

# Capital Raising for Every Stage of Your Business

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# CPG Investor Stages Overview

	Start Up	Seed	Early	Growth	Late/Mature
<b>Investor</b>	<b>Founders: "Bootstrapping"</b>	<b>Angels</b>	<b>Early Stage Venture Capital</b>	<b>Growth Equity VC, Mid Market PE</b>	<b>Private Equity</b>
Company Sales	Sales?	< \$1 million	\$1 million (ish) - \$5 million(ish)	\$10 million - \$50 million+	\$100 million - Billions
Biz Characteristic	Formation	Functioning company, making products, some revenue (hopefully)	Identified core consumers, seeing growth	Expanding depth & breadth	Strong penetration, large regional/national reach
Investment Type	None - All Yours!	Convertible Debt, Small Equity	Some Conv Debt, Mostly Equity, Staging + Rights	Equity	Equity, Mezzanine Debt, LBO, Div ReCap, etc.
Investment Level	What can you afford?	\$1k - \$100k+	\$500k(ish) - \$5 million(ish)	\$5 million - \$25 million+	\$\$\$\$\$\$\$\$
Control	All Entrepreneur(s)	None (technically)	Key decisions, board seat(s)	Key decisions, board seats, MGMT	Varies



\*not true in all cases

# First: Key Questions

1. Is my company “investable”?
2. Can I live with investors and still run my company?



# Angels



## Unsophisticated

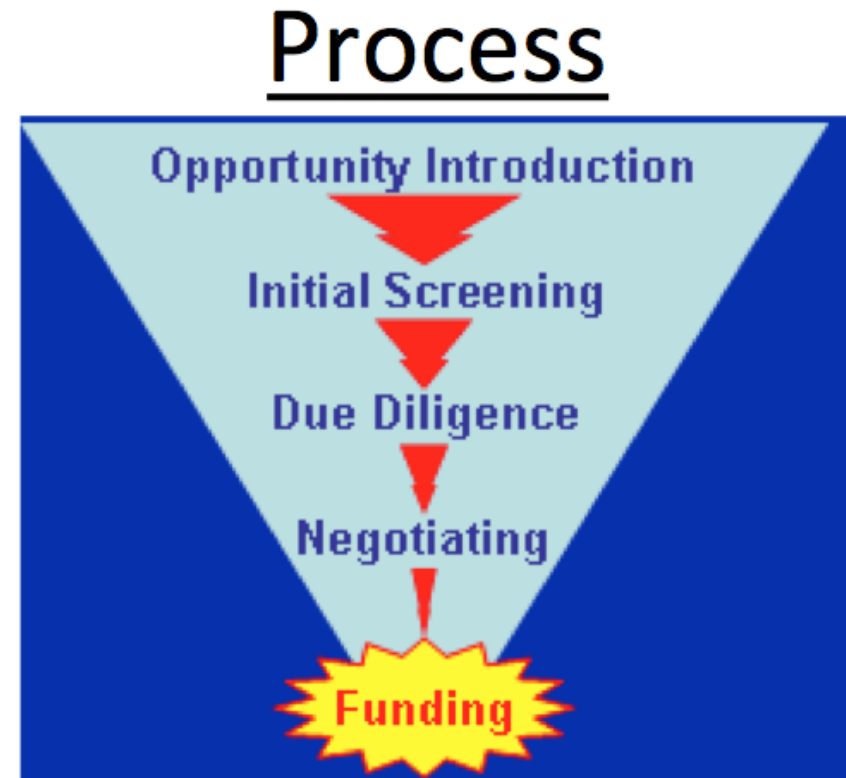
- FFF: Friends, Family, Fools
- Not term, price sensitive
- No control
- Personal interest

## Sophisticated

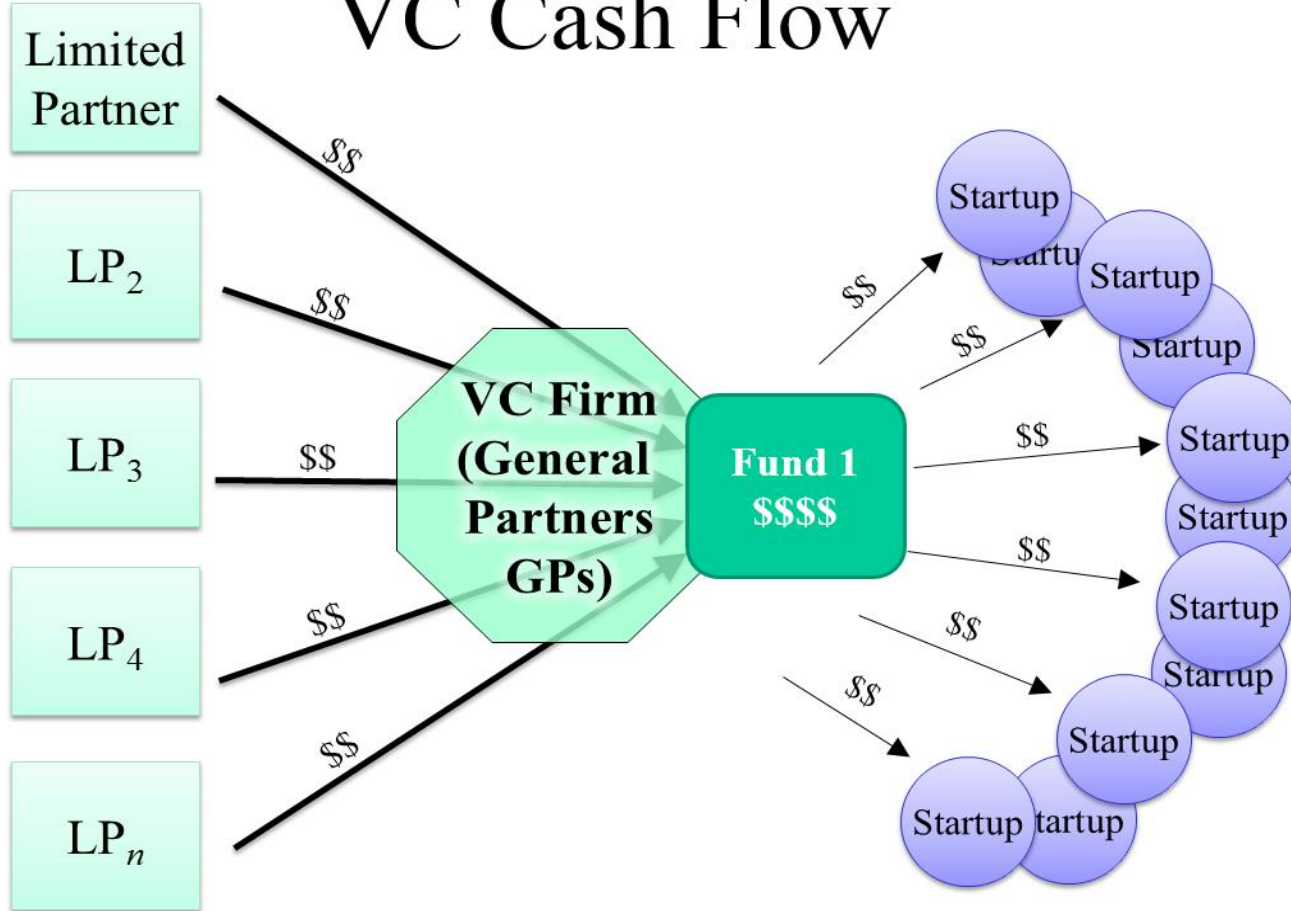
- Individual Investors, Angel Syndicates, Angel Funds
- May negotiate terms, price
- May insert control provisions
- Investment interest

# Venture Capital 101

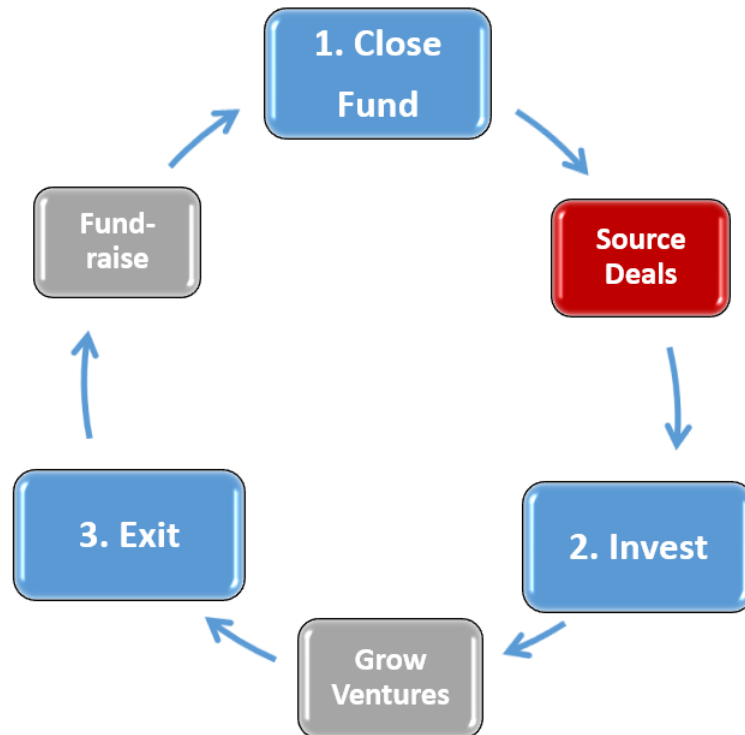
- Managed by General Partners, usually called “Managing Directors”
- Goal: 20%+ IRR
- 10 year fund (typically)
- Value Proposition
  - Expert in industry
  - Expert in deals, generating return



# VC Cash Flow



# VC's Job Cycle





# Deal Terms

## MONEY

- Debt
  - Conversion Terms
- Equity
  - Invested Amount
  - Valuation
    - Pre-Money/Post-Money
  - Follow-on Rounds

## CONTROL

- Board Seats
- Veto Rights
- Other Stated Rights
- Implicit Control

# Getting Funded

- Get a warm intro
  - Or develop relationship yourself over time
- Materials
  - 1-2 page Executive Summary, 10-15 slide deck (ppt)
- Pitch Basics
  - Most important slides first, short deck, big appendix
- Company Goal
  - Get another meeting

# Strategies & Tips

- Investor matters more than the money
- Money $\leftrightarrow$ Advice
- CPG Specific
  - Gross/net sales, gross margin, distribution points, velocity, growth
  - Comparable transaction sales multiple, just get EBITDA positive
- Consider Fund/Investor timeframe, existing returns, available capital

# Exits

- Get a (serious) offer
  - Best case for big-huge returns
  - Your company in demand, Strategic Acquirer paying a premium
- Market & sell company
  - Engage banker to find buyer
  - Try for auction scenario, less spectacular returns
- Other options
  - Public Markets: rare, getting rarer due to regulations & reporting
  - Get creative

Questions?

# Resources

- Venture Deals (Feld & Mendelson)
- NVCA.com
- Local Groups
  - Naturally Boulder, Silicon Flatirons, NEXT Accelerator
  - SeedAngel.co, Angel Groups, RVC
- Local Funds
- Newsletters: Term Sheet, peHub
- Websites & Youtube Videos