



# Submitting your Application to Sand Hill Angels

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# MATERIALS TO INCLUDE IN YOUR APPLICATION

## 1 Executive Summary

The Executive Summary is a summary of your business plan. It should follow the outline of your investor PowerPoint presentation but in narrative form and with appropriate charts and tables.

Ideally, you should prepare two Executive Summaries because you will be asked for both by various investors. A "One-Pager" is usually in template form and has a summary of all the key information. "One Pagers" are useful for a cursory assessment. However, a longer document is much more effective for discussing the opportunity and plan.

## 2 Application Deck

More often than not, your application deck uploaded to Dealum should be different from the deck used to present to Sand Hill Angels.

## 3 Backup Information

Your backup information should include evidence of whatever key facts you are claiming. If you claim you can design something for \$1M in 12 months, you might support it with schedules, engineering analysis, comparison to similar efforts and 3rd party expert opinions. If you claim there is a \$100M unserved market opportunity, you might support it with market data and verifiable customer testimonials.

Your backup material should also include an operating plan, including detailed milestones and monthly financials for the period supported by the funding you are requesting, plus key milestones and quarterly financials to the exit point. The financials should generally include an income statement, balance sheet and funds flow statement.

# Investor Presentation

A well prepared presentation and great delivery are critical to your financing success. Your ability to manage the meeting time is an indicator of your management capability. These guidelines will serve you well for a meeting with virtually any angel group or venture capital firm.

# TIPS

- You should plan on no more than 20 slides-- and preferably less-- for your first presentation.

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- You should plan on a 10 min delivery with the balance of your meeting for Q&A. While the specifics of your presentation will differ with the nature of your business, the following guidelines will address what virtually all early stage investors wish to assess.

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- Entrepreneurs often make the mistake of building what is primarily a product presentation. You should force yourself to keep the product discussion to just a couple of slides. This presentation needs to be focused on the building of a company — of which the product is a foundational element. This is often a difficult mental transition for entrepreneurs to make — see the company building opportunity, not the product!

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# WHAT TO INCLUDE IN YOUR PRESENTATION

You can't go wrong with this outline:

01.

## Company Background

One or two page summary that profiles the company, product, sales & marketing, market opportunity, and financing overview. The object is to provide a snapshot of the company and to “tell them what you are going to tell them.”

02.

## Vision/Mission or Elevator Pitch

This should be a very simple several sentence statement of why the company has been formed and how its going to change the world.

03.

## Problem/Solution Scenario

All products start with the definition of problem — a pain point. A well articulated problem and a well articulated solution will set the stage for the rest of your presentation.

04.

## Market Opportunity

All good company-building opportunities start with an attractive market opportunity — in market size and growth. The pain you articulated earlier should translate into a market opportunity. Quoting analyst market numbers that are not particularly focused will not convince an investor that you understand the market opportunity. You should challenge yourself to try and build a bottoms-up analysis, with assumptions, that builds an attractive market opportunity. Other issues you may wish to address are customer switching costs, willingness of customers to buy from start-ups, power of incumbents, etc. Competition can be addressed at this point but is more meaningful after a product context has been established.

# WHAT TO INCLUDE IN YOUR PRESENTATION

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05.

## **Product/Technology Description**

This is the opportunity to talk about the product. Talk about what's disruptive and innovative. Define the value propositions. This section does not need to be half of the presentation. Plan on no more than just a few slides.

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06.

## **Competition — Direct and indirect.**

Current, future, & framework for analysis.

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07.

## **Current & Sustainable Competitive Advantage**

IP is helpful, but usually not sufficient. Strong know-how, network effects, high switching costs, long term contracts, learning curve benefits, and capturing key distribution channels can all be used to build powerful competitive advantage and entry barriers for others. First mover advantage in itself is usually not sufficient unless it can be used to accomplish some of the above mentioned entry barriers.

# WHAT TO INCLUDE IN YOUR PRESENTATION

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08.

## **Business Model**

Manner in which you develop repeatable & profitable business. Discuss capital efficiency. Discussion of supporting models — operating, product development, and sales and marketing will demonstrate your command of the business and the business model.

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09.

## **Business Model**

This slide(s) should be dedicated to how you plan to cross the chasm, obtain your first reference customer(s), first 500K users, etc. Discuss target market strategy, sales & distribution, partnering, pricing, & promotion.

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10.

## **Customer Traction/Pipeline**

Show your pipeline and that you have an organized process for developing customers and know how to advance them through a sales process.



# Investor Criteria

The following business plan fundamentals serve as important criteria for our decision on what we choose to consider for investment.

01

## FOUNDING TEAM

The management team should consist of the key individuals that can execute and achieve the critical milestones to the next stage of funding. It should ideally have a CEO that can lead the team even if the individual is not the long term CEO. In any case the team should be committed to building a company, passionate, accomplished, work well together, and be well referenced.

02

## MARKET

The opportunity to build a company really starts with the attractiveness of the market opportunity. The size and growth rate are the most important metrics but there are other factors that are also important. The industry structure, barriers to entry, customer switching costs, competitive landscape, behavior of incumbents, etc. all play into the attractiveness of the market. Small markets seldom deliver the opportunity to build big companies. We prefer companies that can deliver revenues of \$50M to \$100M within a four to five year period. This is only realizable in a large growing market.

03

## PRODUCT/ SERVICE

The product or service offered should be disruptive and unique and solve a customer problem or meet a need. The value propositions should be clear and the product should not require significant behavioral change on the part of the customer.

04

## BUSINESS MODEL

The business model is the means by which you can develop profitable business in a repeatable manner. While some investors will have an appetite for businesses that require large amounts of capital, Sand Hill Angels does not. We prefer businesses and business models that are not capital intensive. We prefer businesses with high and sustainable gross margins. The combination of these two factors with a high growth market supports a high, internally sustainable growth rate.

05

## COMPETITION

The management team should appreciate the competitive landscape and understand both its present and future direct and indirect competitors. They should also have a grasp on the sustainable competitive advantage that it can build through various means.

02

## COMMUNICATION

The management team should appreciate the competitive landscape and understand both its present and future direct and indirect competitors. They should also have a grasp on the sustainable competitive advantage that it can build through various means.

We want to stay informed about the progress of the company as it moves towards exit, with regular (typically quarterly) updates, covering:

- significant events- eg closing of funding round
- milestones achieved- product, legal, IP, financial etc.
- Key business indicators status- e.g. # users, advertisers, rollouts
- Barriers or roadblocks including assistance sought from SHA's network
- Priorities for the next quarter/year
- Financials review
- Personnel matters- discussed privately
- Anything else you deem significant- e.g. new competition, potential strategic partner etc..

06

## EXIT STRATEGY

The management team should appreciate the competitive landscape and understand both its present and future direct and indirect competitors. They should also have a grasp on the sustainable competitive advantage that it can build through various means.

# Additional Internal and External Resources

Our members and ecosystem have a wealth of information to share. Here are a few articles that might be of use to you. We suggest that founders should start with templates (for completeness) and then add to it or reorder it to play up their particular strengths.

# EXTERNAL RESOURCES

- [SLIDEDOCS \(DUARTE\)](#)
- [SEQUOIA PITCH TEMPLATE](#)
- [THE ONLY 10 SLIDES YOU NEED IN YOUR PITCH \(GUY KAWASAKI\)](#)
- [HOW TO DESIGN A BETTER PITCH DECK \(Y COMBINATOR\)](#)
- [STARTUP MADLIBS: PERFECTING YOUR ONE SENTENCE PITCH](#)

# Due Diligence

Sand Hill Angels will request this much due diligence at a minimum.

These guidelines will serve you well for a meeting with virtually any angel group or venture capital firm — and save you time down the road.



## FINANCIAL

### Income Statements and Balance Sheets

- Starting balance sheet (at company formation)
- Annual income statements and balance sheets since inception (or 3 years)
- Year to date income statement
- Current balance sheet

### Financial Projections

- Detailed revenue/expenses & cash flow/use of funds- (12 months or next funding round, whichever is longer)
- Five year summary projections and lifetime capital required
- Description of milestones to achieve with requested investment



## CORPORATE/ LEGAL

- Bylaws
- Articles of Incorporation
- Minutes of all Board of Directors, committee and shareholders meetings and all consents to actions without meeting.
- All employment agreements and consultant agreements
- Any pending legal actions, any felony convictions, any DUIs



## INTELLECTUAL PROPERTY/ SCIENCE & TECHNOLOGY

- Copies of issued patents
- Titles & filing dates for provisional patents
- Brief descriptions of key claims (for both issued and provisionals)
- Technology licensing agreements with brief description of key components
- Data from relevant studies/experiments



## MARKETING/ SALES

- Reference customers/partners – list with contact information and brief description



## REGULATORY (IF APPLICABLE)

- List necessary regulatory approvals and requirements/timeline to achieve
- Reimbursement – CPT codes and reimbursement amounts



## MANAGEMENT

- Full resumes for key personnel
- Three (3) references for each person
- Management Team & Board Members – contact information
- Company Advisors – contact information



## THE DEAL

- Investment request— amount and type (e.g., convertible note or priced round)
- Description of milestones to achieve with requested investment
- Term sheet (if available)





# Ready to Apply?

Submit your application here

[APPLY NOW](#)