



Sources of Capital

Yourself as Founder

- ✓ Savings
- ✓ Credit cards (expensive!)
- ✓ Home equity loan

Debt Capital

- ✓ Bank loans
- ✓ SBA loans
- ✓ Line of Credit
- ✓ Asset Based Lending – inventory, POs, A/R
- ✓ Family
- ✓ Micro Lenders (SBA, Kiva, Accion USA, Grameen America)
- ✓ Community Development Corporations
- ✓ Crowd funding sites (Kickstarter, Indegogo, GoFundMe)
- ✓ Convertible notes

Investor/Equity Capital

- ✓ Friends and Family
- ✓ Individual private investors
- ✓ Angels
- ✓ Family Offices
- ✓ Investor pool/Syndicate (The Angle Group, Glass Wall, Pipeline Angels)
- ✓ Crowd funding sites
- ✓ Institutional investors like Venture Capital/Private Equity funds
- ✓ Brandjectory (<https://brandjectory.com/>)



Common Investor Objectives

- ✓ Mitigate Risk
- ✓ Scale the Business
- ✓ Achieve An X Return On Their Investment In Y Years (=Exit)
- ✓ (If Relevant) Achieve A Social/Environmental Impact Goal

Common Investor Criteria

- ✓ Market Need & Quantified Opportunity
- ✓ IP: Differentiation / Unique Value Proposition / Defensible Position
- ✓ Platform / Extendibility
- ✓ Viable Unit Economics
- ✓ Forgiving Gross Margin
- ✓ Taste / Efficacy / Valid Science
- ✓ (High) Repeatable Consumption
- ✓ Revenue Milestone / Market Traction (Proof/Validation)
- ✓ Retail Velocity (Units/Store/Week/SKU)
- ✓ Ecommerce KPIs (Conversion Rate/CAC/LTV/AOV)
- ✓ Team Expertise in the Space
- ✓ Supply Chain / Production & Distribution Capabilities / Processes
- ✓ Legal/Regulatory Hurdles
- ✓ Strategic Plan & Path to Profitability
- ✓ History of/Plan for Capital Efficiency
- ✓ Loyal Consumer Base
- ✓ Admired Brand



Investor Pitch Outline

- ✓ Well-Framed, Succinct Summary of Your Business
- ✓ Problem
- ✓ Market Opportunity
 - Market & Size Defined
 - Unmet Consumer Need State(s)
- ✓ Current Market Solutions
- ✓ Your Solution
- ✓ Differentiation vs Competition
- ✓ Target Consumer Profile & Why
- ✓ Business Model: Key Revenue Streams
- ✓ Momentum, Traction, Expertise: Your Key Metrics & Numbers
- ✓ Market Approach & Strategy
 - Current Business Growth Plan
 - Business Extension Growth Plan
- ✓ Team & Key Stakeholders (Investors, Advisors)
- ✓ Top Line Financials/Projections
- ✓ Capital Raise Objective
 - Amount & Form of Capital Sought
 - Summary Use of Funds



Capital Raise Preparation

- ✓ Well thought out business plan
- ✓ Financial Model/3 year revenue, expense & cash flow projections
- ✓ Succinct pitch presentation – 2 page executive summary, 10-15 page overview
- ✓ Know how to speak to your audience (investors are not consumers or retailers)
- ✓ Know your numbers
- ✓ Know how much money you need to achieve your growth expectations, and when break even occurs
- ✓ Know your business drivers and risks – customers, consumers, suppliers, market environment, competitors
- ✓ Collect details about Pending/Current lawsuits or liabilities
- ✓ Know your current capital structure
- ✓ Understand common terms on an investor term sheet and what you're willing to accept
- ✓ Invest the time and effort to build relationships with investors
- ✓ Find help for advice and guidance
- ✓ Prepare for a 3-6 month process
- ✓ Research and due diligence about your potential investors before making commitment
- ✓ Willingness and acceptance of being accountable to others