



**New
Ventures BC**

newventuresbc.com

THE “BUSINESS CASE”

APR 15, 2023

(WHAT ANGELS *REALLY* WANT)

[WWW.MIKEVOLKER.COM]

[WWW.WUTIF.CA]

by Mike Volker



TODAY'S TOPICS:



1. HOW TO ENGAGE WITH ANGELS

2. HOW TO WIN THE NVBC COMPETITION

BOTH OF THESE REQUIRE YOU TO:

MAKE A COMPELLING BUSINESS CASE

IT ALL COMES DOWN TO MAKING MONEY!

SUCCESS STORIES?

Name some exits.....



Tidbit: In Spanish the word for success is “éxito”.

NOTABLE NVBC WINNERS



2001
First competition winner
AirG

2020

Past Competition
winner AbCellera
valued at \$16B

CleanTech Company Ionomr Innovations Completes Series-A Funding Agreement of US \$15 Million

2020

NVBC third prize
winner Cuboh closes
\$1.6 million seed
round

2021

Former NVBC
competitor Thinkific
launches \$160 million
IPO

Generac Announces Acquisition of Neuro Technology Inc.

Acquisition of Neuro Accelerates Generac's Connectivity Strategy

March 13, 2019 06:00 ET | Source: [Generac Holdings Inc](#)

THE E-MYTH

MOST “ENTREPRENEURS” ARE NOT ENTREPRENEURS

THEY ARE TECHNICIANS SUFFERING FROM AN ENTREPRENEURIAL SEIZURE.

THEY HAVE NO EXPERIENCE IN BUSINESS

IS IT FOR YOU??

Angel Investor:

“So you’re a startup entrepreneur and you have no business experience and you want me to give you \$1 million?”



SUCCESS FACTORS: JUST TWO!

1. PEOPLE

EXPERIENCE

RISK TAKERS

TOTAL COMMITMENT



2. CAPITAL

ENOUGH TO CASH FLOW



WHY DO COMPANIES FAIL?

- NO CUSTOMERS (I.E. NOT THE RIGHT PRODUCT)
- CASH FLOW (POOR CAPITAL MANAGEMENT)

DUE TO POOR MANAGEMENT AND GOVERNANCE

WHAT CAN YOU DO ABOUT IT?

- MAKE SURE YOU HAVE 9-18 MONTHS RUNWAY
- ENGAGE A REAL (MAYBE FRACTIONAL) CFO (CPA)
- HAVE AN ENGAGED BOARD

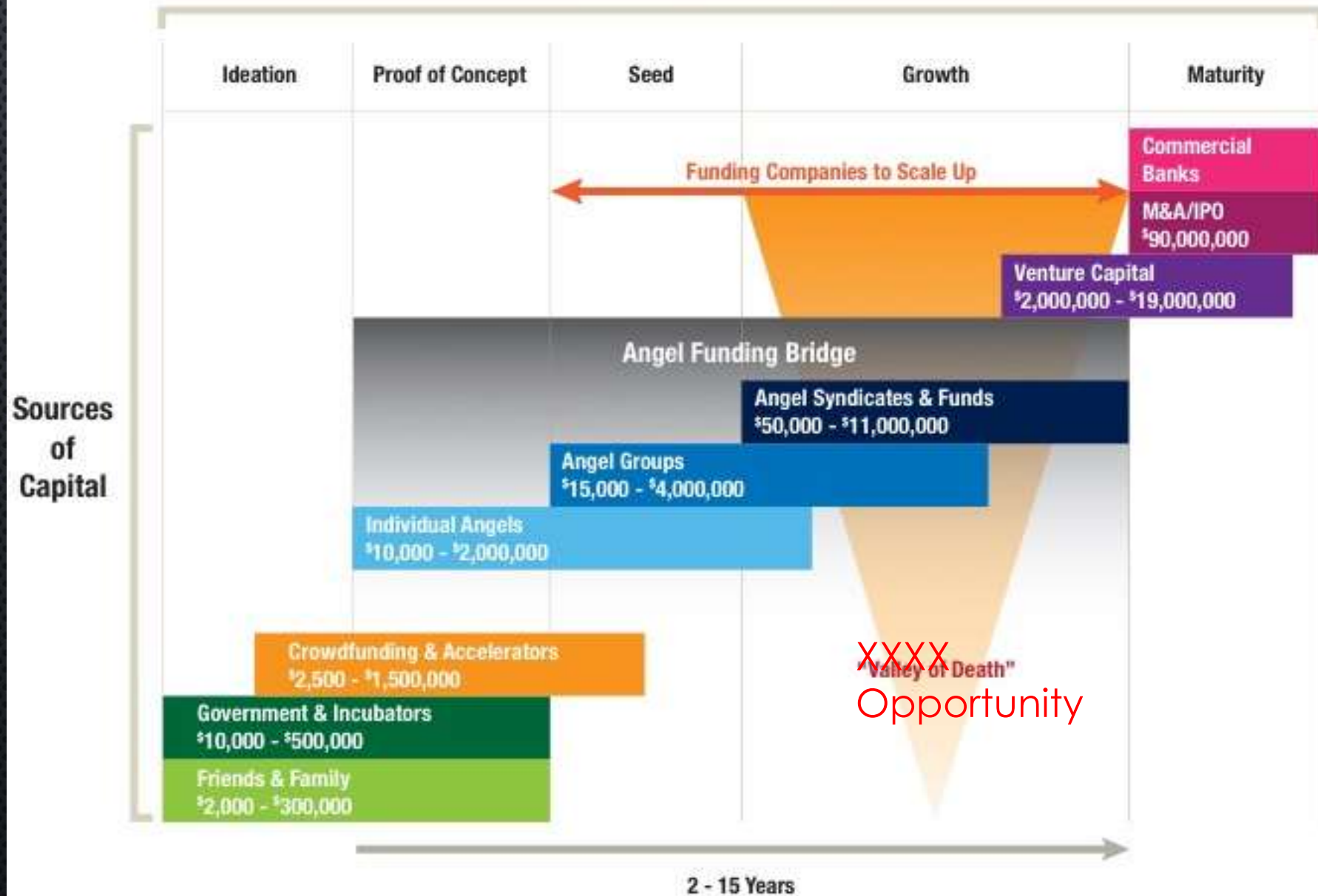
*A GREAT TIME TO START A COMPANY

- BEATS A JOB (GET VERY RICH)!
- PRIME AT 6.7% (NOT GREAT - WAS 3.25% A YEAR AGO)
- LOTS OF ANGEL & VC CAPITAL (ALBEIT HARDER TO ACCESS THAN LAST YEAR)
- HIGH VALUATIONS (ALBEIT COMING DOWN RECENTLY)
- CAPITAL GAINS EXEMPTION (NOW \$913,630 FOR ALL SHAREHOLDERS)
- LOW R&D COSTS (SRED CREDITS)
- SPECIAL INCENTIVES: BC PAYS INVESTORS 30%
- GREAT INFRASTRUCTURE (SEE WWW.HITECHBC.COM)
- MAKE A LIST OF ALL UN-INVENTED THINGS!
- AMERICANS WILL BUY ANYTHING!

*It's always a great time to start: Opportunities don't wait!!

ANGEL INVESTORS ARE YOUR BEST FRIEND

Stages of Development



ACCESS TO CAPITAL

www.moneylinks.ca



- FAMILY FRIENDS RELATIVES ONLY GO SO FAR
- CROWDFUNDING - PRODUCT (KICKSTARTER)
- EQUITY (FRONTFUNDR)
- JUNIOR PUBLIC MARKET – NOT EASY TO DO
(*GREAT IF YOU WANT TO BE BIG!*)
- WHAT ABOUT ANGELS?
GREAT, BUT <5% OF POPULATION



NON-DILUTIVE FUNDING IS BETTER!

Check out Pocketed:



<https://hellopocketed.io>

Golden Sources in moneylinks.ca

GOLD MONEY SOURCES – Subsidies & Grants

Our Government loves to give money to tech companies, e.g.:

Government of Canada invests over \$25.7 million to fuel innovation and economic growth in Vancouver

From: [Pacific Economic Development Canada](#)

March 2023

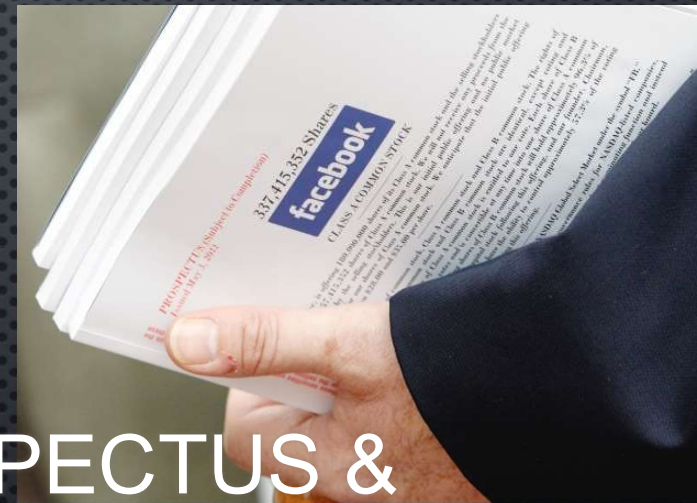
SPOILER ALERT

IT IS ILLEGAL TO SELL SHARES TO ANYONE UNLESS...

YOU USE A PROSPECTUS AND
ARE A REGISTERED DEALER

OR.....

USE AN “EXEMPTION” TO THE PROSPECTUS &
REGISTRATION REQUIREMENT



WHY? TO PROTECT INVESTORS, ESPECIALLY POOR ONES!

Some exemptions: Accredited Investor, Family Friends & Relatives, Business Associates, and Crowdfunding are often used by startups.

WHAT'S A (BUSINESS) ANGEL?

- SUCCESSFUL ENTREPRENEUR
- GIVING BACK TIME & MONEY
- A MENTOR & COACH
- “*ACCREDITED INVESTOR”
 - MILLIONAIRE OR
 - \$200K/YR INCOME

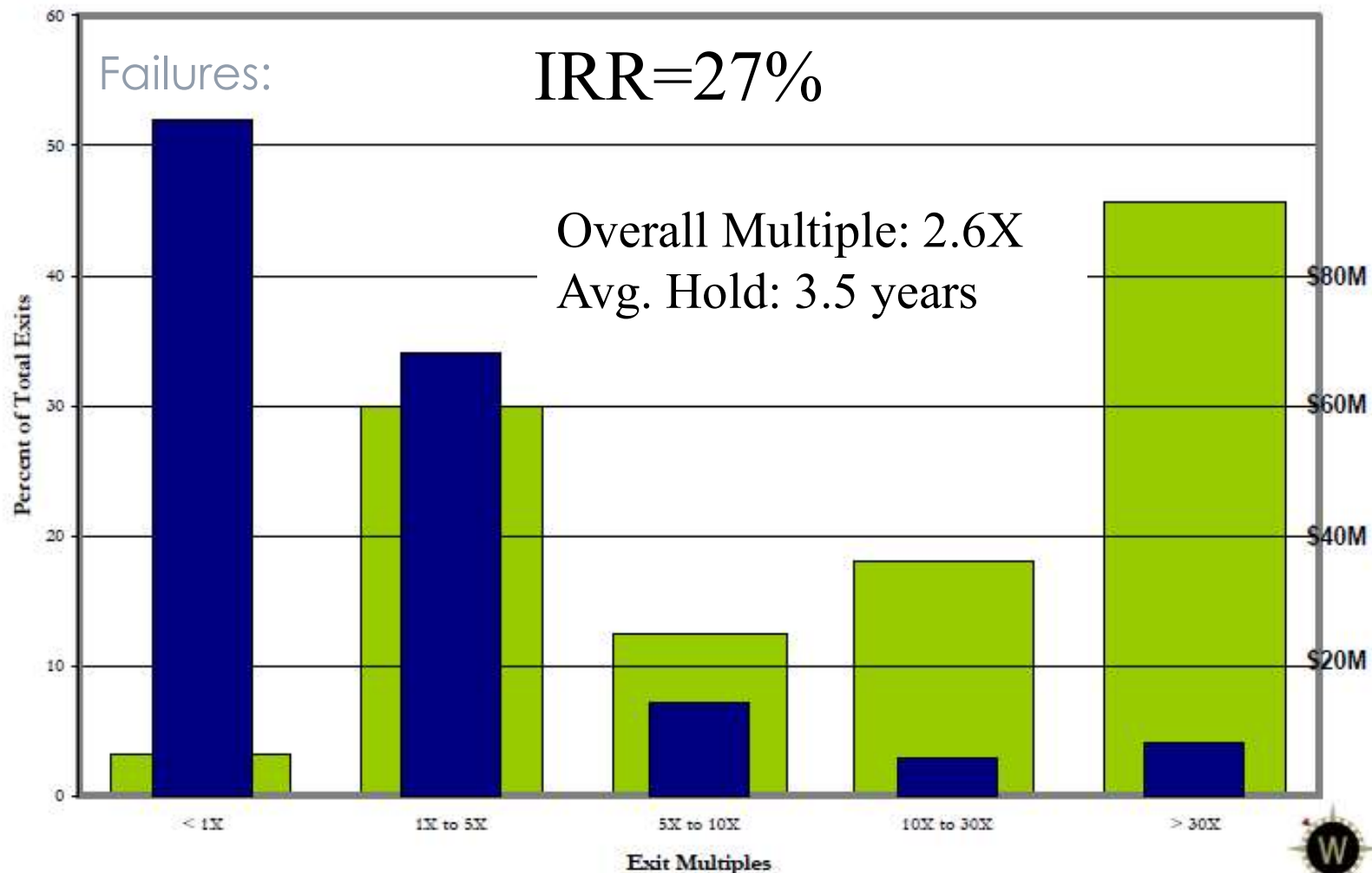


*This is the exemption most often used by companies for angel investors

StatsCan: in 2020: Top 1% of Canadians had \$254K annual income, i.e. 288K people

ANGEL INVESTING 101

Distribution of Returns by Venture Investment



Study by Rob Wiltbank, Willamette Univ.

WHAT ANGELS WANT: THE PERFECT DEAL

- COMPELLING OPPORTUNITY
- A CAPABLE CEO (COACHABLE)
- ACTIVE BOARD
- ATTRACTIVE RETURN:
10X TO >>100X
- KEEN CUSTOMERS
- SEED ROUND: \$500K-\$1M FOR 20-30% EQUITY
(COMMON SHARES ALTHOUGH TREND IS FOR PREF SHARES)
- DOWN ROUND PROTECTION
- SHAG WITH VESTING



WHAT DO YOU OFFER ANGELS?

- CO-OWNERSHIP

20-30% AS A GROUP

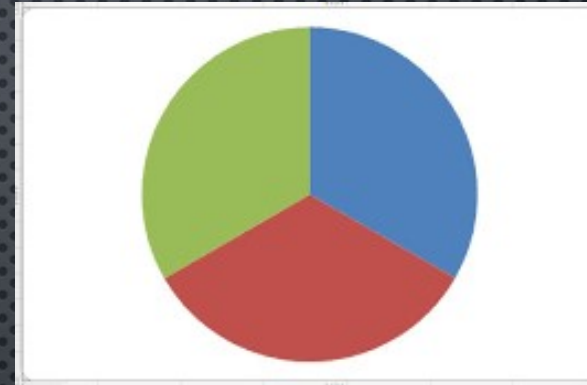
- PARTICIPATION

MENTOR, BOARD

- UPSIDE GAIN

10X IN 10 YEARS = 26% IRR

5X IN 5 YEARS = 38% IRR



TERM SHEET

- VALUATION
 - SECURITY: SHARES, DEBT, SAFE
 - AMOUNT
 - LEGAL COMPLIANCE
 - RIGHTS
 - RESTRICTIONS
 - VESTING
 - SHAREHOLDERS AGMT
 - CAP TABLE (INCL. OPTIONS)
- REFERENCE:
NACO COMMON DOCS
WWW.NACOCANADA.COM

WUTIF Capital TERM SHEET for SEED Investment Round

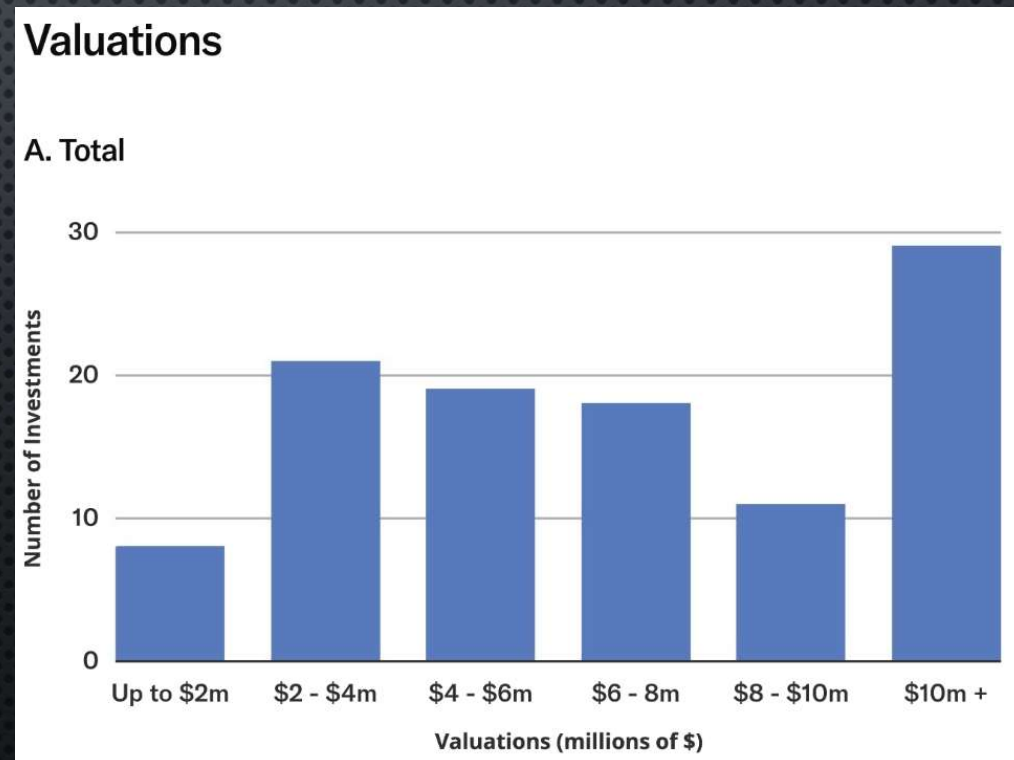
Company:	_____ (the "Company").
Date:	
Pre-Investment Value:	Total Shares Issued: _____ @ _____ \$/shr = \$ _____ (use per-share offering price as noted below) _____ Shares (or Units) at \$ _____ /Share.= \$ _____
WUTIF Investment:	(Describe shares or units). [Attach before/after Capitalization table. This should include an allocation of shares to be issued and held in trust for new management/employees]
Total Investment Round:	WUTIF: \$ _____ (_____ Shares), Other parties: \$ _____ (_____ Shares), (the "Investors"). [WUTIF's share must be no more than 50% of all capital raised on this round.]
Jurisdiction:	__ BC Corporations Act, Province of British Columbia; or __ Canada Business Corporations Act
ESB Status:	Company is an Eligible Small Business (ESB) under the terms of the British Columbia "Small Business Venture Capital Act" ("SBVCA"). [This term would only apply in B.C. where investors want to use the Provincial 30% tax credits available to angel investors.]
Exemptions:	Company will use all appropriate and available exemptions from prospectus requirements. The most common exemption used by angel investors is the "accredited investor" exemption. Unfortunately, there are very few "exemptions" that companies can use to raise capital.
Closing:	Closing shall take place within fifteen (15) days of the date when Company has raised, subsequent to _____, _____ (date), additional financing of \$ _____ and has provided evidence of such financing satisfactory to WUTIF. (Could have a second closing to accommodate additional investors for a specified time period)
Rights:	These shares are convertible on a 1:1 basis with any new class of shares that may be created on the next financing round. Also, in the event that shares in the next round(s), are sold at a lower price, additional shares will be issued at no cost to the Investors on this round so that their average cost per share is the same as that of said round. In the event the Company is sold at a share price below the average share price paid by Investors, additional shares will be issued to Investors. This would have the effect of giving the Investors a return of capital and avoids a situation in which investors have a negative return while founders have a positive return. [As an alternative to the rights (down-round protection and conversion) expressed above, it may be simpler to offer the Investors a liquidation preference on sale of the Company giving them a return of their capital first and then distributing the balance of any sale proceeds to all shareholders pro-rata to their equity interests. This should be implemented by using a new class of Preferred Shares.] In the event that subsequent financings are done by way of debt, e.g. convertible debentures, investors on this round will also be entitled to, at their option, exchange their shares for the same instrument at the price paid for their shares.

VALUATIONS

- VALUATIONS STILL GETTING HIGHER (>\$5M), BUT ABATING
- ENTRY VALUATIONS DRIVEN BY EXIT VALUATIONS
- WHEN WILL YOU EXIT?
- WHO WILL BUY YOU?
- FOR HOW MUCH?

In 2021: One Unicorn per month in BC: Semios, Nexxi, Blockstream, Visier, Truilo, Thinkific, Clio, Dapper Labs, GeoComply, Galvanize.

In 2022: No new unicorns; some of the above lost up to 90% of their value.



2021 NACO Report

VALUATIONS EXAMPLE

- 10X DOES NOT MEAN GETTING 10X
- ACTUAL EXAMPLE (ALSO A NVBC WINNER):
\$1.5M VALUATION IN 2013
\$26M EXIT VALUATION IN 2018 (17X)
- INVESTORS GOT ONLY 2X
- WHY? MULTIPLE ROUNDS & DILUTION & **WATERFALL**
(\$11M RAISED IN 6 SEED ROUNDS)

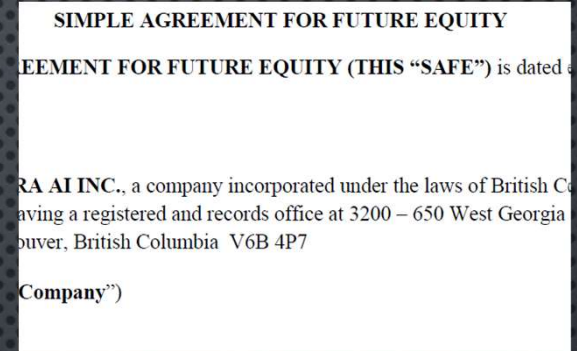
THE WATERFALL CAN DROWN YOU

EXIT WATERFALL ILLUSTRATION				Payouts & Val/shr:							
	Share Price	Investment	Pre-Money Val	Exit:\$5M	Exit:\$9.2M	Exit:\$10M	Exit:\$20M	Exit:\$24.2M	Exit:\$30M	Exit:\$50M	Exit:\$100M
CLASS				\$0.83	\$1.28	\$1.67	\$3.33	\$2.78	\$4.17	\$6.94	\$13.89
Debt holders (incl interest)		\$1,000,000		\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000
Pref B (1X Participating)	\$5.00	\$5,000,000	\$31,000,000	\$3,800,000	\$5,000,000	\$5,133,333	\$6,800,000	\$7,500,000	\$8,305,556	\$11,083,333	\$18,027,778
Pref A (1X Non-Part)	\$2.50	\$3,000,000	\$12,500,000	\$0	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,966,667	\$7,300,000	\$15,633,333
Common (Angels)	\$1.00	\$1,000,000	\$4,000,000	\$0	\$0	\$133,333	\$1,800,000	\$2,500,000	\$3,305,556	\$6,083,333	\$13,027,778
Common (founders)	\$0.00	\$0	\$0	\$0	\$0	\$533,333	\$7,200,000	\$10,000,000	\$13,222,222	\$24,333,333	\$52,111,111
Totals:		\$10,000,000		\$5,000,000	\$9,200,000	\$10,000,000	\$20,000,000	\$24,200,000	\$30,000,000	\$50,000,000	\$100,000,000
Debt holders: get investment back plus interest				Pref A's need \$24.2M Exit before they make money							
Pref A: get higher of investment back OR convert to common and share remainder with others pro-rata				Pref B's need \$9.2M Exit before they start making money							
Pref B: get investment back AND then convert to common and share remainder with others pro-rata				Angels & Founders need \$9.2M Exit before they make money							
Common: share in remainder with others pro-rata											

AND REMEMBER – ANGELS (AT LEAST IN CANADA) ARE LIKELY TO BE IN THE SAME BOAT AS YOU, THE FOUNDERS – I.E. HOLDING COMMON SHARES

ANGELS DON'T LIKE A SAFE (SIMPLE AGREEMENT FOR FUTURE EQUITY)

- IT'S UN-COLLATERALIZED DEBT THAT CONVERTS TO EQUITY ON A PRICED ROUND BUT...BUT....
- ADDS UNNECESSARY COMPLEXITY (MORE LEGALITY)
- INVESTORS ARE NOT SHAREHOLDERS (JUST DEBT HOLDERS)
- INVESTORS ARE NOT PARTY TO SHAREHOLDERS AGREEMENT
- WHAT IF SERIES A TAKES TOO LONG OR DOESN'T HAPPEN?
- SOLUTION: ISSUE SHARES WITH A FUTURE ADJUSTMENT CLAUSE
(SEE: WUTIF.CA/INDEX.PHP/2021/01/04/SAFE-S-ARENT-WHAT-THEYRE-CRACKED-UP-TO-BE)



ANGEL NETWORKS, GROUPS & FUNDS

A GLOBAL movement: *They're Everywhere!

IN VANCOUVER:

VANTEC.CA

K4NORTHWEST.COM

NEWVENTURESBC.COM:
MEET & GREET ANGELS



IN CANADA:

NACOCANADA.COM — GREAT RESOURCE MATERIAL

*[*EVEN MORE SO DURING COVID]*



www.vantec.ca

- STARTED IN 1999
- MONTHLY MEETINGS: FIRST WEDNESDAY OF EACH MONTH (4-6PM)
- 154 COMPANIES RAISED \$16M IN 2022 (SEED ROUNDS)
- PARTNERING WITH:
 - ANGEL FORUM (WWW.ANGELFORUM.COM)
 - KEIRETSU FORUM (WWW.K4NORTHWEST.COM)

WUTIF ANGEL FUND (WUTIF.CA)

(WESTERN UNIVERSITIES TECHNOLOGY INNOVATION FUND)

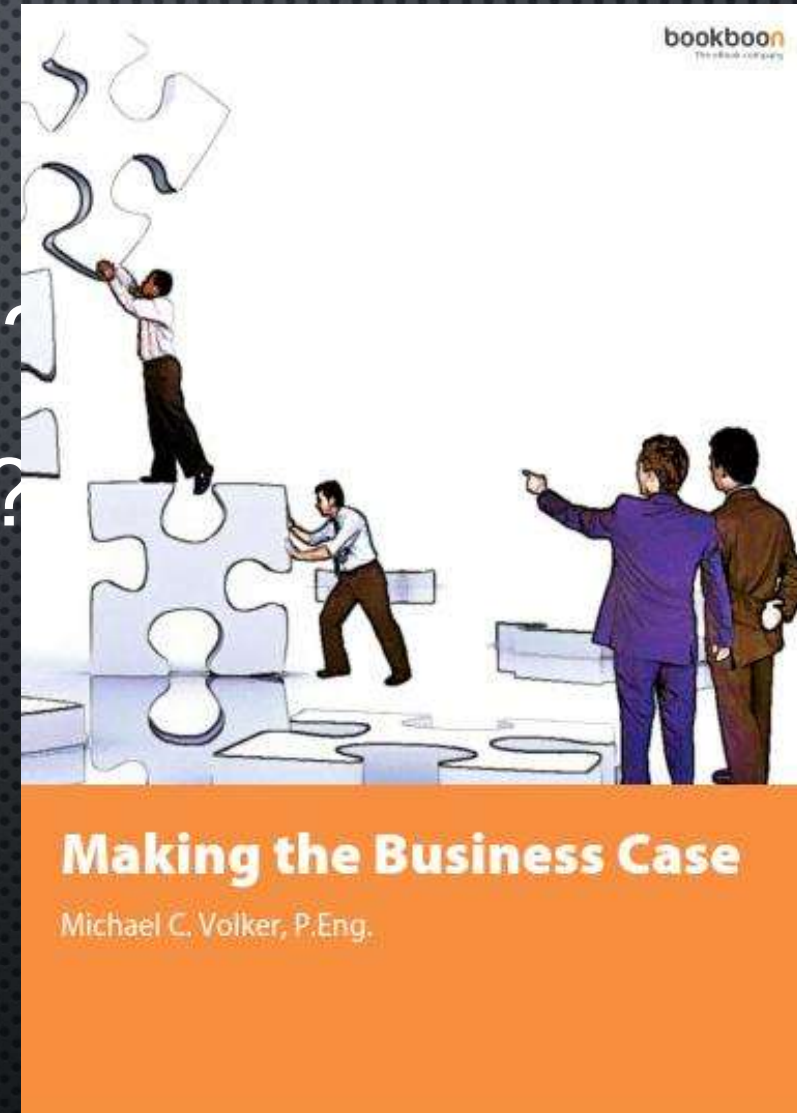
- STARTED IN 2003 AS A VCC
- ANY TECH STARTUP IN B.C. CAN APPLY
- OFTEN LEAD SEED ROUNDS
- >140 INVESTMENTS: \$100K AVERAGE/COMPANY
- >100 INVESTORS (MANY EXITED AND EXCITED ENTREPRENEURS)
- 30% TAX CREDITS
- RRSP + ROLLOVER = 100% CAPITAL RETURN



MAKING THE BUSINESS CASE

- WHAT ARE YOU SELLING?
- WHO WILL BUY IT? (AND WHY?)
- HOW WILL YOU MAKE MONEY?

DOWNLOAD AT MIKEVOLKER.COM



THE ELEVATOR PITCH

IT'S EASY! JUST FILL IN THE BLANKS:

WE, (COMPANY) _____, ARE (DOING?) _____
FOR (WHO?) _____ WHO NEED (ADDRESS WHAT
PAIN?) _____ THAT UNLIKE (EXISTING
SOLUTIONS) _____ WILL (DO WHAT?)
_____ UNLIKE _____ (COMPETITORS).

EXAMPLE:

*WE, ACE CORP, ARE MAKING A PERSONAL GPS TRACKER
FOR PARENTS WHO NEED TO KNOW WHERE THEIR
CHILDREN ARE THAT UNLIKE CELL PHONES AND OTHER
DEVICES WILL, VIA A WEB BROWSER, PROVIDE REAL-TIME
LOCATION, SPEED, AND PATH INFORMATION.*

THE INVESTOR PITCH

IT'S EASY! JUST FILL IN THE BLANKS:

WE, (COMPANY) _____, REQUIRE (\$\$) _____
FOR (WHAT) _____ IN RETURN FOR ____% OF THE
COMPANY. OUR PLAN IS TO BE ACQUIRED BY (NAME
SOME): _____ IN ____ (YEAR) FOR \$ _____ MILLION
TO GIVE YOU AN IRR OF ____%.

EXAMPLE:

*WE, ACE CORP, REQUIRE \$500K MAINLY FOR PRODUCTION
TOOLING & HIRING SALES STAFF IN RETURN FOR 30%
COMMON SHARES. OUR PLAN IS TO BE ACQUIRED BY
POLYCOM FOR \$15M IN 2014. THIS WILL GIVE YOU A 5X
RETURN IN 5 YEARS (IE IRR=38%).*

ANGEL'S BS BINGO:

Domain Expertise	ProActive Management	Unique Proposition	Low Burn Rate	Best of Breed
Enabling Technology	Empowered Team	Ground Floor Opportunity	First To Market	Platform Technology
Market Driven	World Class Products	<u>PROFITS</u>	Competitive Advantage	Renowned Board
Proprietary Technology (no competitors)	Revolutionary Business Model	IP Portfolio	Favorable Valuation	Liquidity Event (Exit Strategy)
Revenue Traction	NASDAQ IPO	Blockchain	Defensible Strategy	Visionary

THE COMPETITION

IS NEW VENTURES BC A....

....*BUSINESS PLAN* COMPETITION?

OR

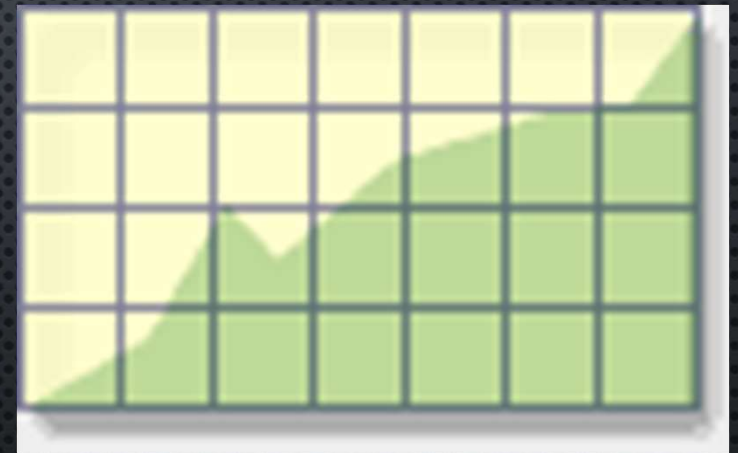
....*A BUSINESS* COMPETITION?

ANSWER: IT'S BOTH!

IT'S THE *BUSINESS* THAT COUNTS,
BUT THE *PLAN* EXPLAINS IT.

JUDGING

“PICK THE COMPANY MOST LIKELY TO BE COMMERCIALY VIABLE WITH THE GREATEST VALUE”



Will it cash flow? and Will it scale?

WHAT ABOUT SCALE?

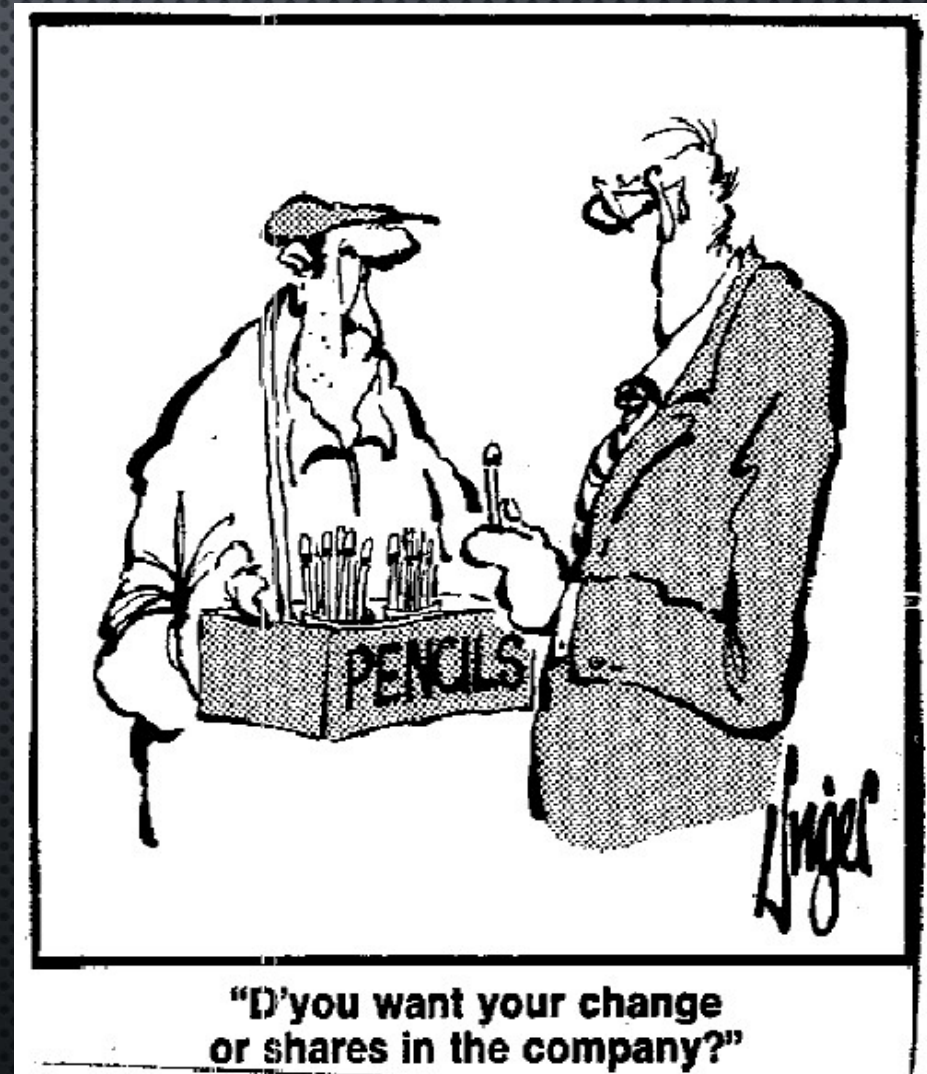
A \$100 MILLION DEAL?

OR

A “LIFESTYLE” BUSINESS?

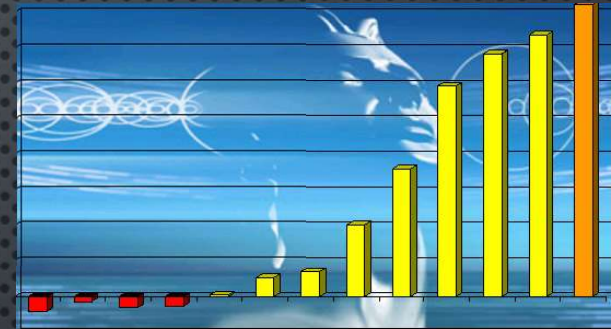
YOUR DECISION!

THEN SELL YOUR STORY
TO THE RIGHT AUDIENCE!



IT'S ALL ABOUT P&L:

WHAT ARE YOU SELLING, WHO WILL BUY IT,
HOW MUCH WILL YOU MAKE?
(PROFIT & LOSS & CASH FLOW)



WHY YOU AND YOUR TEAM?
(PASSION & LEADERSHIP)



**New
Ventures BC**

ROUND #1

THE IDEA

(BACK OF THE ENVELOPE)

(I.E. 1 PAGE)

DUE: APR 11, 5:00 PM

WWW.NEWVENTURESBC.COM



**New
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**ROUND #2
FEASIBILITY TEST**

(5 PAGES MAX)

DUE: MAY 3, 6:00 PM

40 MOVE ON TO ROUND 2.5

WWW.NEWVENTURESBC.COM



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PITCH DAY
JUNE 20

25 PITCH AND 10 ADVANCE TO ROUND #3

WWW.NEWVENTURESBC.COM



**New
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ROUND #3
VENTURE PLAN
(8 PAGE CONDENSED PLAN)

DUE: AUG 1, 6PM

WWW.NEWVENTURESBC.COM



**New
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ROUND #4

TOP 10 PITCHES FINALE
SEPTEMBER 7 & 8

WWW.NEWVENTURESBC.COM



New Ventures BC

PARTY TIME!! OCT 3 AWARDS



MY FIRST BUSINESS PLAN



BMO: “SHOW ME YOUR BUSINESS PLAN”

BUSINESS PLAN

- A PLAN IS BETTER THAN A FORECAST
- THE PLAN SHOWS WHAT YOU WILL ACHIEVE AND HOW YOU WILL GET THERE
- THE NVBC QUESTIONS CHALLENGE YOU TO THINK ABOUT WHAT YOU ARE PLANNING TO DO
- TOOLS, SUCH AS THE BUSINESS MODEL CANVAS*, HELP YOU FIGURE IT OUT

SMALL BUSINESS PLAN OUTLINE TEMPLATE

TITLE PAGE

- Company name and contact information
- Website address
- Presented to: (Company or Individual Name)

TABLE OF CONTENTS

1. Executive Summary
2. Company Overview
3. Products and Service Offerings
4. Competitive and Market Analysis
5. Sales and Marketing Plan
6. Ownership Structure and Management Plan
7. Operating Plan
8. Financial Plan
9. Appendix

1: EXECUTIVE SUMMARY

- Company background and purpose
- Mission and vision statement
- Management team
- Core product and service offerings
- Briefly describe your target customers
- Describe the competition and how you will gain market share
- Define your unique value proposition
- Summarize financial projections for the first few years of business operations
- Describe your financing requirements, if applicable

2: COMPANY OVERVIEW

- Describe your business and how it operates in the industry
- Explain the nature of the industry (e.g., trends, external influences, statistics, etc.)
- Historical timeline of your business

3: PRODUCT AND SERVICE OFFERINGS

- Describe your product or service and the problem it is solving
- List current alternatives
- Describe the competitive advantage (or unique value proposition) of your product in comparison to the alternatives

4: COMPETITIVE AND MARKET ANALYSIS

- Define the estimated size of the market
- Describe your target market segment(s)
- Outline how your offering provides a solution to your segment(s)
- Estimate the number of units of your product or service that target buyers might purchase, and estimate how the market might be affected by external changes (e.g., economic, political, etc.)
- Describe your projected volume and value of sales compared to competitors
- Discuss how you will differentiate yourself from competitors

5: SALES AND MARKETING PLAN

- Describe your pricing strategy for your offerings
- List the various methods (marketing channels) you will use to get your message to prospects
- Detail the market materials you will use to promote your product, including an approximate budget.
- Describe what distribution methods you will use to deliver your offerings to customers

6: OWNERSHIP STRUCTURE AND MANAGEMENT PLAN

- Describe the legal structure of your business
- List the names of founders, owners, advisors, etc.
- Detail the management team's roles, relevant experience, and compensation plan
- List the staffing requirements of your business, including whether you need external resources or services
- Detail any training plans you will put in place for employees and management

7: OPERATING PLAN

- Describe the physical location(s) of your business
- List any additional physical requirements (e.g., warehouse, specialized equipment, facilities, etc.)
- Describe the production workflow
- Describe the materials you need to produce your product or service, and explain how you plan to source them

8: FINANCIAL PLAN

- Demonstrate the potential growth and profitability of your business
- Create a projected income statement
- Create a projected cash flow statement
- Create a projected balance sheet
- Provide a break-even analysis

9: APPENDIX

- Attach supporting documentation, which can include the following:
 - Charts and graphs
 - Market research and competitive analysis
 - Information about your industry
 - Information about your offerings
 - Samples of marketing materials
 - Professional references

Your Pitch Deck is based on your plan

Questions: Round #2 and #3

ROUND #2 (5 PAGES)

ROUND #3 (8 PAGES)

1.PRODUCT

2.INTELLECTUAL PROPERTY

3.TECHNOLOGY DEVELOPMENT + TECHNICAL TEAM

4.BUSINESS PLAN STATUS

5.MARKET + MARKET SCOPE & NEED

6.DISTRIBUTION

7.COMPETITION + BARRIERS TO COMPETITION

8.TEAM

9.FINANCIAL (BASIC) + 18-36 MONTHS

Question #1: PRODUCT

WHAT IS IT?

*PRODUCT OR SERVICE?
NOT THE TECHNOLOGY

HOW WILL REVENUE BE GENERATED?

E.G. SELLING A GADGET, RENTING, LICENSING, ETC

*Does it really need to solve a “problem”?



Question #2: Intellectual Property

WHAT IS IT?

(EVERYONE HAS SOME IP)

PATENTABLE?

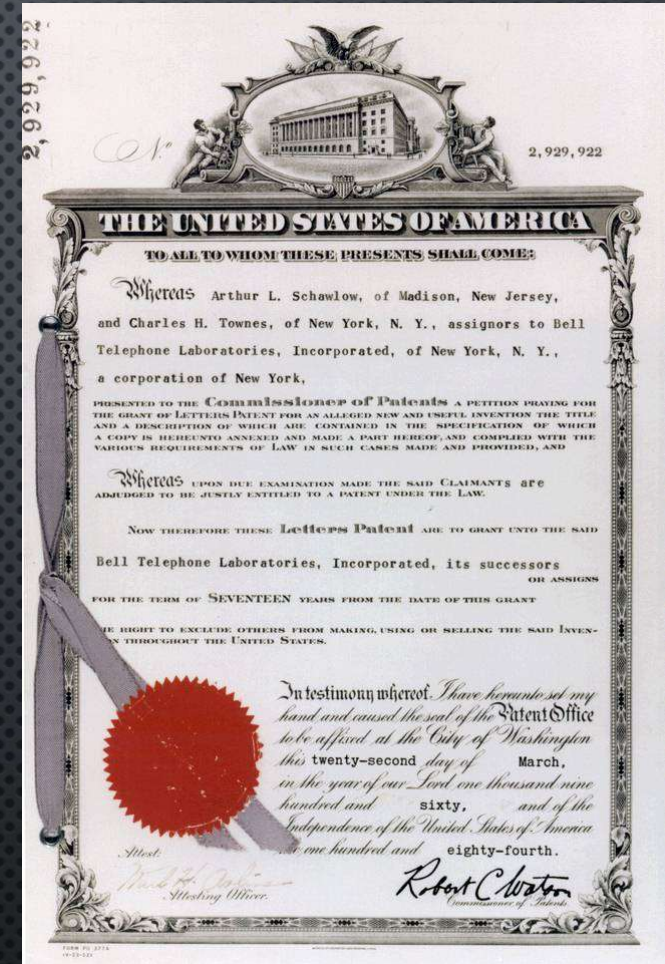
COPYRIGHT?

TRADE SECRET?

JUST AN IDEA?

KNOW-HOW?

PROCESSES?



Just for fun, watch "What If" on Netflix starring Renee Zellweger (interesting IP manoeuvres!)

Question #3: TECH DEVELOPMENT

STAGE OF DEVELOPMENT?

IDEA?

PROTOTYPE?

BETA MODEL?

PRODUCTION?



AND...WHAT IS THE TIME FRAME

Question #4: Bus Plan Status

HOW MUCH BACKGROUND RESEARCH DONE?
I.E. PERTAINING TO BUSINESS VIABILITY

WHAT STILL NEEDS TO BE DONE?

E.G. CHECKING OUT COSTING, COMPETITION, ETC



Question #5: MARKET

THE MOST IMPORTANT QUESTION!

WHO WILL PAY FOR IT? (CUSTOMERS!)

WHY WILL THEY BUY IT?

POTENTIAL? HOW MUCH CAN YOU SELL?

*TAM, SAM & SOM – WHO ARE YOUR CUSTOMERS?
(EXCEPTION: COMMODITIES, E.G. POWER IN CLEANTECH)

DO NOT SAY: 1% OF \$10 BILLION! WHY? (IT'S B.S.)

INSTEAD, READ: REGIS MCKENNA'S
MARKETING IS EVERYTHING (HARVARD BUS REVIEW)



**I'm not a fan of TAM, SAM, SOM. It'd mostly fluff. Just tell me who (and how many) prospects there are (and where – USA? Global?).*

Question #6: DISTRIBUTION

HOW WILL THE ULTIMATE USER OBTAIN IT?

DISTRIBUTION CHANNELS (AND MARGINS)?

STRATEGIC PARTNERS? OEMS? CHAINS?



Question #7: COMPETITION

THERE'S NO SUCH THING AS "NO COMPETITION"

UNIQUENESS?

SUBSTITUTES?

DIFFERENTIATORS?

BARRIERS?



Question #8: THE TEAM

STRENGTHS

PARTICIPANTS (NOW & PLANNED)

ADVISORS (NOW & PLANNED)

BOARD MEMBERS (NOW & PLANNED)

WEAKNESSES

KNOW YOUR SHORTCOMINGS!
(AND DON'T BE AFRAID TO IDENTIFY THEM)



Question #9: FINANCIAL

It's all about the money!!

HOW MUCH MONEY DO YOU NEED?
(E.G. TO POSITIVE CASH-FLOW MILESTONE)

HOW MUCH HAVE YOU RAISED (FROM?)

HOW MUCH HAVE YOU SPENT?

5-YEAR PROJECTIONS?

BEWARE THE HOCKEY STICK SALES CURVE:

SANITY CHECK: 0.5% OF STARTUPS ACHIEVED \$50M IN 6 YEARS!



Given the same top line, you can get vastly different cash flow scenarios depending on the assumptions you make.

	MONTH#1	MONTH#2	MONTH#3	...	FYTOT:
GROSS REVENUE (\$):	11200	27720	54886	...	2162713
COST OF GOODS SOLD:	7680	19008	37636	...	1483003
GROSS MARGIN:	3520	8712	17250	...	679710
EXPENSES:					
Sales:	9060	8167	12222	...	199954
R&D:	1100	867	1022	...	92044
G&A:	1100	1267	1322	...	93944
TOTAL EXPENSES:	11260	10300	14567	...	385942
NET PROFIT (BT):	-7740	-1588	2683	...	293768

(The following rows have been added for CASHFLOW purposes.)

CASH FLOW #1 (\$):	Month#7:			
Open Balance:	0	-7680	-26748	...
+ Cash from Sales:	0	11200	27720	
- Cash re Expenses:	0	-11260	-10300	
- Cash for Prodn:	-7680	-19008	-37636	
= Closing Cash:	-7680	-26748	-46964	-106384

*Sample cashflow forecasts:
How much \$\$ do you need to achieve \$2.16M Revenue in year #1?*

This? \$106K

- receive production supplies 3 months (not 1 month) before shipping
- receive payment from customers in 2 months (not 1 month)

Cashflow#2 rows now replace the Cashflow#1 rows to produce the following spreadsheet details:

CASH FLOW #2 (\$):	Month#10:			
Open Balance:	-26688	-64324	-142651	
+ Cash from Sales:	0	0	11200	
- Cash re Expenses:	0	-11260	-10300	
- Cash for Prodn:	-37636	-67067	-97750	
= Closing Cash:	-64324	-142651	-239501	-721842

Or This? \$721K

SO WHY DO COMPANIES GET FUNDED?

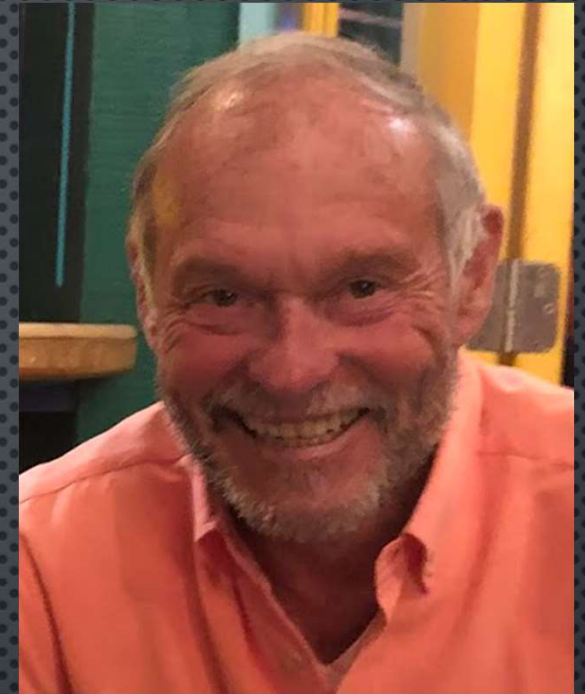
BECAUSE THE PEOPLE BEHIND THEM ARE:

- CREDIBLE (DOMAIN KNOWLEDGE, ESP. MARKET)
- REALISTIC (SHOW HOW THEY CAN ACHIEVE GOALS)
- AWARE OF WHAT THEY DON'T KNOW (USE EXPERTS)
- NOT ALONE (HAVE A CAPABLE TEAM)
- IN CONTROL (LEADERSHIP, CONTINGENCIES)
- BUT MAINLY BECAUSE:
THEY ARE LIKED! (IT'S REALLY A COURTSHIP!)

A FEW FINAL TIPS:

- DON'T MAKE THE "ONLY 1% OF MARKET" CLAIM
(IT'S THE KISS OF DEATH!)
- DON'T COMPROMISE BY SAYING WHAT YOU
THINK INVESTORS WANT TO HEAR
- DON'T BE GIVEN TO HYPERBOLE;
CONFIDENT HUMILITY CAN GO A LONG WAY
- SHOW LEADERSHIP!!
(THE REASONS FOR FAILURE ALWAYS POINT TO LACK OF LEADERSHIP)
- NEVER EVER PROCRASTINATE!
(BECAUSE IF YOU DO, COMPETITORS WILL EAT YOUR LUNCH!)

CONTACT INFO



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<http://www.mikevolker.com>

“Success is the difference between quitting and finishing.”

(mike@volker.org)

RECENT B.C. SUCCESS (ANGEL-BACKED)



Just in the last year....

One Unicorn per month in BC:

Semios, Nexxi, Blockstream, Visier, Truiloo, Thinkific,
Clio, Dapper Labs, GeoComply, Galvanize)

Recent Exits:

Copperleaf IPO \$1.3Bn Valuation

Traction on Demand by Salesforce.com

FINCAD by Zafin

Redlen Tech (Victoria) US\$335M by Canon

Check: www.moneylinks.ca