

THE ULTIMATE ANGEL FUNDING CHECKLIST

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THE PREP

TEAM

- Founders fully committed
- Founders' equity split decided
- Good founder mix – technical, business, market
- Founders aligned – exit, ownership, time
- Key early roles defined
- Personal financial runways discussed
- Team gaps known
- Hiring plan outlined

CUSTOMERS

- Concept validated with customers
- Key pain points understood
- Revenue models explored
- Decision makers identified
- Customer ROI estimated if B2B
- Sales process iterated and tweaked
- Competitive landscape mapped

HOUSE KEEPING

- Incorporation complete
- Founder's agreements signed
- Banking relationship established
- IP assigned to the corporation
- Bylaws or operating agreement created
- Accounting system setup
- Lawyer relationship established
- EIN acquired

PRODUCT

- MVP created – low fidelity, high fidelity
- Product/market fit established
- Paying customers or strong user uptake
- Scalability of product/service tested
- Branding message and product naming clear
- IP process underway – patents, trademarks, trade secrets

FINANCIALS

- Financial model developed
- Revenue model clear
- Costs and drivers understood
- Best, worst, and expected cases provided
- Growth projections driven by:
 - New customers
 - New sales to existing customers
 - New products
 - Marketing activities

METRICS

- Burn rate estimated
- Cost to acquire a customer measured
- Lifetime value estimated
- Customer churn rate anticipated
- Overhead cost per employee calculated

THE PITCH

ANGELS

- Warm Intros lined up
- Your champion identified
- Who's who researched
- Funding parameters known – investment max, desired markets
- Deal syndication possibilities
- Process understood – screening, pitch, due diligence, etc.
- Get invited to pitch

THE PITCH

- Who you are and what you do
- The problem you solve
- Your solution/technology
- Ideal customers
- Market size
- Business and revenue model
- Your team
- IP and advantages
- Competition
- Financial projections
- Funding needs and uses

HOT BUTTONS

- Market size
- Clear competitive advantage
- Paying customers
- Intellectual property
- More than one founder
- Team well rounded
- Cash flow, cash flow
- Exit plan

PITCH DECK

- 10 to 15 slides max
- Images not words
- Tell the story of how your product changes customers lives
- Back up docs ready:
 - Business plan
 - Executive summary
 - Financial projections
 - Sales funnel and prospects

Q&A

- Pricing and margins
- Successes so far
- What keeps you up at night
- Other funding sources used
- Other angels pitched
- Fundraising back up plan
- Cash and burn rate
- Key partnerships needed

FOLLOW UP

- Thank you email
- Follow-up questions answered or additional information provided
- Status and feedback from your champion

THE DEAL

DUE DILIGENCE

- Product/service demo ready
- Product development roadmap documented
- Early customers will to endorse
- Technology review, with gaps identified
- Financial review, with sensitivity checks
- Team review with growth plan
- Legal review
- Founder background checks

DEAL TERMS

- Dilution limits agreed on by founders
- Option pool creation complete or anticipated
- Raise amount and possible tranches planned
- Preferred share rights understood
 - Liquidation preferences
 - Anti-dilution provisions
 - Dividends – cumulative or non
 - Voting rights of investors
 - Board of directors seats

THE CHECK

- Legal reviews completed by both parties
- Closing prerequisites met
- Founder non-competes
- IP assignments to the startup
- Banking information in hand
- IP Assigned to the Inc.
- Closing date and time
- Check deposited in the bank
- Celebration party commenced!
- Get to work...

VALUATION

- Pre-money valuation modeled and defensible
- Dilution targets understood
- Funding rounds anticipated with contingencies
- Cap table constructed with multiple rounds
- Raise amount and possible tranches planned

Keep your angel prep focused on demonstrating your successes with early customers, market size, and competitive advantages.

PREP



You don't have to tell everything in your pitch, but rather get a yes to move on to the next step—due diligence.

PITCH



Stay on target with your primary goal—getting a reasonable funding deal done. Avoid getting hung up on small differences in valuation and equity.

DEAL

