

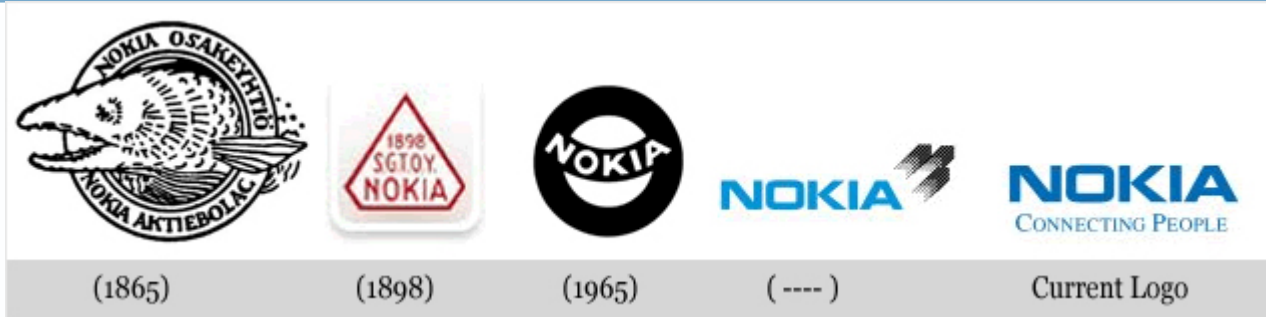
10 Myths of Raising Money

Banking on the Wrongs A Guide to the Anti-Millennial Funding Craze

Tony Greenberg, CEO:
RampRate and DeepStrat
tony@ramprate.com

Myth 1: Investors Buy Ideas

Your business will change 7 times before it's successful



Investors invest in the ability to swerve

- Not ideas, entrepreneurs

With an “s” - plural

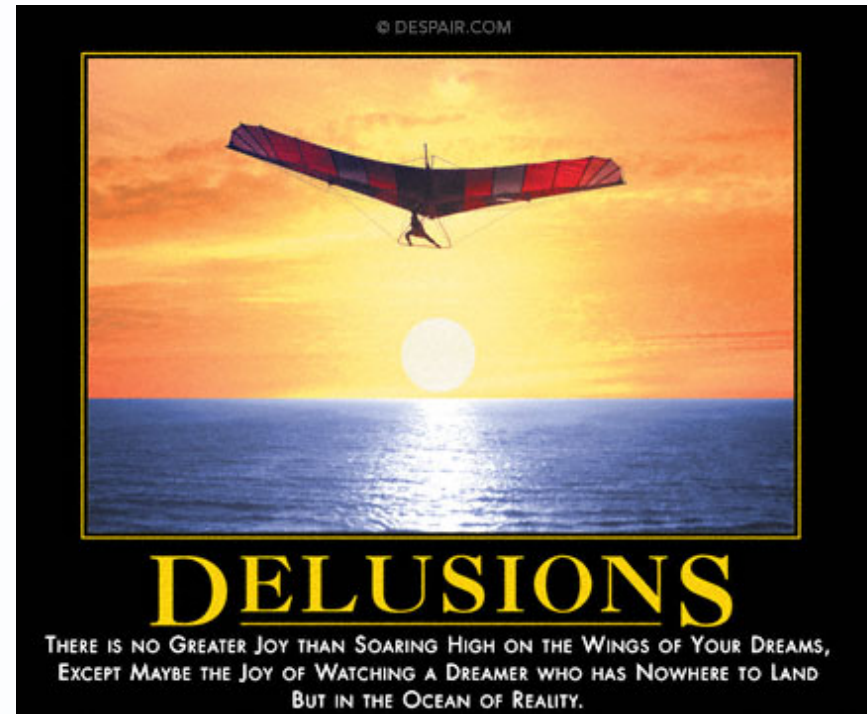
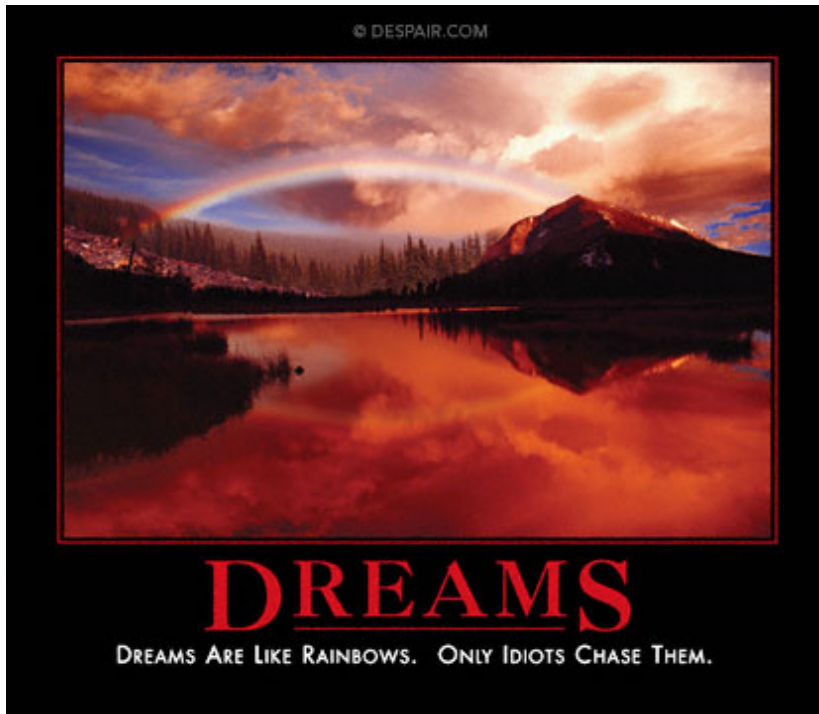
- Not you, a team

Tip: Be creative, the investor wants you OUT

Myth 2: A Business Plan is Worthless

Business fundamentals will never be replaced with a sexy deck

- Your dream is a delusion to investors until proven otherwise



Tip: Start with the vision of success, and work backwards

Myth 3: Board / Advisors Are Just Names

Advisors are your sponsors, henchmen, and guardian angels

- Key resource from founding to funding to exit
- Incentives should be tied 50% to time 50% to milestones

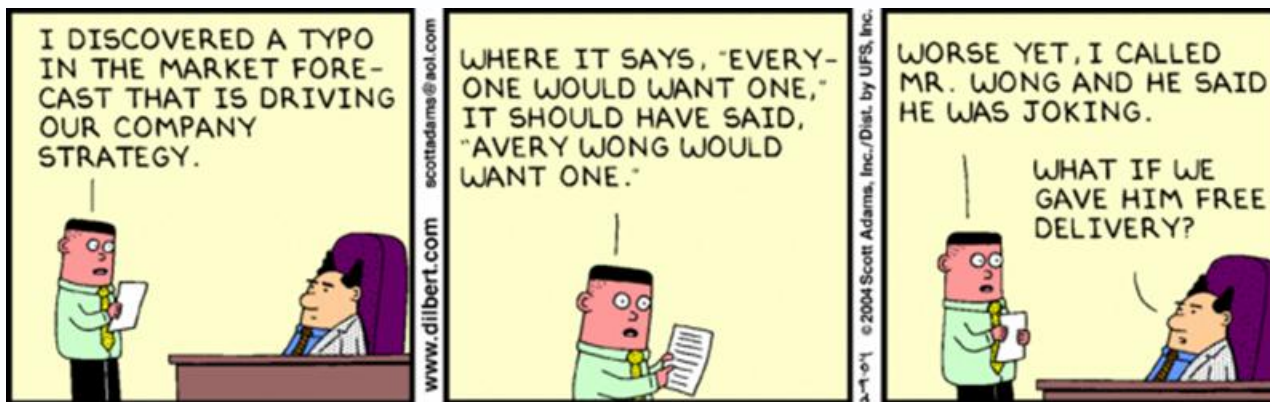
Tip: 1 finance, 1 marketing, 1 vertical, 1 tech 1 attorney



Myth 4: Market Size is Critical

Market size is bush league

- What really matters is addressable market



2 types of addressability:

- New widget: create / expand market
- Improved widget: steal market share

Tip: Obtain research and do your math

Myth 5: If I Could Just Raise This Angel...

Financing accompanies, but does not equal success

- Banks lend money to businesses that can repay debt
- Angels invest where they KNOW they will get a return
- Venture finances upfront cost, e.g. software and hardware build
- Stupid money is out there, but you can't run with it



Tip: Aim for a successful business, not just funding

Myth 6: The Odds of Success Are Good

Expect to fail

- Overconfidence is why you're here – it's the defining cognitive bias of entrepreneurs
- But there are 100 people building what your dream is
- Of those, 10 have better relationships / team, more exits



Tip: More perspiration than inspiration

Myth 7: Top Failure is Undercapitalization

Capital will not compensate for lack of revenue / margin

Conversely, lack of capital spurs ingenuity

- EUREKA moments often come when you run out of money



Tip: If you aren't getting traction, shift fast

Myth 8: Smarter People Succeed Easier

Being smart is more than IQ

- Listen, surround yourself with smart people, and organize them into teams of innovation.

The world is laced with dumb millionaires

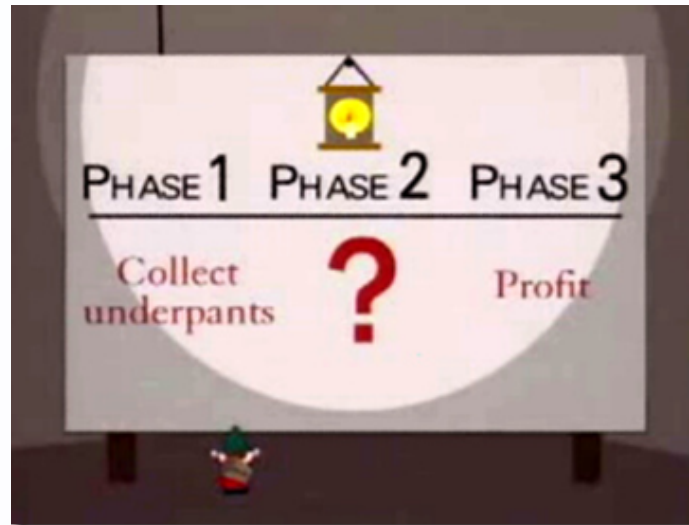


Tip: Learn your strengths and just use them

Myth 9: Time for Measuring Is Better Spent Doing

That which can't be measured can't be improved.

- Lack of milestones and metrics is a key red flag for investors
- Result: cram downs, mistrust, and being replaced by businesspeople



Tip: *Over-communicate, under-promise and over-deliver*

- *And don't forget to fill in Phase 2*

Myth 10: The Investor Was Listening Intently

After One Minute, Investors Typically Think:

- (1) How do I get you out of my office or
- (2) How / when will I get my money back.

Tip: Investors act when they think they know more

- *Let them take credit and praise their input*



THANK YOU!

Tony Greenberg
CEO
(c) 310.985.8669
tony@ramprate.com