

On beyond Venture Equity

Fundraising during a pandemic

Gillian Muessig
Managing Director, Mastersfund



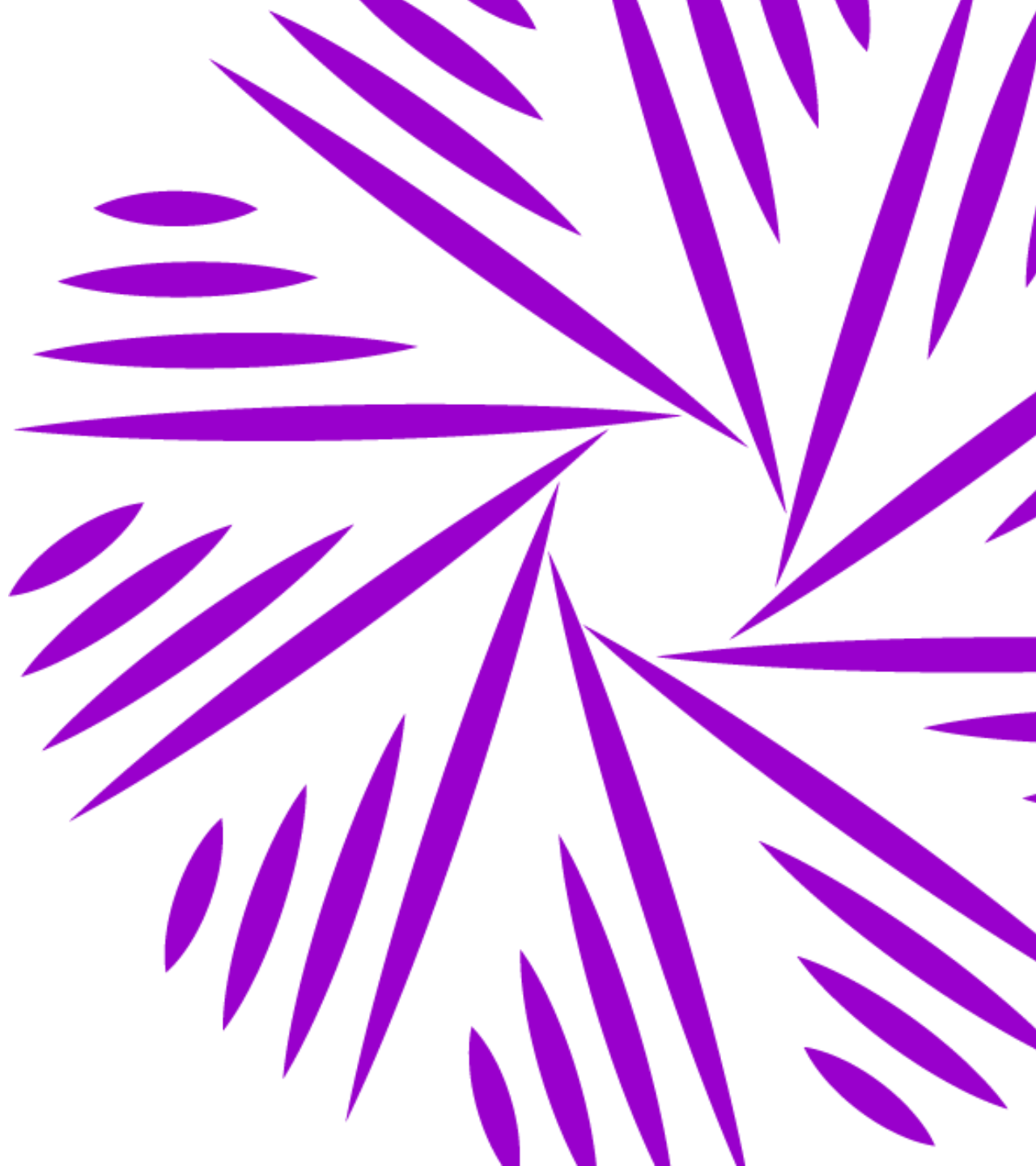
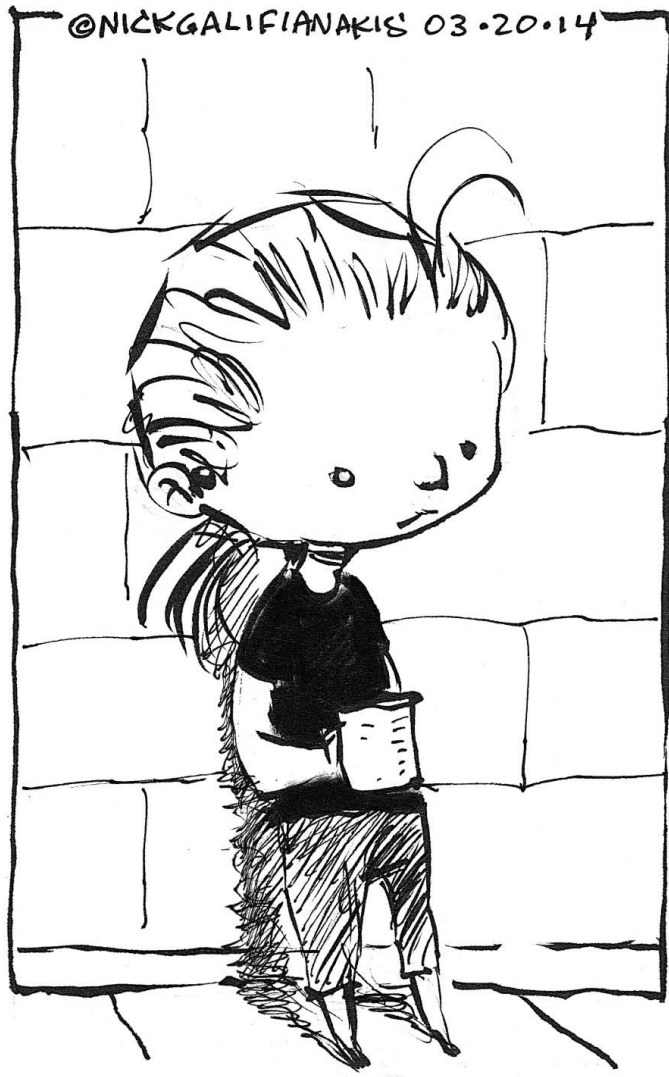


Davis Wright
Tremaine LLP

PROJECT **VW**

HELPING WOMEN SUCCEED





NEWS IN BRIEF

Protestors Criticized For Looting Businesses Without Forming Private Equity Firm First

Thursday 2:01PM • SEE MORE: VOL 56 ISSU





*"Prejudice is an emotional
commitment to ignorance."
Nathan Rutstein*



WHITE Wealth: \$110k

BLACK Wealth: \$ 5k

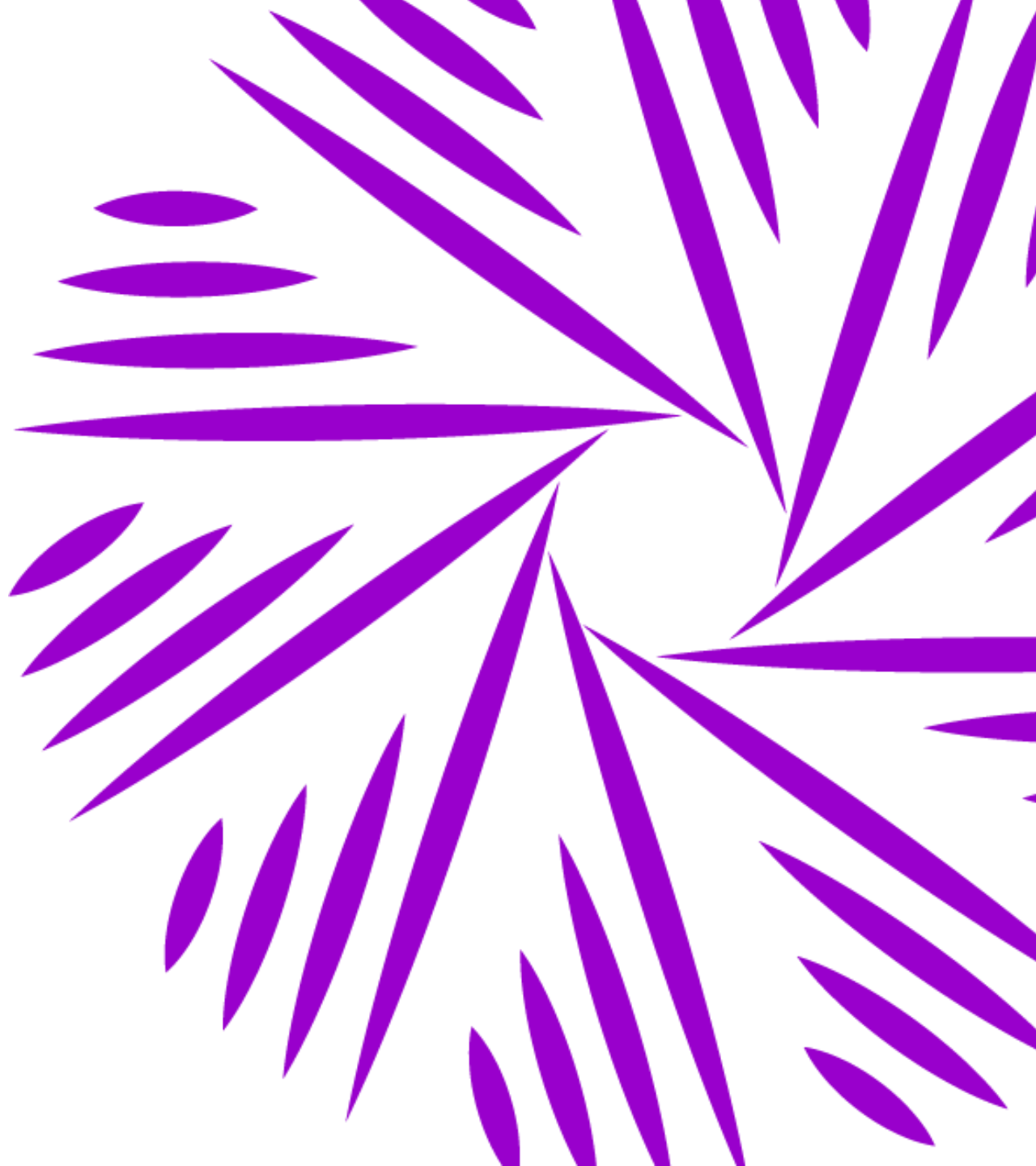
FEMALE Wealth: 40%

MALE Wealth: 60%



Indoctrination. Education.

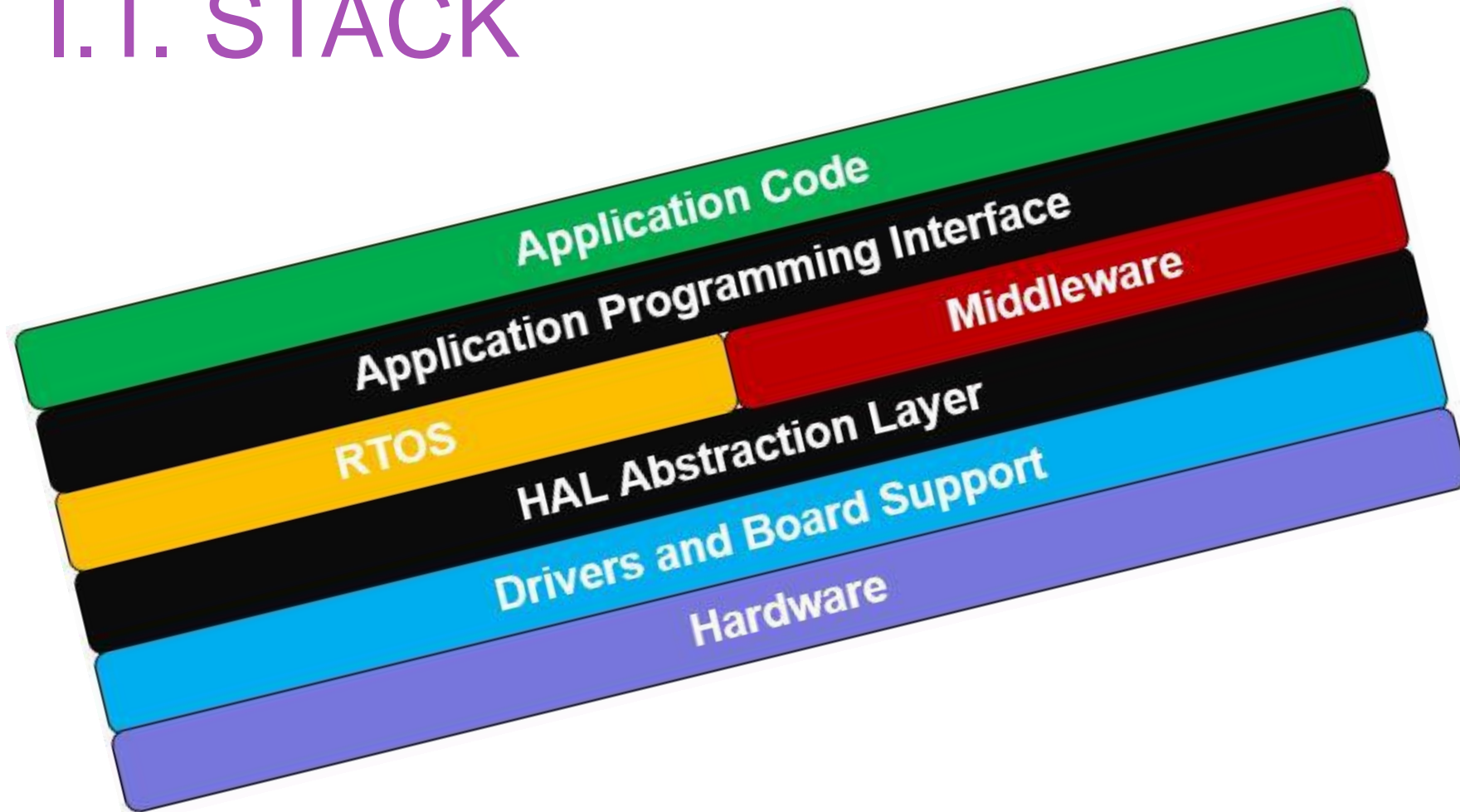
<https://www.youtube.com/watch?v=LNqS78-Wjcc>



For too long, we've been taking a hatchet to scalpel job.



I.T. STACK



THINK BROADLY & DEEPLY



VENTURE FUNDING IS EVOLVING

(finally!)



CAPITALIZATION STACK

HYBRID MODELS

EQUITY

VENTURE DEBT

CROWDFUNDING



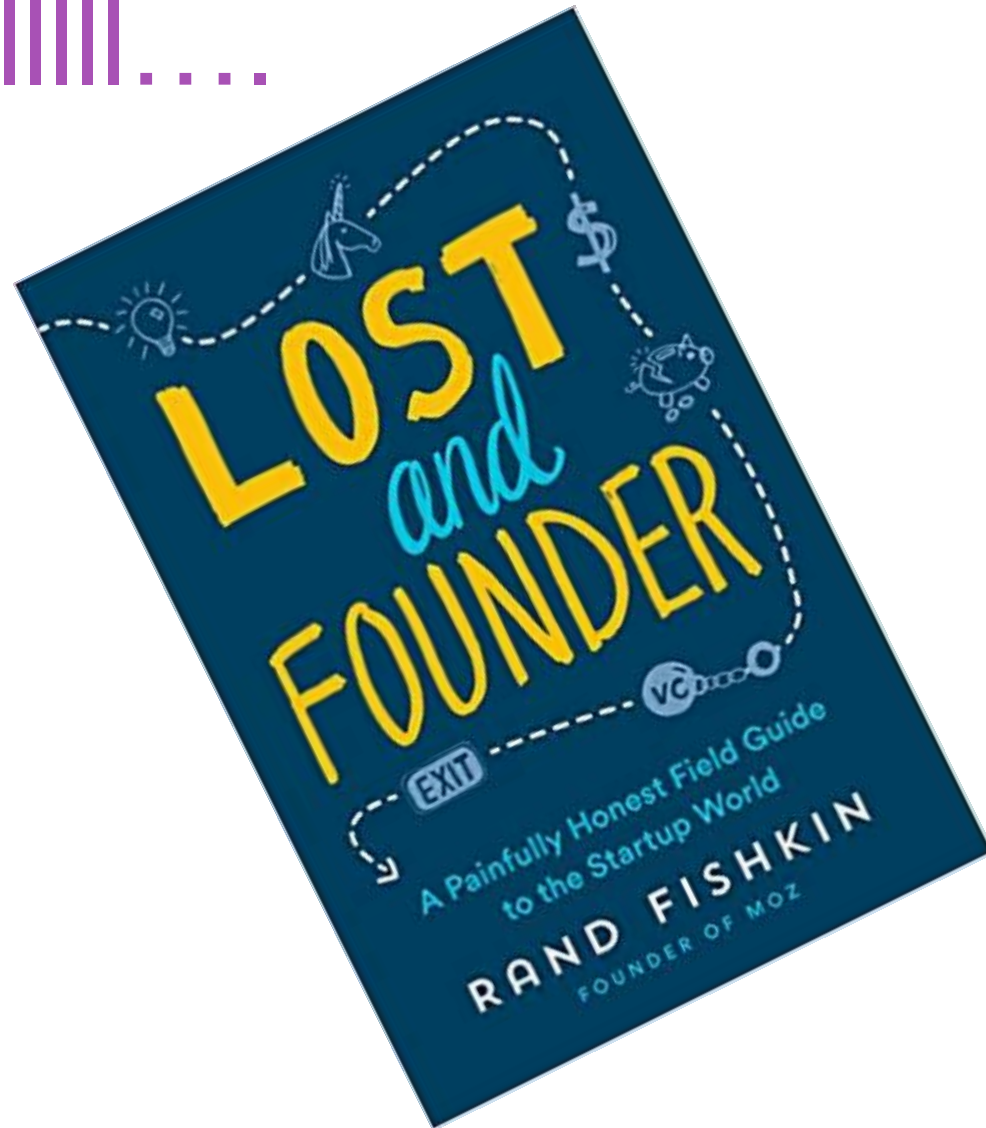
EQUITY



Are venture funded
companies more profitable
to founders?



We-e-e-e-e-lllllllll.....



<https://www.amazon.com/Lost-Founder-Painfully-Honest-Startup/dp/0735213321>

Not always.

	SILVIO'S CONSULTING BUSINESS	NIKI'S PRODUCT BUSINESS
Investment Raised	\$0	\$8,500,000
% of Business Owned at Time of Sale	100%	15%
Total Revenue at Time of Sale	\$10,000,000	\$10,000,000
Revenue Multiplier at Sale	1.5X	4X
Total Sale Price	\$15,000,000	\$40,000,000
Founder's Share of the Sale	\$15,000,000	\$6,000,000

VENTURE DEBT

Bridge Loans

Revenue Share Agreements

Dividend Models

Royalty Agreements

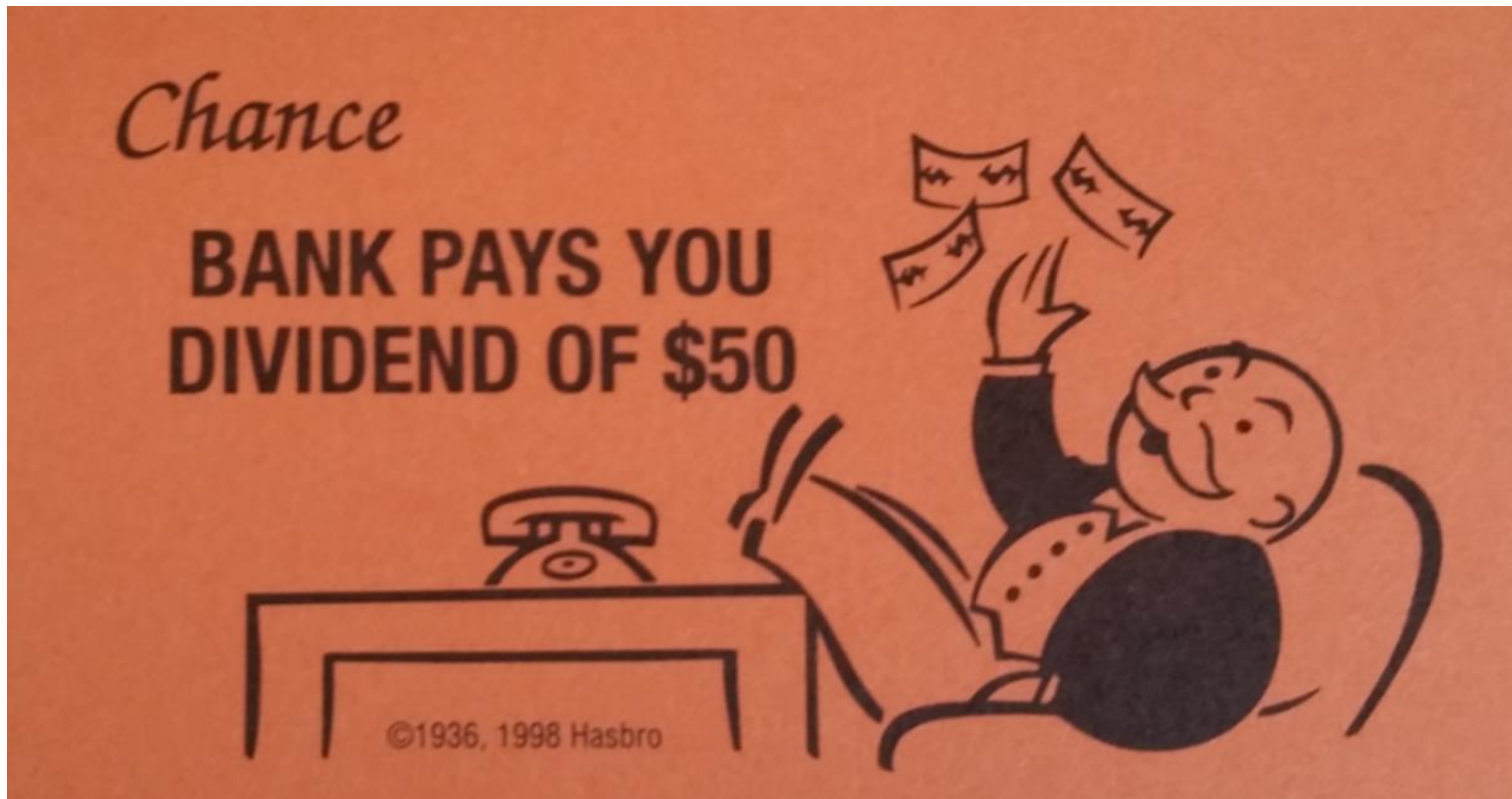
Loans



REVENUE SHARE LOANS



DIVIDEND MODEL



ROYALTY AGREEMENTS

Well, not *exactly*. ;-)



LOANS



UNAPOLOGETIC.
WE FUND WOMEN.



With Anne Kennedy and Gillian Muessig

LET'S RETURN
TO A DISCUSSION
ON EQUITY



Capital efficient leadership results in higher returns on VC investment

Startups Founded or Cofounded by Women Garner Less in Investments but Generate More Revenue



Sources: MassChallenge; BCG analysis.

Note: Of the 350 companies included in the analysis, 258 were founded by men, and 92 were founded or cofounded by women.

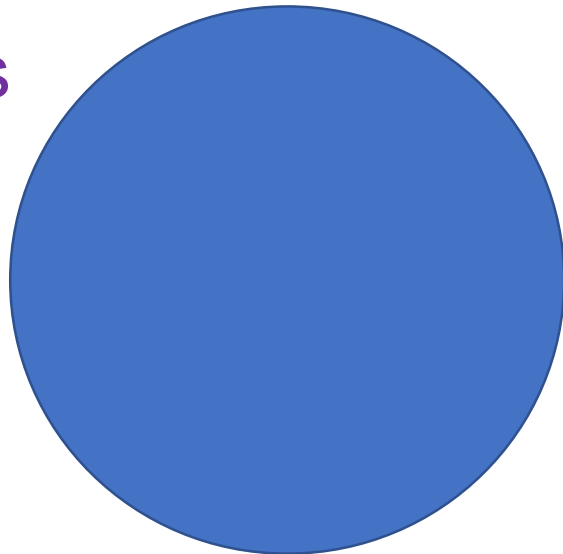
Series A funding: don't be female

0.05% of all companies will land Series A funding

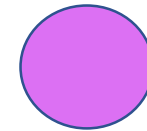
<https://www.fundera.com/resources/startup-funding-statistics>

All male teams

85%



Gender Diverse with male leaders



12.2%

Female Founders



2.8%

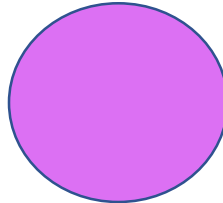


Conventional VC by the numbers

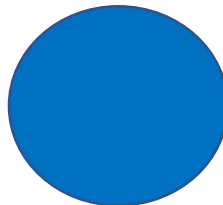
Only 4% will return significant capital to their funds

~50% raise Series B ~30% raise Series C ~4% have "happy exits"

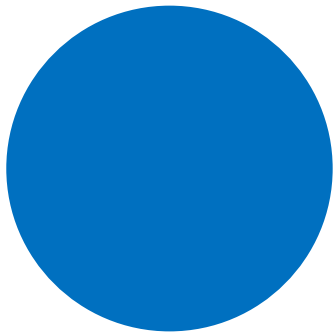
Gender
Diverse
Teams



All male
teams



But when they do...



Women return
an average of
35% higher ROI
than all male
teams



Avoid being an unwitting pawn

Funding your products business with services works.
Leverage what you have!

	SERVICES BUSINESS	PRODUCT BUSINESS
Startup Costs	Low	High
5-Year Average Survival Rates	Mediocre (47% according to US Census data)	Miserable (<10% according to NVCA data)
Marketing Demands	Low	High
Limits to Growth	People, Marketing, Retention	Capital, Engineering, Customer Acquisition
Competitive Barriers to Entry	Low	Medium to High
Scalability	Low	High
Staffing Requirements	High Ratio of Staff to Customers	Low Ratio of Staff to Customers



SO, WHAT
DO WE DO
ABOUT ALL
THIS?



Consider ALL the options

5%+ YoY is
totally cool

Exit Requirements

10X+ \$\$\$
or bust

Bootstrap

Self
fund

Small biz
loans

Friends
& family

Crowd-
funding

Angel
\$

Accel-
erators

Revenue
loans

Conv.
debt

Venture

50%+

5+ Year Survival Rate

<10%

Build the most effective team

Gender diverse teams

Women at the helm



Anne Wojcicki, 23andMe

Source: <https://www.bcg.com/publications/2018/why-women-owned-startups-are-better-bet.aspx>

† gender diverse leadership teams



Your first question...

What can I sell to today
to build what I need
tomorrow?



Don't follow others' paths.

The right questions
illuminate the right answers
for your company



Ask hard questions and answer them



What is the professional and financial goal?



Who am I building this for?



What do I want to create?



What is my risk tolerance?

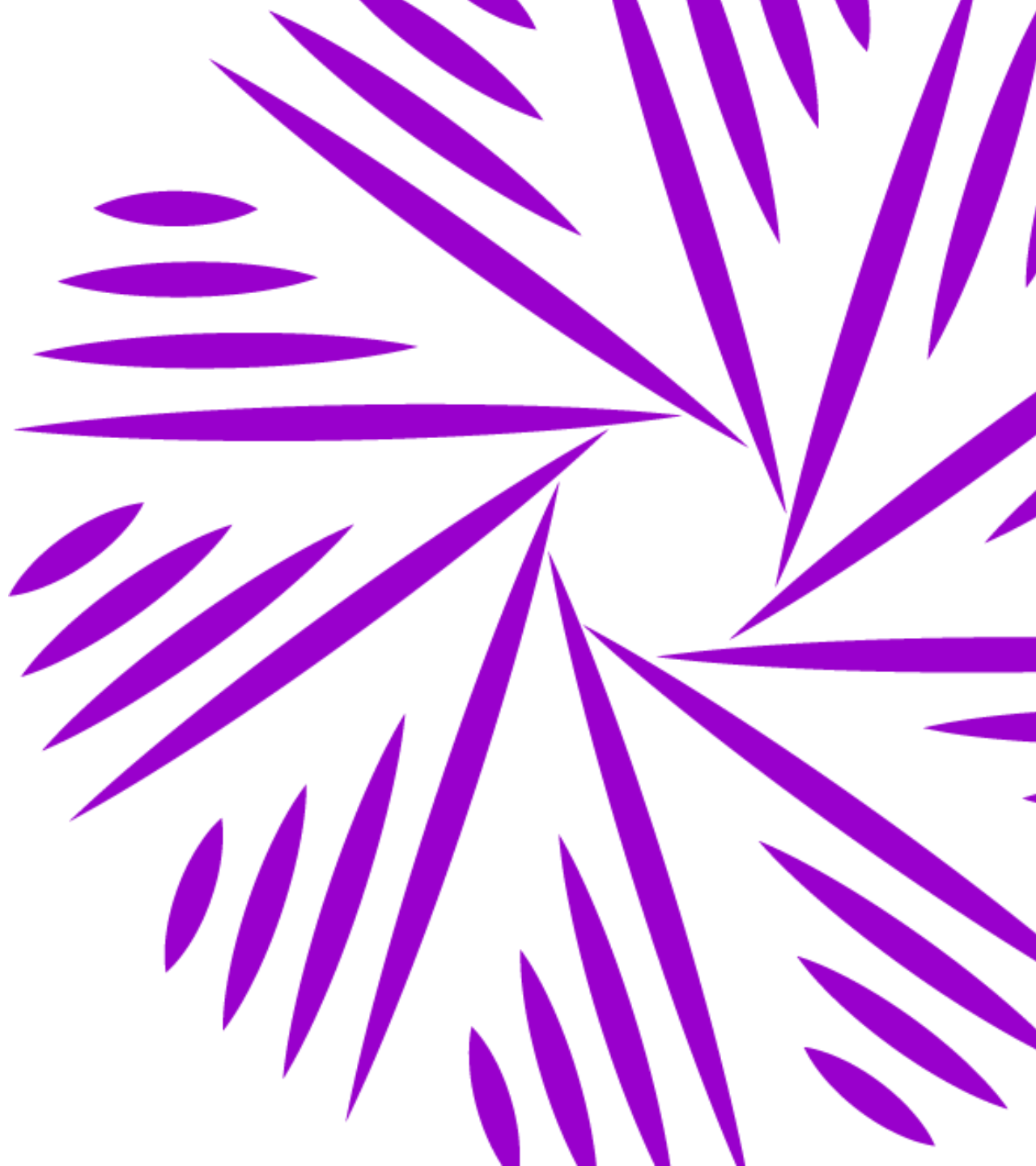


What's the end game?

REGARDLESS
OF THE
CAPITAL YOU
RAISE...



YOU NEED A
GAME PLAN



Build your hot list



Hot List Criteria

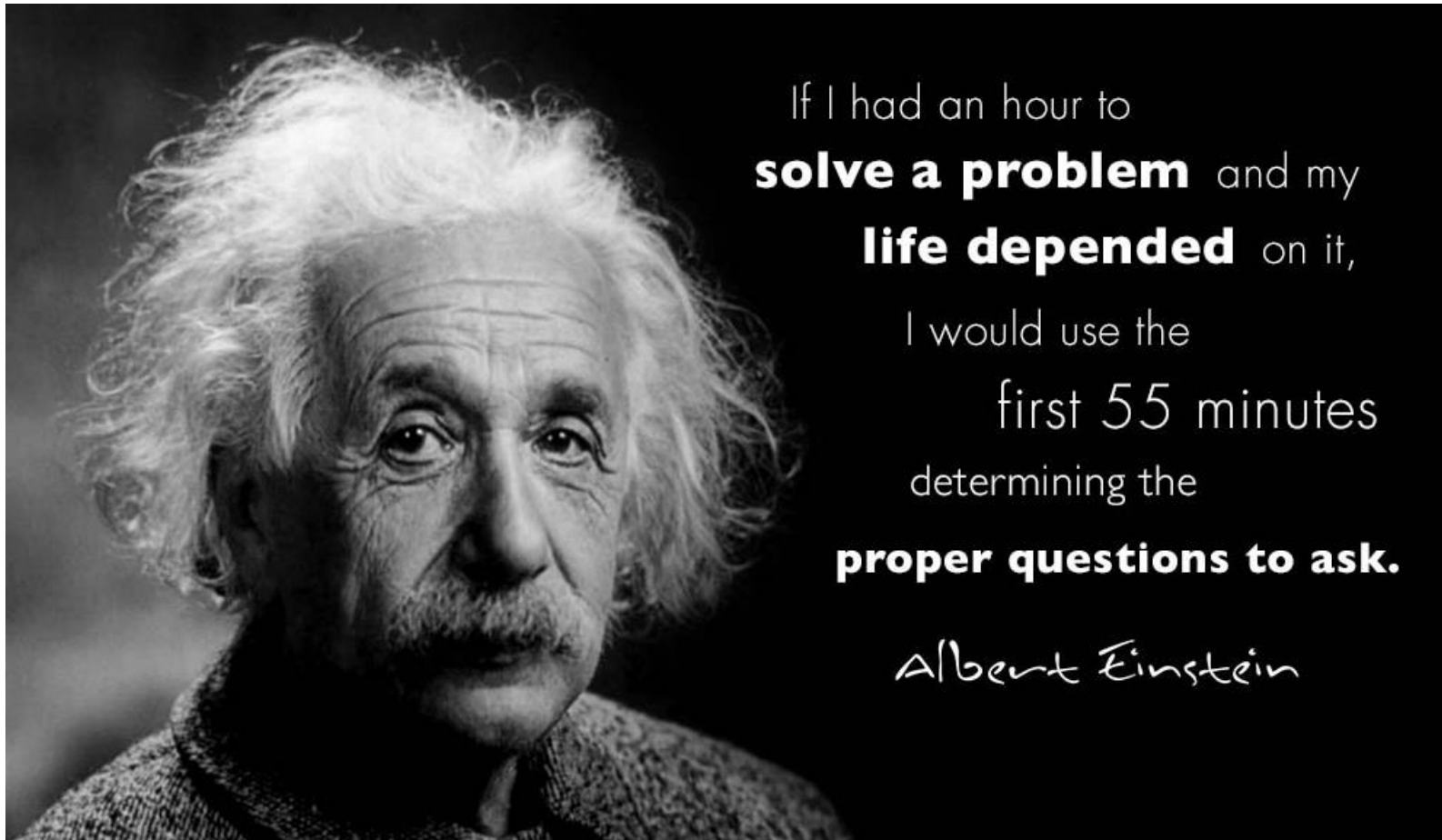
- Who has invested in ‘Version 1’ of whatever you are now building ‘Version 2’?
- Who was the lead partner who championed that deal?
- Did they have a successful exit?
- They’re on your hot list!



Build the relationship



Ask business questions!





Build your personal brand

I DISS



How to build your brand

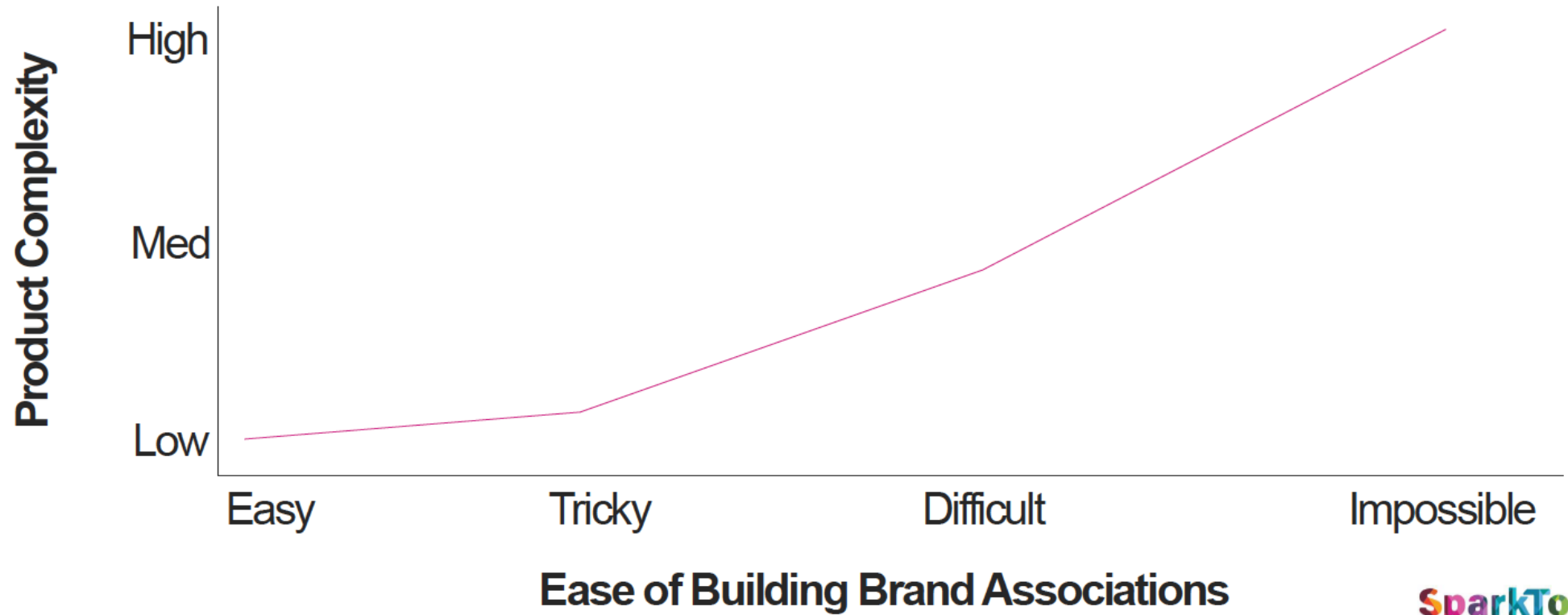


One thing

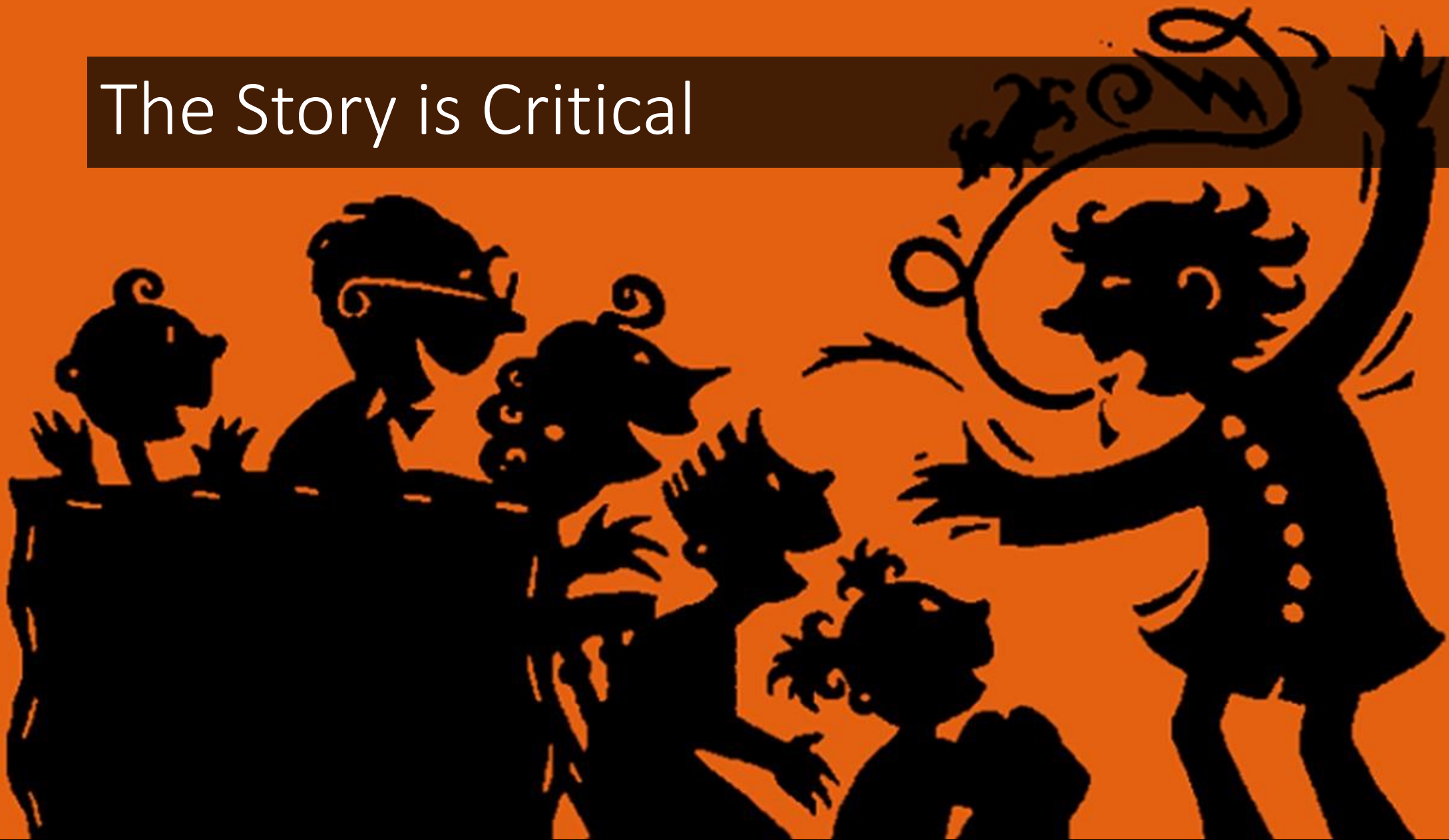


City Slicker

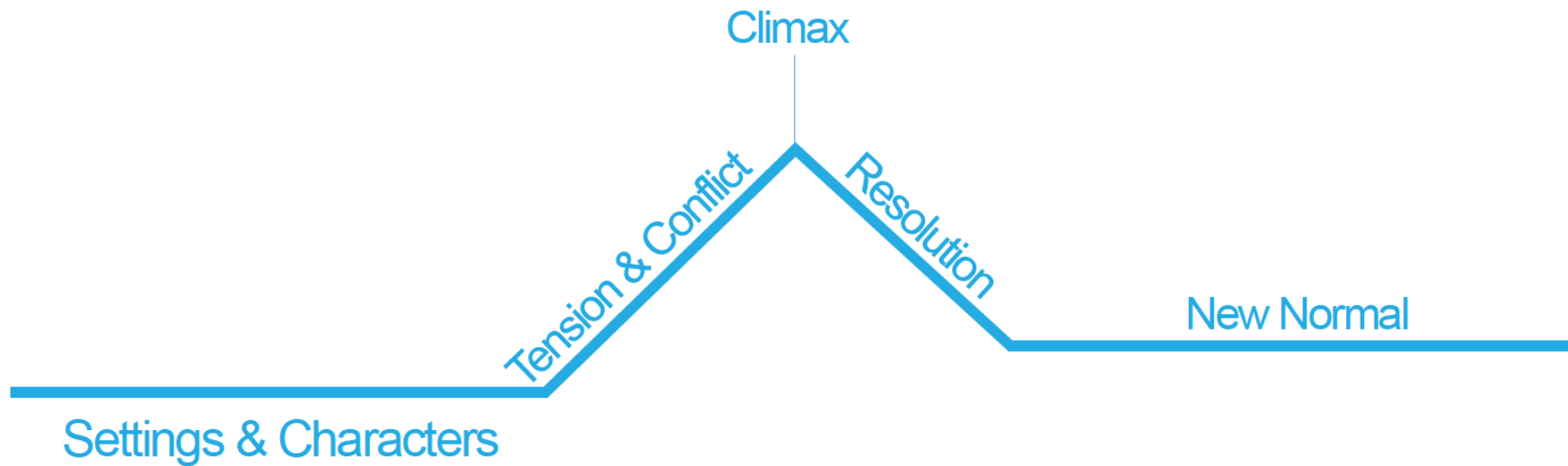
Boil it down



The Story is Critical

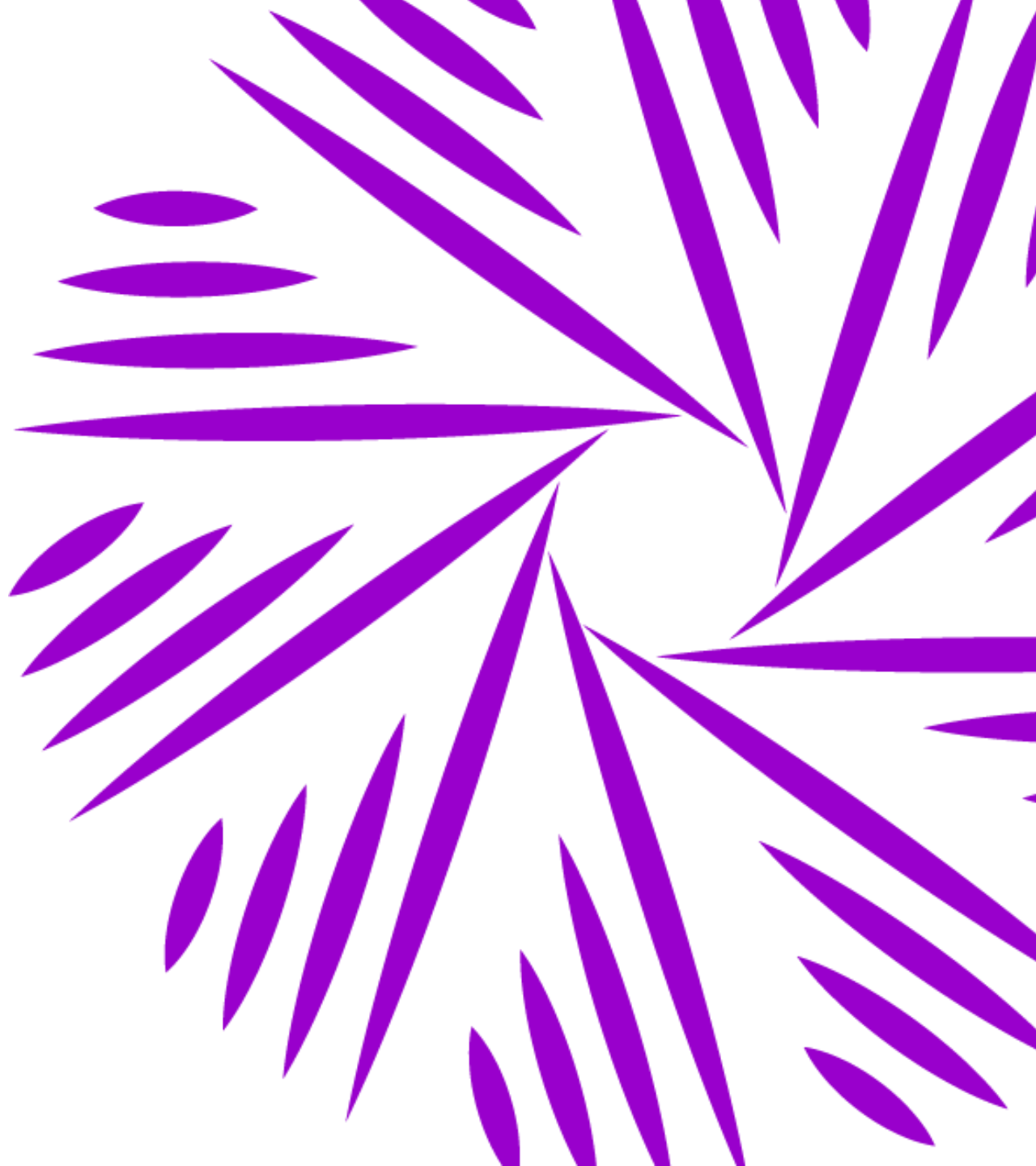


This wheel is already invented



Examples

*All these examples were provided by
Rand Fishkin of SparkToro*





Better taxi service

Regus, but so much cooler

we work



Slimfast® for
techbros

soylent

Betamax
vs. VHS

Beta
B



VHS



Get clarity

Decide what you want to build, how, and why

Lack of clarity on your part
detracts from your power



Make a choice

Choose your capitalization stack

Start with 'what can I sell....'

Take capital when it will significantly increase your chances of success. Not before.



No excuse for lack of preparation

Craft a short, simple, emotionally connective story

Practice it with 1,000 people.

The more you speak it, the smoother, tighter, and better it will be.





Build your personal brand

I DISS



Masters fund

We're raising \$100MM
to fund women-led technology
companies building better ways
to live and work together.

gillian@masters.vc

anne@masters.vc

