' £15.25m
- Win ratio 70% (Rafa at Chelsea 52%, Evil Lord Ferg 60%)
- Biggest fund raising single deal £11m
- Toughest deals £25k cash from my mum & dad...and £100k PG from my wife
- Most stressful deal £750k needed by midnight...secured at 11.40pm
- Emptied the pockets of friends, family & orphans, angels, vulture capitalists, private equity, pension fund managers, TSB...and a drug dealer
- No time for Dragon's Den or Alan Sugar but love *The Midwife*

Burnley 1 0 Man Utd			
12	JENSEN	FOSTER	12
8	GUDJONSSON	EVRA	3
5	CARLISLE	NEVILLE	2
30	THOMPSON	BERBATOV	9
33	EAGLES	VALENCIA	25
11	ELLIOTT	ROONEY	10
14	MEARS	GIGGS	11
16	MCCANN	J S PARK	13
20	BLAKE	CARRICK	16
21	BIKEY	O'SHEA	22
23	JORDAN	EVANS	23
90:00		BARCLAYS PREMIER LEAGUE	



Pain

No. Slides

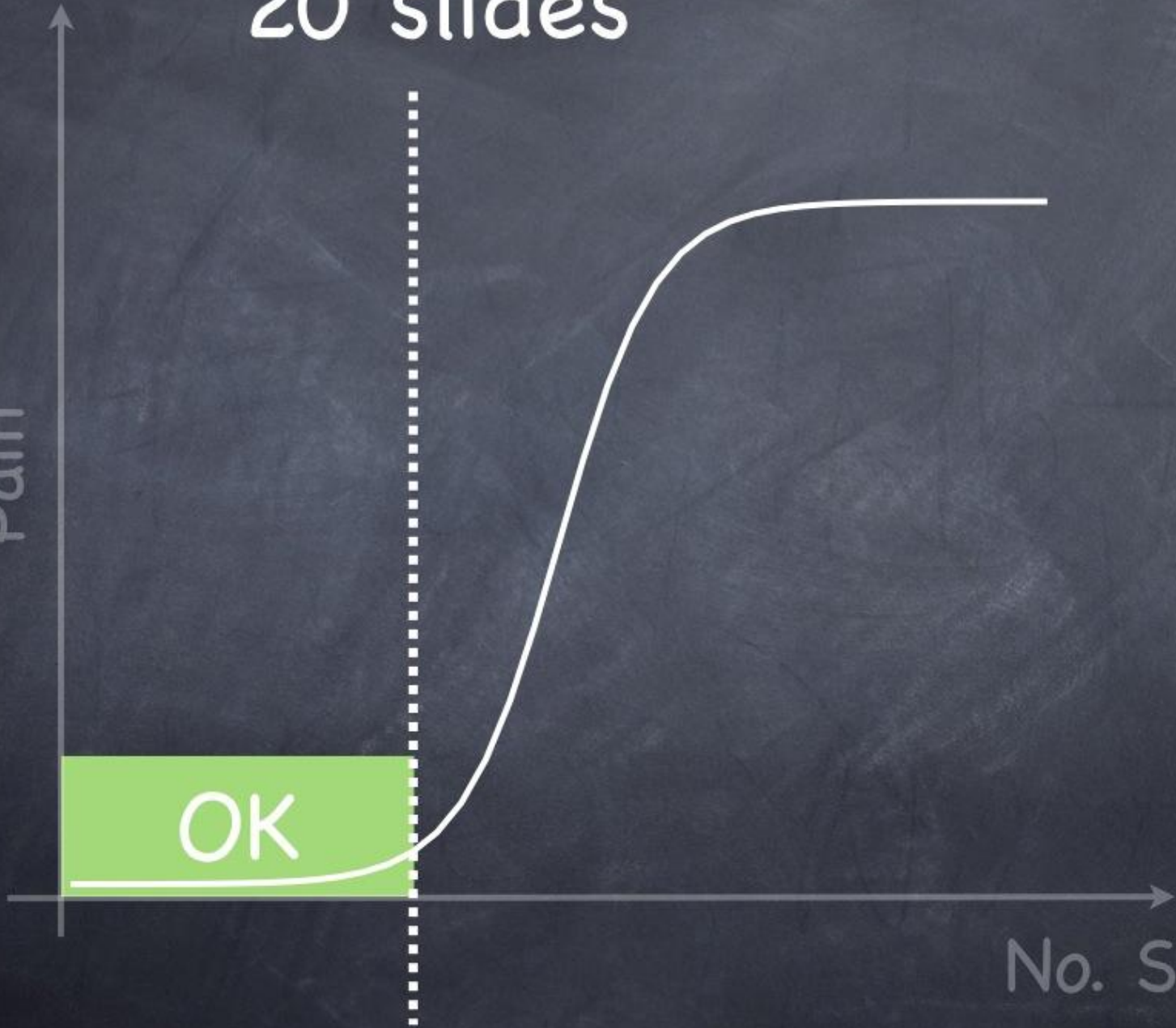


20 slides

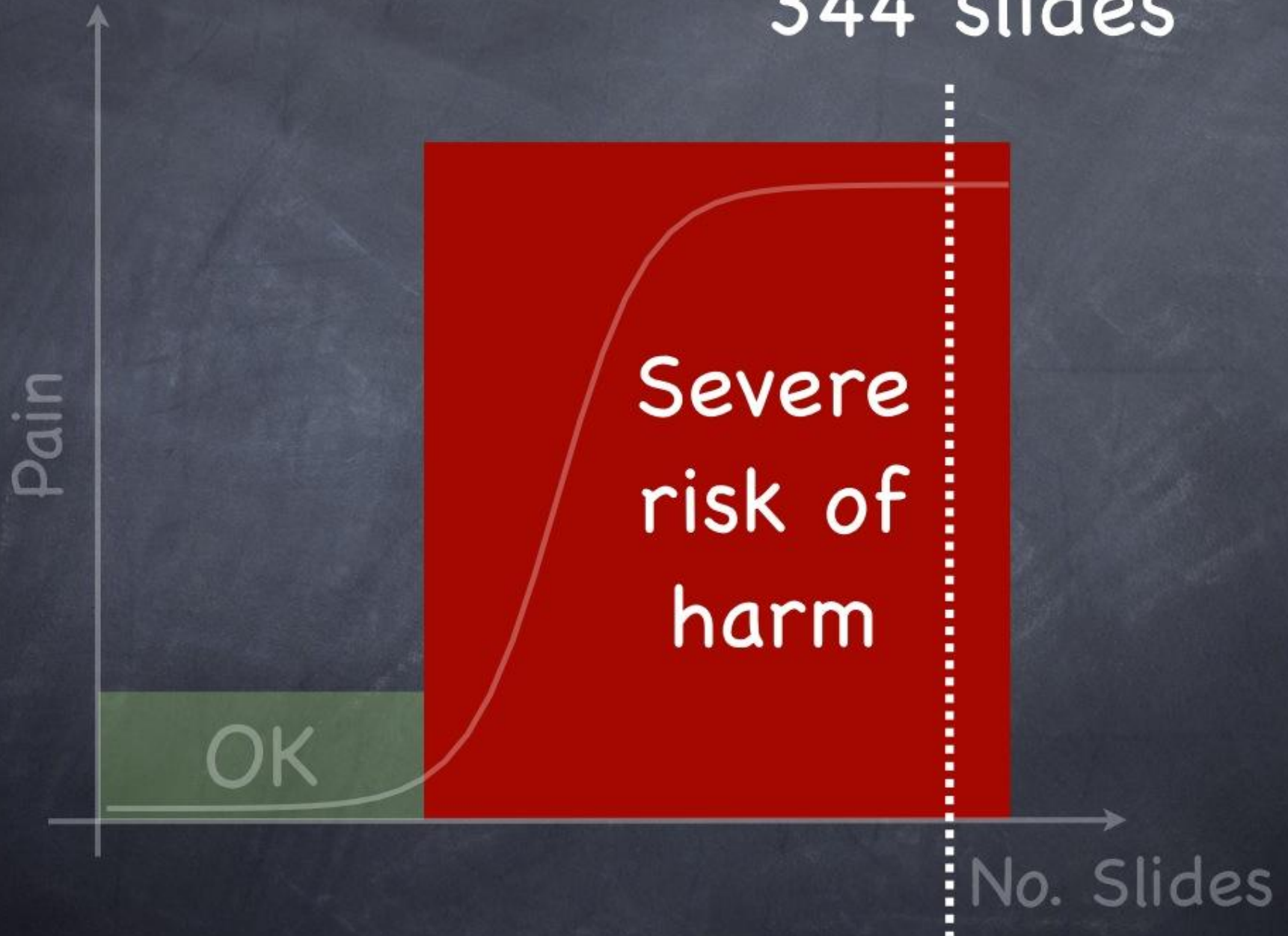
Pain

OK

No. Slides



344 slides



next **big** thing  
We are the

we only need

**1%**

of the market

**Revenues**

are from contextual ads

We are in talks with

**industry leaders**

We have **proprietary** technology  
Someone will buy us out

Our research indicates that we have  
**no competitors**



Advance Praise for **THE LEAN STARTUP**

"The book is a brilliant primer for entrepreneurs, and the more you do, the more you will learn. It is a must-read for anyone who wants to start a business or improve an existing one. It is a must-read for anyone who wants to start a business or improve an existing one."

—*author of Entrepreneur Magazine, Success Inc., and others*

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Entrepreneur

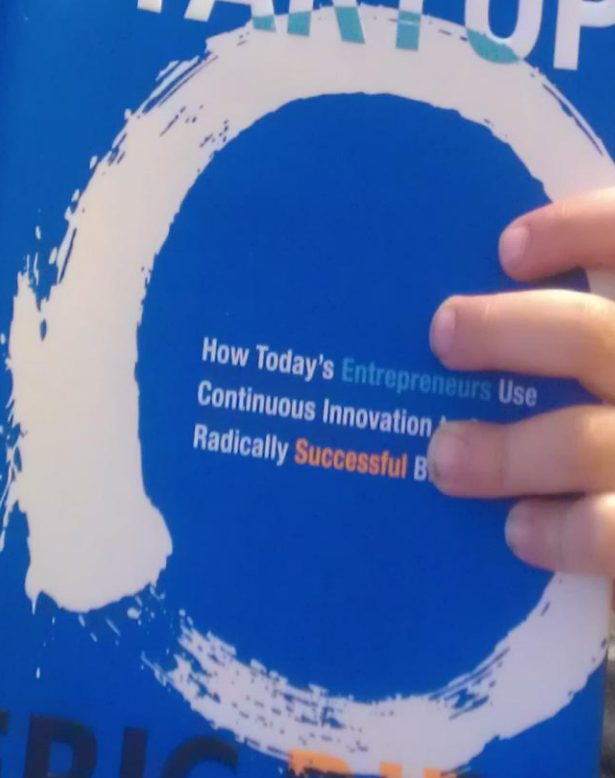
U.S. \$24.95 / £10.99 CAN

ISBN 978-0-13-035296-5



THE LEAN STARTUP ERIC RIES

# THE LEAN STARTUP



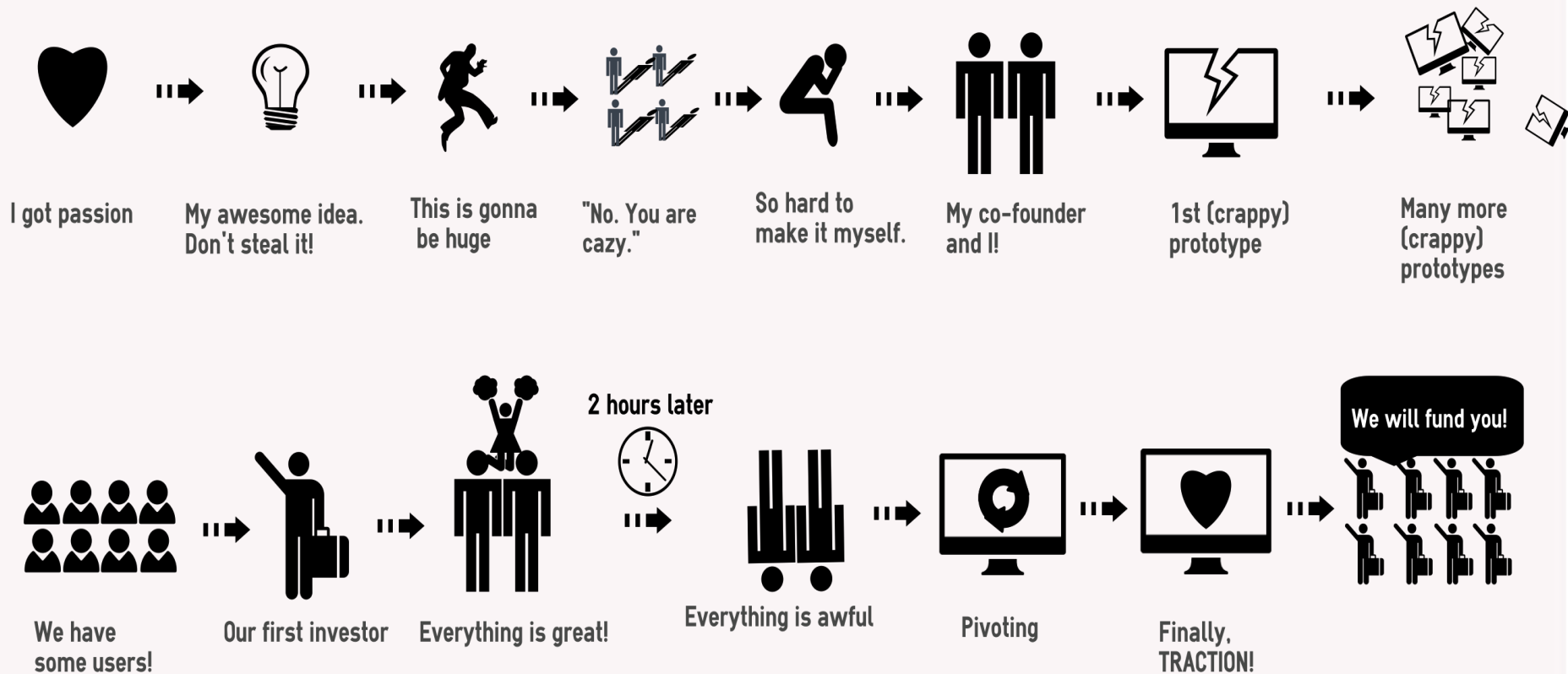
How Today's **Entrepreneurs** Use  
Continuous Innovation to  
Radically **Successful** Businesses

ERIC RIES



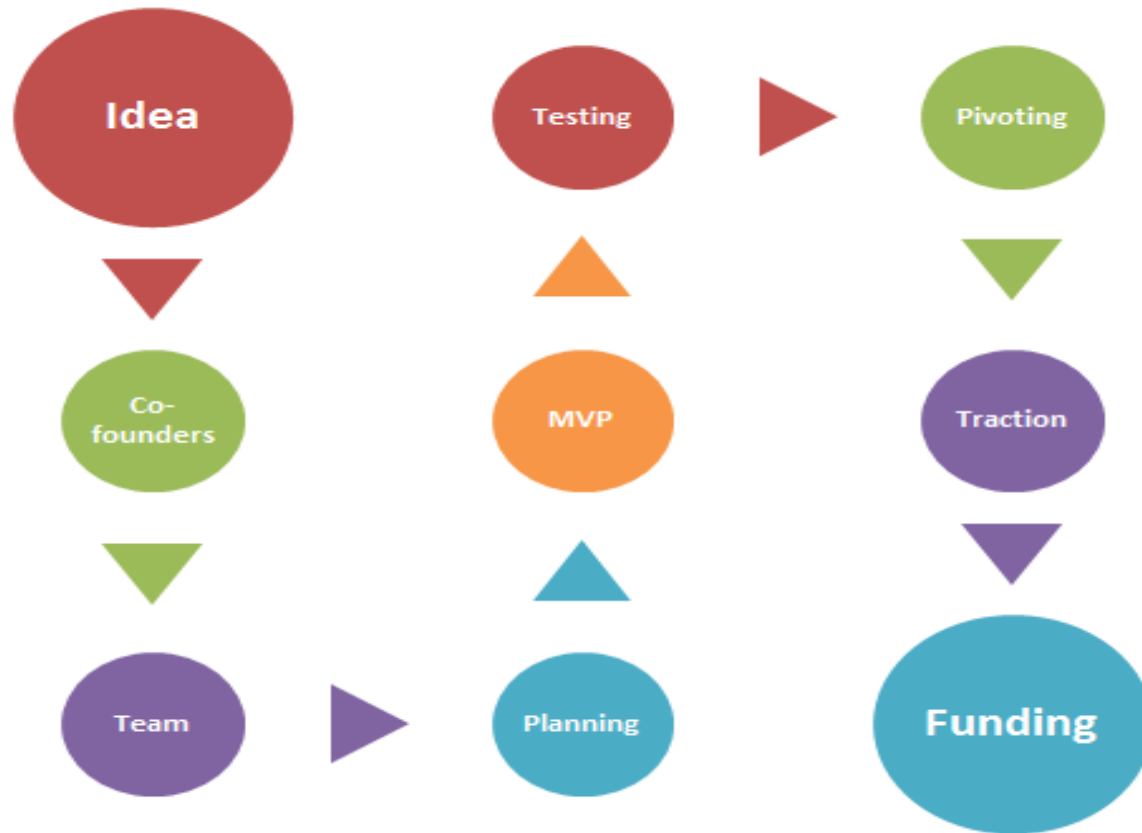
# LIFE

## OF A STARTUP



# BUSINESS-PLAN







The background of the slide is a dark green field with a hand-drawn yellow soccer field diagram. The diagram includes a central circle, two large curved arrows forming a loop, and various yellow 'X' and 'O' marks representing players. The text 'WHEN SHOULD A STARTUP PIVOT?' is written in a bold, yellow, distressed font across the center of the field.

**WHEN SHOULD A  
STARTUP PIVOT?**

# Other People's Money

Fundamentally Changes Everything

## The Startup/Investor paradox

It's a dislocated dance at the start of the first date

Entrepreneurs

Getting to

YES

Investor

Getting to

NO



# Finding the right match

## Speed dating criteria of both parties



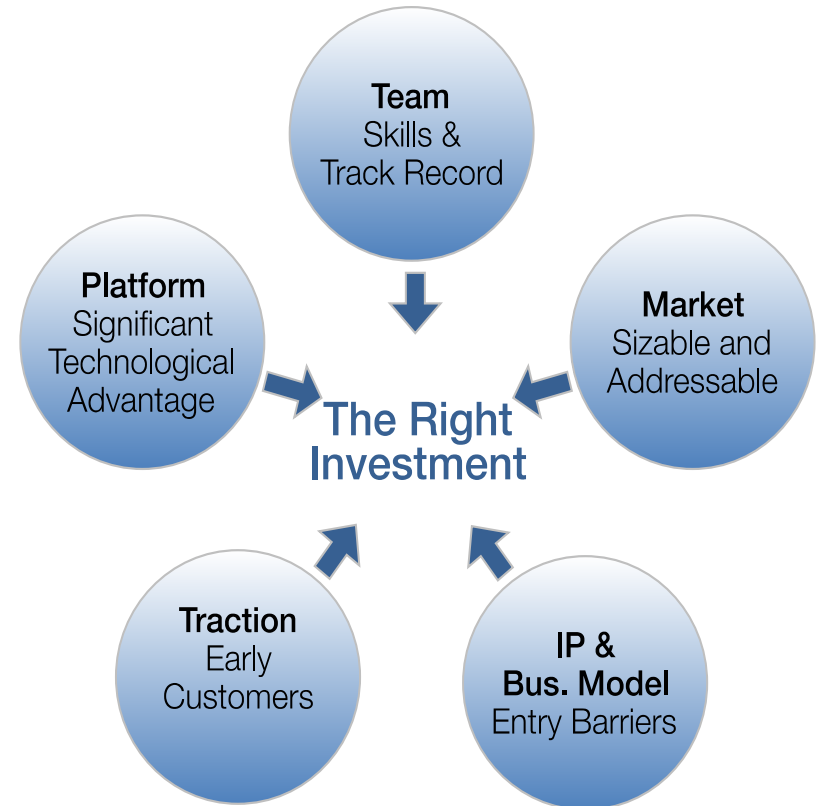
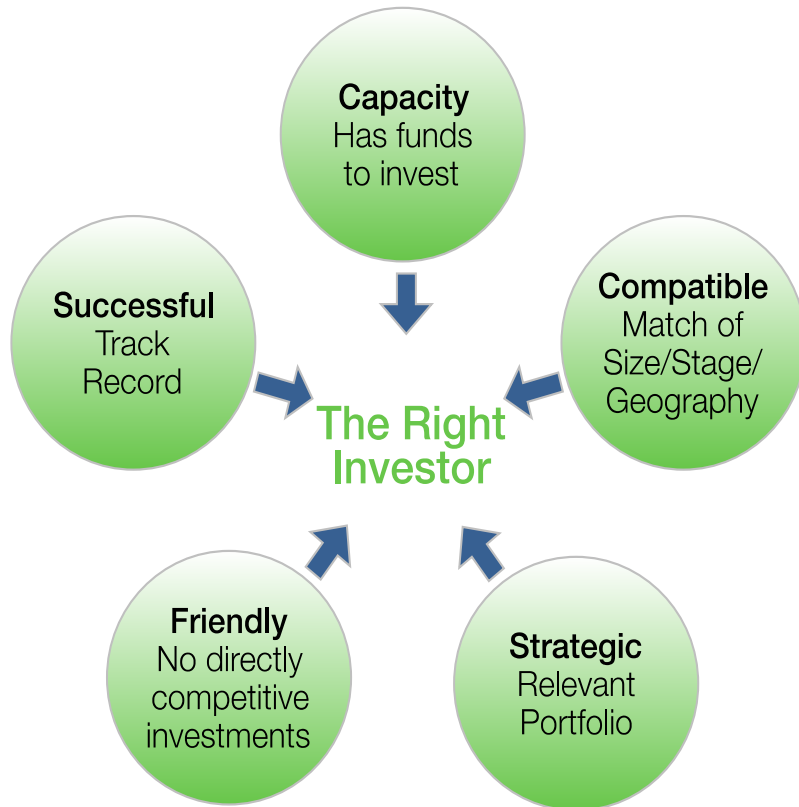
Emotional!



Rational!



Financial!



Entrepreneurs **want...**

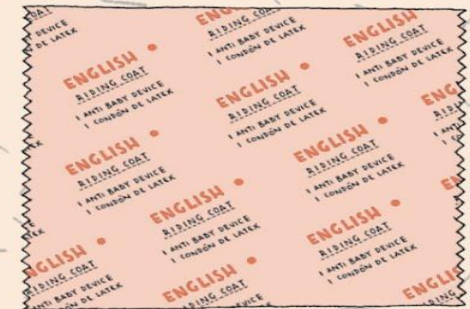
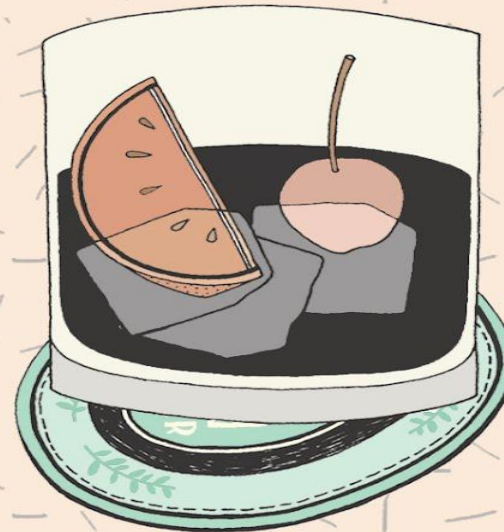
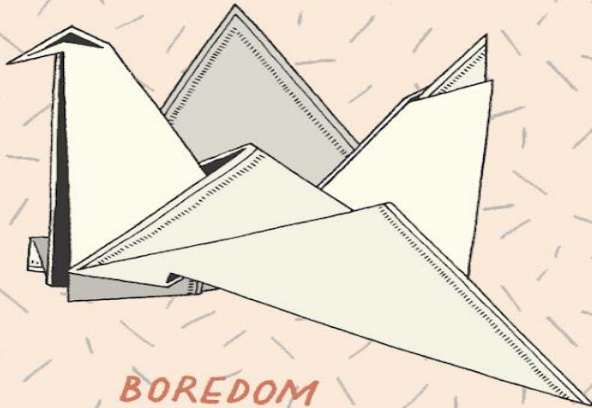
Investors **want...**



EMBELLISHED  
TRUTH

ESCAPE  
PLAN

HALITOSIS



UNREALISTIC  
EXPECTATIONS

DUTCH  
COURAGE

ANATOMY OF A FIRST DATE

























## Investor Connectivity

One hundred start-up investors were asked why they didn't put funds in....



68%

14%

9%

5%

3%

1%

## Investor Connectivity

One hundred start-up investors were asked why they didn't put funds in....



- 68% Indifferent first meeting
- 14% Not convinced with product / service
- 9% No follow up by the start-up
- 5% Had other options
- 3% Can't remember
- 1% Changed job

# What Do Lousy Pitches Cost?



600

pitches

30

due diligence

8

term sheets

2

funded

Death Zone







# Components of the investor pitch

**#1**

Real  
Problem



**#3**

Unique  
Advantage



**#2**

Attractive  
Market



**#4**

Compelling  
Investment



# You don't get a second chance to make a first impression

## 12 minutes to get a date

### #1

Real  
Problem

### #2

Attractive  
Market

### #3

Unique  
Advantage

### #4

Compelling  
Investment

Start

End

(3 min)

(4 min)

(3 min)

(2 min)



So What? Focus on a real problem that matters

#1

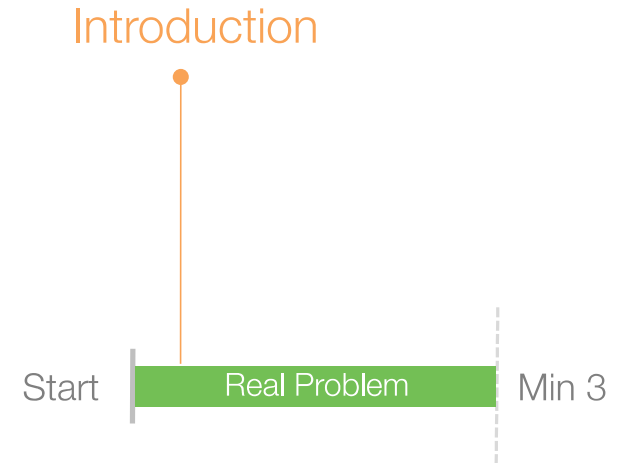
Real  
Problem



## Create an immediate impact

*Who we are and our solution*

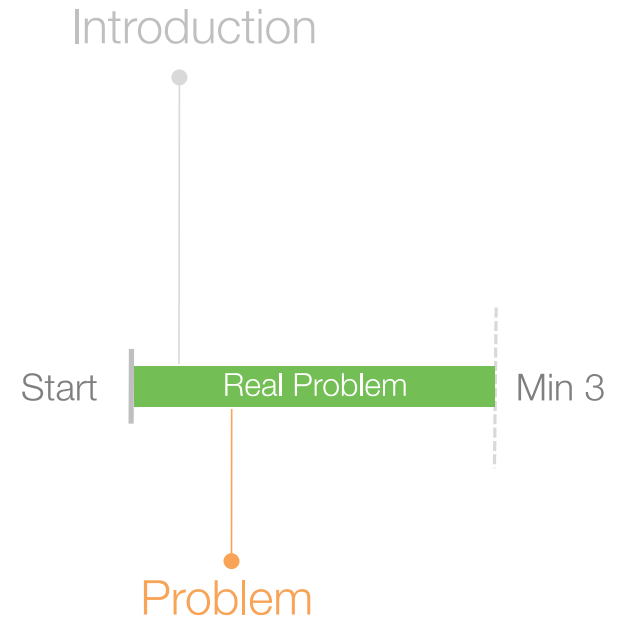
- Core value proposition in a single sentence
- Unique benefits (the big idea)
- Story - a hook (why you should buy from us)
- Ambition -we can change the market because...
- **Your point is: We're fixing THIS**



## Define the problem

*Paint a picture of who we are helping*

- Current customer options
- What has changed in the customer's mind
- Who else is in this market
- Story - picture this...
- **Your point is: This is a real PAIN... not just a 'nice to have'**

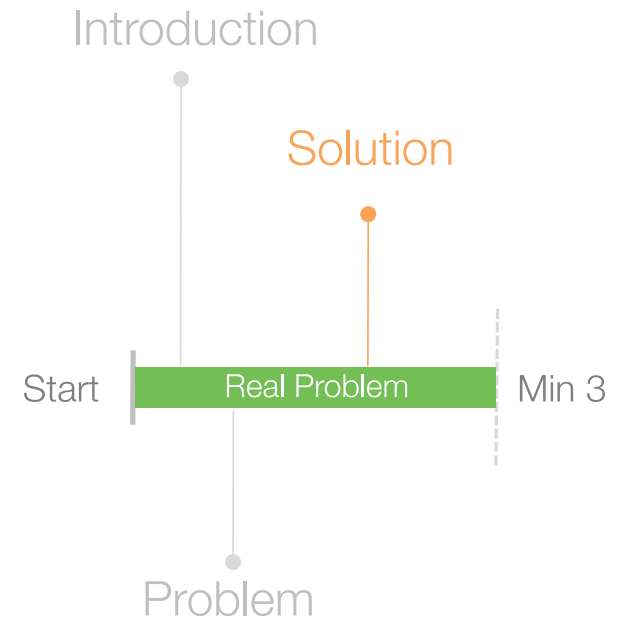




## Our solution to the rescue

*Describe what you do and how you do it*

- Product - what is it? (screen shots, photos)
- Features (functionality)
- Benefits (the high level value)
- Impact
- Evidence (story)
- Market fit (where do you play?)
- **Your point is: ‘I get it!’ our product is novel and easy to understand**

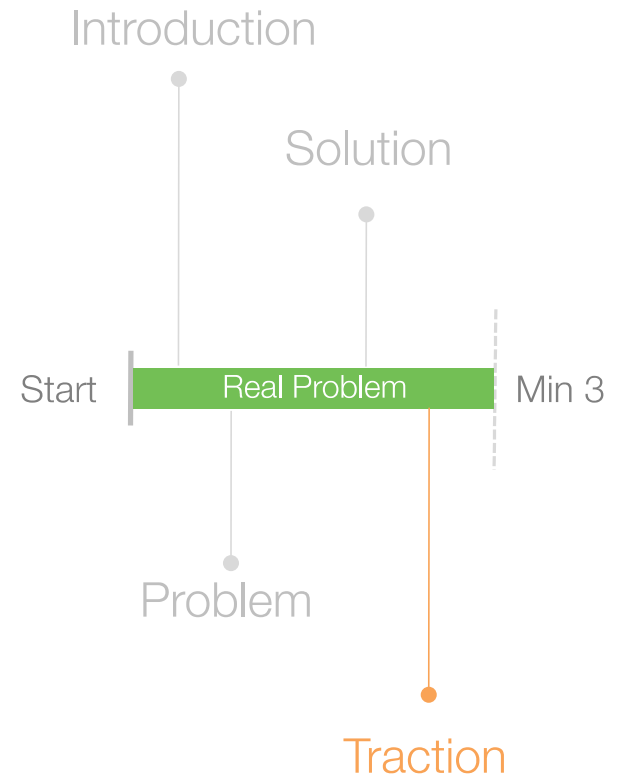


## Current status

*What's been achieved to date?*

- Show your ability to succeed
- Your story...in the beginning
- Product releases, beta users
- Story - paying customers, technology...
- Patents

- **Your point is: We've got this far on little £, we can execute**



Opportunity is out there

Lots of room in the market to scale a business

# #2

## Attractive Market





## The addressable market

*It's big and we can get to it*

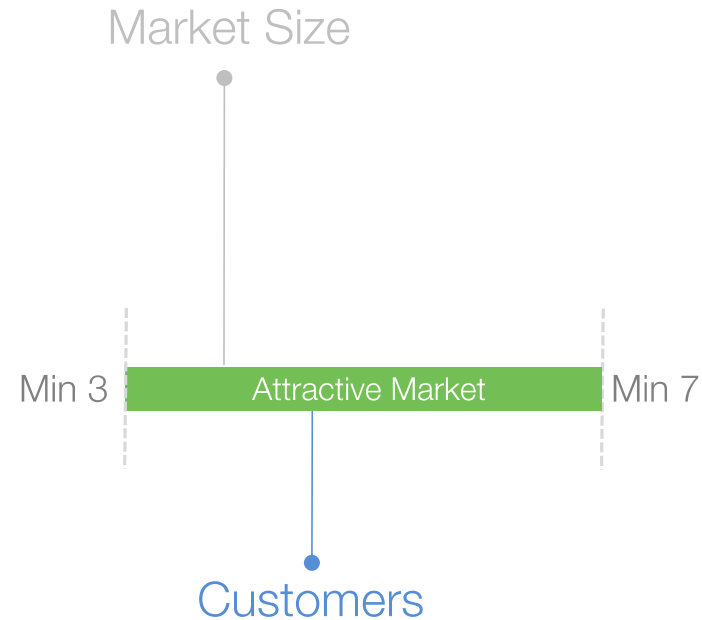
- Size- current market spend
- Trends, segments, global (use charts)
- Research - third party evidence
- Addressability (what's a reasonable slice for us and why?)
- Thought leadership - story to show your thinking
- **Your point is: We've got unique insight into this market**



## Early customers

*Nothing happens until somebody sells*

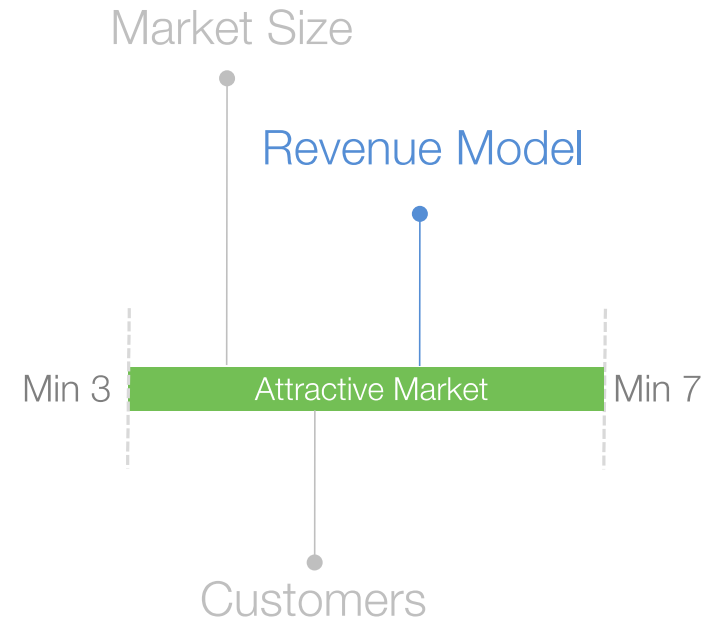
- What does a customer look like?
- Current status - paying, trials, prospects
- Why did they buy?
- Customer quotes (the story)
- **Your point is: We have buyers who want our product**



## Getting revenue

*Where does growth & profit come from?*

- Key Metrics - price points, cost to acquire
- Run rate - avg.deal, churn, LTV
- Channels - how to reach, and costs
- Competition
- Story - sustainability of your model, impact of price pressure
- **Your point is: We've validated our revenue model and the 'what ifs' and know how to scale the business**

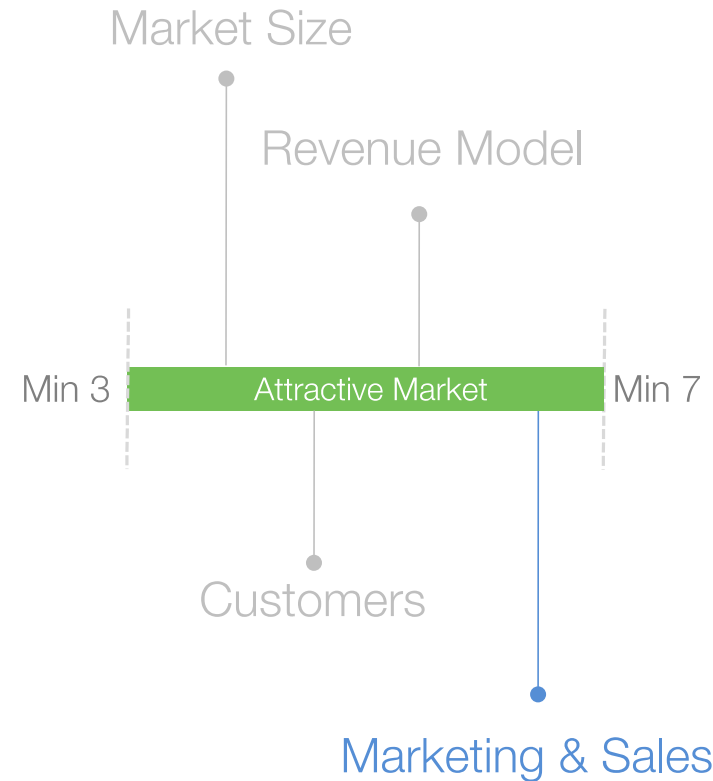




## Customer acquisition

*Proof there is a market for your product*

- Market testing
- Story - why do customers buy from you?
- Sales Models
- Monday to Friday marketing & lead gen
- Systems (CRM)
- **Your point is: We have systems and resources to find, win and keep customers and thus PIVOT from launch to growth to maturity**



We are in a great position to win this market

Many of the essential pieces are in place

#3

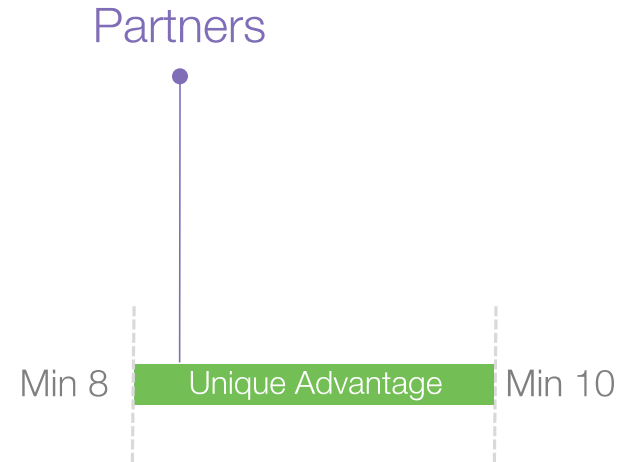
Unique  
Advantage



## Partners

*Leveraging to punch above your weight*

- Who, their reputation & their role
- Executive sponsorship
- Financial incentives & relationship
- Long-term vision (the story)
- **Your point is: important market players want to work with us**

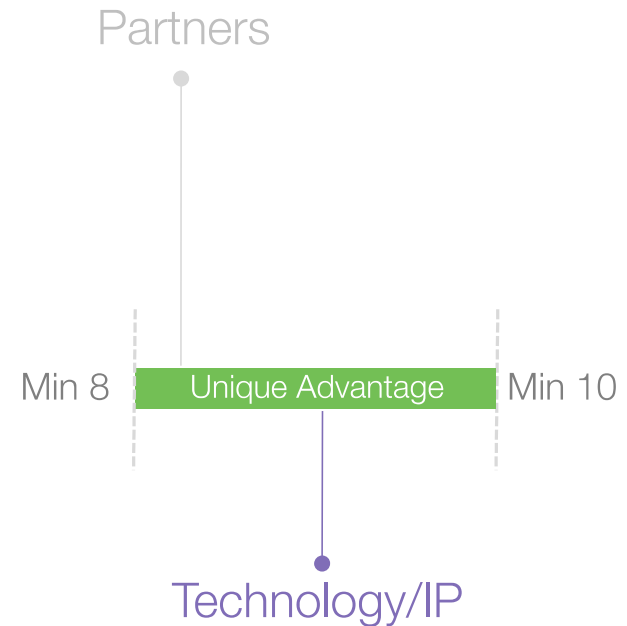




## Technology & IP

*Creating barriers to entry*

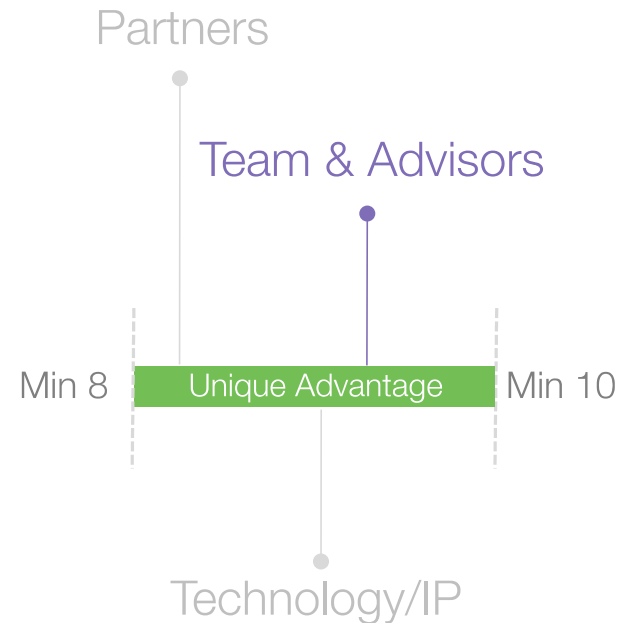
- Technology advantage and leverage
- Technology innovation (market lead)
- Technology risk management
- IP & Patents (story)
- **Your point is: We've nailed a problem that is hard to solve, we have a head start and it will be tough for others to catch us**



## Team & Advisors

*Capabilities to execute the plan*

- Pedigree of team members
- Future hires
- Why they are in our team (stories)
- Non-exec directors/advisors
- **Your point is: We've got a good mix of people who understand the dynamics of our marketplace and our target customers, and have medals and scars to get us to where we want to be**



Taking money from strangers

Presenting the offer - what's in it for them?

#4

Compelling  
Investment

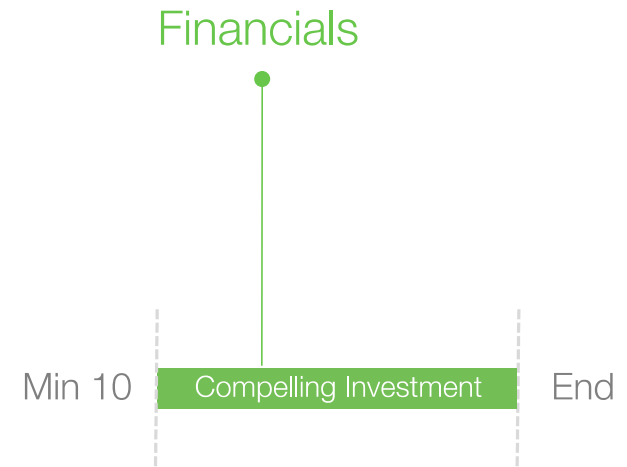




# How we will make you money

## *Making the till ring*

- Money is the applause from customers
- Key numbers - sales, overheads, EBITDA
- Financial drivers - customers, spend, etc.
- Cash flow - burn rate
- Story - scenarios - what if? Best case - Worst case
- **Your point is: This opportunity offers a superior return to investors**



# MY KIND OF DATING SHOW.

$$\sum_{n=1}^{\infty} x^n$$

[2]

$$\sum_{n=1}^{\infty} \frac{(-1)^n x^{2n+1}}{2n+1}$$

[1]

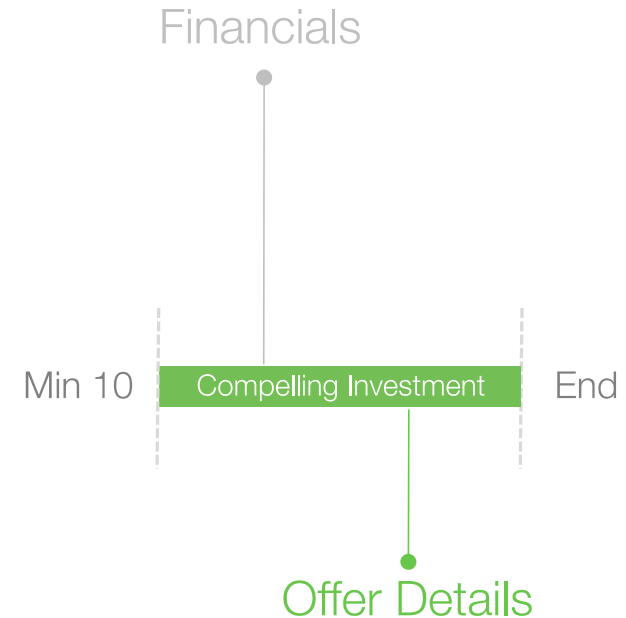
Bachelor #1, how well do your first five terms approximate  $\arctan(x)$  at the point  $x = \frac{1}{4}$ ?

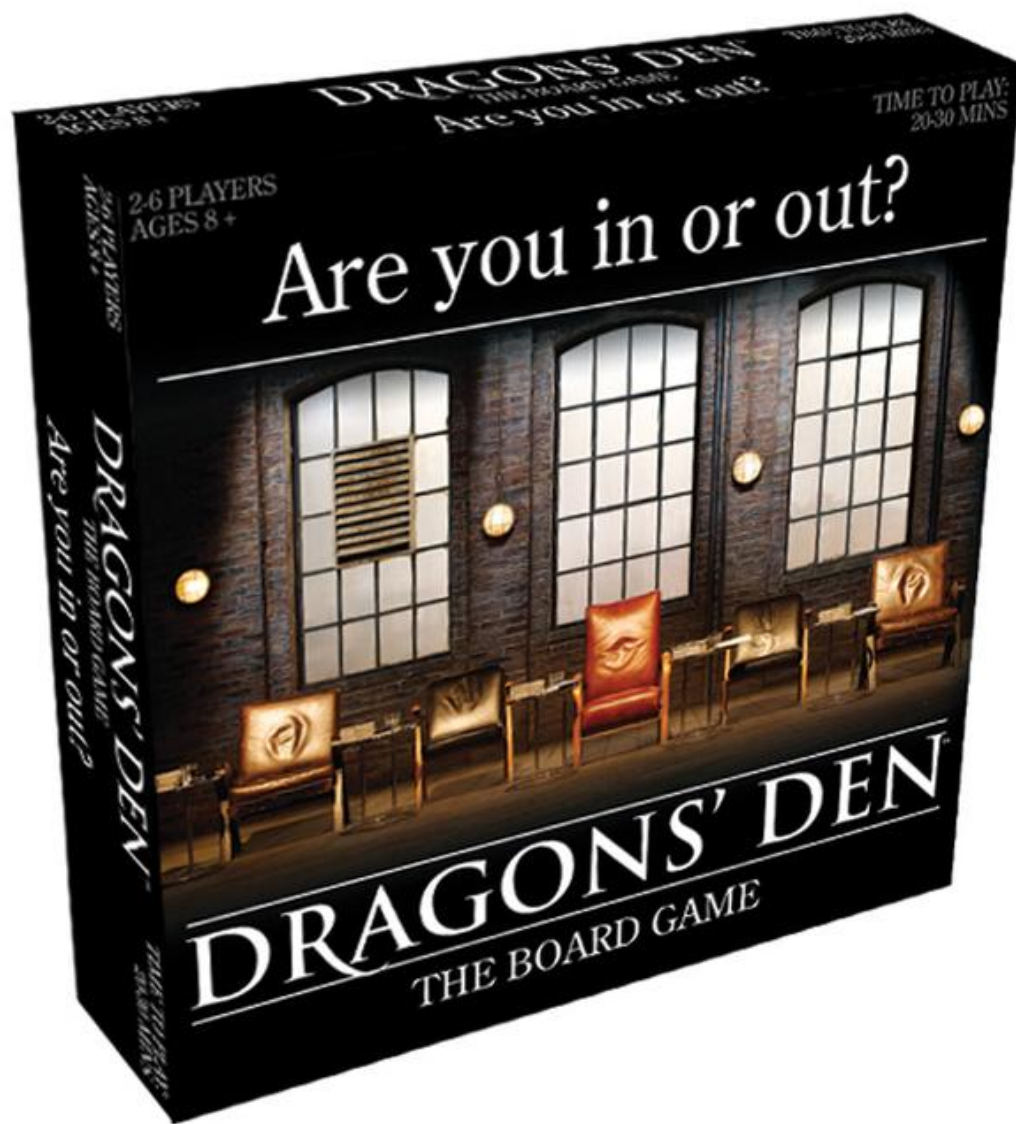


## The Ask

*What we want from you*

- Structure & terms (equity, CD, loans)
- Amount - first, second & third date
- Use of proceeds - milestones
- Velocity & altitude from the runway
- Pipeline - keep 'em keen, 'herd dynamics' (story)
- **Your point is: Our structure & terms meet your investment criteria?**









*Respect yourself*



Emotional!



Rational!



Financial!

# Getting to YES!

## The four key steps

**#1**

Real  
Problem



**#3**

Unique  
Advantage



**#2**

Attractive  
Market



**#4**

Compelling  
Investment



## Getting to YES!

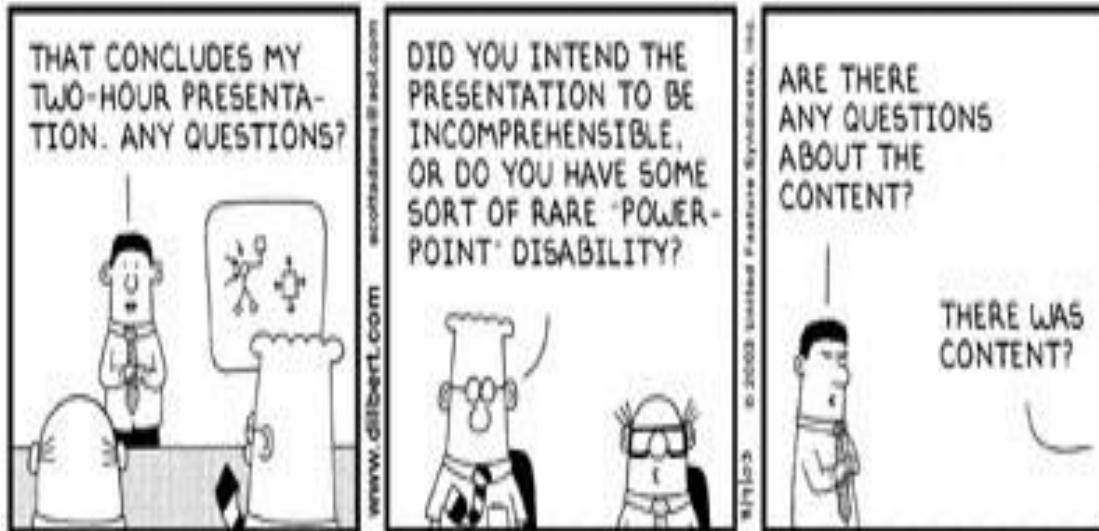
*7 signals you need to send*

- Honesty - give straight answers to investors questions
  - Credibility - show customer insight and thought leaderships
  - Resourcefulness - show how you will leverage the investors £
  - Logic - you know what you're doing
  - Passion - excite them, and they'll see how you excite customers
  - Humility - show you want to listen to advice and learn
  - Leadership - you can attract and lead a winning team
- 
- **Your point is: we are an investable team, product & business**

## Getting to YES!

### *Winning bonus points with investors*

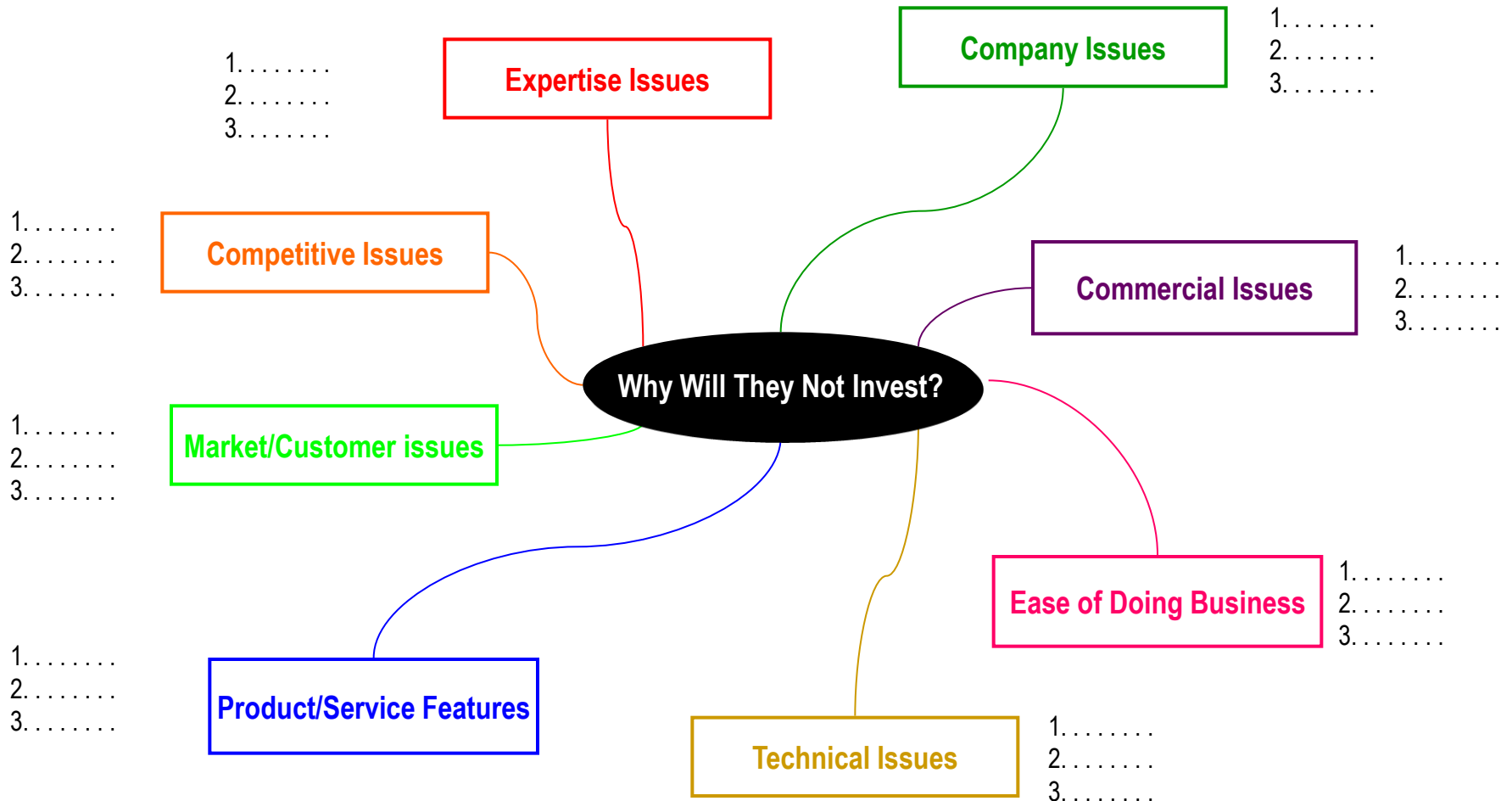
- Use stories & graphics - creates engagement
  - Make it personal - investors are in the people business
  - Keep it simple - avoid jargon
  - Verify - ... 'can you give me evidence...'
- 
- **Your point is: So, will we be seeing each other again?**





# Getting to YES!

*Sit their side of the dating table*



## Lessons from the man who invested \$200k in Google day one...

### *The world's greatest angel investment*

- Ram Shriram - the 'start-up sherpa'
- Sherpalo Ventures <http://www.sherpalo.com/>
- Joined Google in their nascent days, previously Amazon & Netscape
- Initial investment in google was \$200k
- Today owns 5.2m million shares...@\$418



## Lessons from the man who invested \$200k in Google day one...

### *Ram Shriram's investment criteria*

- Innovative & revolutionary ideas in consumer internet services
- Products with technology with patents pending
- Commercial appeal which can change market positioning
- Business models which are creative and can make the world an improved place
- Different and unique solutions to existing problems



## Lessons from the man who invested \$200k in Google day one...

### *Ram Shriram's investment criteria*

- Teams which can render maximum productivity with their vision and commitment
- He checks them out personally
- He stays close to the scene of the action
- Check out Elance.com, Yodlee.com, Naukri.com Plaxo





**Thanks for listening**

*Taking money from strangers*

- Think about the anatomy of the first date
- The four elements to the speed date...love will tear us apart
- Getting to YES!
- Check out Sherpalo Ventures
- Check out Cake Invest...



A shirtless man is standing against a black background, holding a large white rectangular sign in front of his torso. The sign contains contact information in orange and blue text.

**Interested in more:**

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**07540 359791**