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

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

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

FINANCIALS

- ☐ Financial model developed
- ☐ Revenue model clear
- Costs and drivers understood
- ☐ Best, worst, and expected cases provided
- ☐ Growth projections driven
 - 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

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

DEAL TERMS

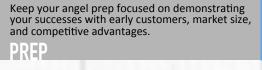
- ☐ Dilution limits agreed on by founders
- Option pool creation complete or anticipated
- ☐ Raise amount and possible tranches planned
- Preferred share rights understood
 - Liquidation preferences Anti-dilution provisions
 - Dividends cumulative
 - Voting rights of investors

or non

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...





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



