

Business summary – note: this is the template we use at [LionBird](#) as an internal, working document for assessing investment opportunities

- **Vision**
 - XXXX – in 1-2 lines, explain the [BHAG](#) (big hairy audacious goal) of the company
- **Problem**
 - Who are the key stakeholders, and what are the critical problems you are solving for each
 - May include how they solve it today
 - Is this truly a “must have” vs. a “nice to have”
- **Solution**
 - Problem/solution fit
 - Should be specific product feature that matches problem statement
 - **Technology**
 - Include detailed description of technology if relevant as a critical success factor (see below)
- **Team**
 - [Critical success factors](#) - 2-3 areas that, if done right while everything else is done wrong, will allow a startup to succeed, but if done wrong while everything else is done right, will sink a startup
 - Do we cover these in Founding team?

Individuals

- **XXX – CEO** - Experience in XXX for XXX, ownership %__ - focused line on CSF covered and key former positions

From startup:

- Full description from startup’s materials or LinkedIn included here

- **XXX – COO** - Experience with XXX for XXX, ownership %__

From startup:

- Full description from startup’s materials or LinkedIn included here

- **XXX – COO** - Experience with XXX for XXX, ownership %__

From startup:

- Full description from startup’s materials or LinkedIn included here

Advisory Board

- **Covers XXXX, XXXX, and XXXX** – note: [how they can help](#) does not fill more than one line, since we don’t invest in advisory boards, we invest in the people running the company

Risks: can include: lack of expertise in a CSF, Founders have jumped around between too many jobs in past, overly unequal partnership from cap table, [husband/wife team w/o experience working together](#), perceived lack of ambition to build a large company, certain

members of team still working part-time while others full-time, IP owned by previous employer, etc.

- **Business Model**
 - How will they make money, both in long and short-term
 - Proof points: how have they validated these assumptions?
 - Does the business model align with value created and industry standards?
- **Market dynamics** – ex. barriers to entry, bargaining power of suppliers and buyers, substitutes, fragmentation, size, margins, growth rates – **summarizes key takeaways, also included below with proof points**
 - **Driving trends**
 - Growing at XXX%/yr, driven by XXX
 - Answer: why now?
 - **TAM:** \$XXXB in sales annually
 - [XXX](#) source
 - Include segment sizes as well if possible, and try to segment as much as possible to make this relevant
 - **Penetration for your segment/market shares:**
 - Who are the leaders and is there room to grow along a different segment?
 - **Fragmented? Barriers to entry? Network effects?**
 - Include [Porters Five Forces](#) if relevant
 - **Industry churn? Multiples in public companies?**
 - **Likely rate of adoption**
 - Map against “innovation attributes” (from [diffusion of innovations](#))

Competition: this part usually takes the longest, fills the most pages, and is the hardest to complete

- **Our differentiator**
 - In one line, how this startup is 10X better vs competition at solving a problem in an aspect that is important to consumers.
 - Explanation of why others aren't and can't do this
 - Answer: why us?
 - Status quo: sometimes good to include chart of workflow today (to see how status quo works) vs. workflow of what startup will be offering
 - Biggest competition is usually that today's system is “good enough”
- **Competition – Direct (go into depth here to learn every aspect of what makes this startup different in a meaningful way)**
 - **Competitor 1**
 - Website
 - _____ .com

- **Mattermark score:** ____ (instead of looking for snapshots of traction indicators such as Alexa score, app downloads, PR, hires, open positions, and fundraising, Mattermark distills this as startup traction score based on trends over time)
 - **USP – their one liner on what makes them special in the industry/what can we learn from them**
 - A few features
 - Include only features that make them interesting or that overlap with the startup. Can include screen shots.
 - Business model
 - How much they charge
 - **Competitor 2**
 - **Etc.**
 - **Indirect Competition – explain why they are competition but not direct. Includes startups targeting same problem but with a different solution, or startups with similar solution targeting different segment.**
 - Key features
 - Include advantages/disadvantages
 - **Competitor 1**
 - Mattermark score, PR, amount raised, link to website, pricing, key product features, etc. – **note: is less in depth than direct competitor summaries**
 - **Competitor 2**
 - **Etc.**
 - **Indirect Competition– category 2**
 - **Etc**
 - **Indirect Competition– public comps**
 - Who are the closest public comparables that we can learn from in terms of future revenue multiples, risks they see in future of business, margins, and growth potential?
 - Annual reports, analyst reports
 - **Go to market**
 - **Segments – important to focus at first!**
 - Describe how market was segmented
 - Should be according to clear decision making criteria of importance such as willingness to pay, size of pain, size of market, current alternatives, ease of reaching them
 - **Target client types - split into target segment for MVP vs. later, often times includes multiple phases**
 - **Phase 1 – looking for evidence of systematic thinking**

- *Should include specific details of how you'll meet initial milestones*
 - **Phase 2**
 - *Should be a large group that has similar characteristics to first group that will allow you to expand to serve them*
 - **Client acquisition channels**
 - **Phase 1 – show you know what to do for next year**
 - Channel and what your unique selling proposition will be to them
 - *Includes how you have validated the assumptions around user acquisition funnel metrics such as CAC, LTV, etc.*
 - **Phase 2 – show you've thought about how this can scale**
 - After reach XXX milestone, expand into XXX ancillary market via XXX channels
 - *Based on the core capabilities you are building from serving first market, what large ancillary markets will you move into next?*
 - *This is where I see if they have a "big" vision, does not need to be as granular but due to [VC obsession with unicorns](#), needs to be impressive*
- **Fundraising**
 - Raising \$XXX @ \$XXX pre-money – **does this amount match the milestones and traction?**
 - XX% ESOP, XXX other terms – **notice [pre-money doesn't tell the whole story](#), other key terms may have an impact on valuation**
 - Previously raised \$XXX @ \$XXX
 - Milestones for fundraising – **don't want to fund [a bridge to nowhere](#)**
 - *What can you accomplish with this money that will allow you to either raise next round of financing at higher valuation or become an independently profitable company?*
- **Current Traction**
 - **Pre-launch, pre-seed – indicate stage of company**
 - Spoke to XXXX, validated XXXX
 - Generated beta version of XXXX
 - On-boarded initial ____ customers
 - Key funnel metrics today
 - Raised \$__ in pre-seed funds from ____

=====

Support materials

- **Reference checks**
 - **Current clients**
 - *Make sure what the startup has said about the interest of these clients using his product is true*
 - **Potential clients**
 - *Ask people that fall within the potential client segment the startup is targeting for their impression on the product*
 - **Character references**
 - *Make sure the Founders don't have any ethics or personality issues we missed*
 - **Domain experts**
 - *If outside our areas of direct domain expertise, we always get 3rd party opinions on the parts we don't have a good grasp on*
 - *Do a "sanity check" to make sure there isn't a fundamental issue with the idea that we missed*
 - **Work references**
 - *Bosses, co-workers, people that worked under the Founders, and former investors in Founders to make sure they are telling the truth about their CV and see exactly what they have done in the past*
 - **Competition**
 - *I call competition, both direct and indirect, to get their opinion on the space and answers to questions around their customer acquisition tactics and market share*
 - *Of course, I always let these competitors know that I'm looking at a startup in the space (which I never name) and ask them not to tell me anything proprietary. Out of curiosity or self confidence, they usually take my call despite the disclaimer.*

MEETINGS WITH TEAM

Stage of funnel: *note VCs track all startups in their "funnel" and usually go through a structured series of meetings as part of their business due diligence. Ask your VC what their process looks like*

First introduction: ____th by ____

1st meeting – ____rd Location

Meeting participants: XXX

Email:

List key email exchanges and any notes pre- and post- meeting

Stage of funnel: 2nd meeting – ____th Location

Meeting participants: XXX – Commercialization and financials meeting (*include focus of meeting*)

Email:

List key email exchanges and any notes pre- and post- meeting

Stage of funnel: 3rd meeting – ____th Location

Meeting participants: XXX - Technical meeting (*include focus of meeting*)

Email:

List key email exchanges and any notes pre- and post- meeting

Stage of funnel: 4th meeting – ____th Location

Meeting participants: XXX – Final documents meeting

Email:

List key email exchanges and any notes pre- and post- meeting

Etc.

Open Questions answered in meetings:

1) Any gaps in logic or credibility, or outside materials that we addressed in email or conversations are addressed here. Includes questions on P&L assumptions, hiring plan, product roadmap and how it matches KPIs, workflow, relevant screen shots, marketing plan, ambition of the founder, etc.

Conclusions: *Takeaways on these points addressed here*

2) Note that findings in VC legal due diligence unearths matters not discussed before, often included here.

Conclusions: *Takeaways on these points addressed here*

Etc.

Articles:

- *Assortment of articles I found relevant in assessing the market opportunity, and key takeaways from each*

Select email exchanges re XXX: *when there are concerns regarding financial models, differentiation vs. certain competitors, etc. we exchange multiple emails on the issue, both internally and with the founder. I usually copy/paste them here, including comments below each.*

We also include here any email exchanges we had with other investors we intro'd the opportunity to, including their criticisms if they did not join syndicate.