

Fairness

Success

**“Entrepreneurship is the  
Relentless Pursuit of  
Credibility”**

Quality

Honesty

**What you should know before you begin**



# Five Key Questions

- What are you doing and why?
- Who are you doing it to?
- What is it going to cost?
- What do I get out of it?
- Why should I trust you?

“Luck is the confluence of preparation and opportunity”



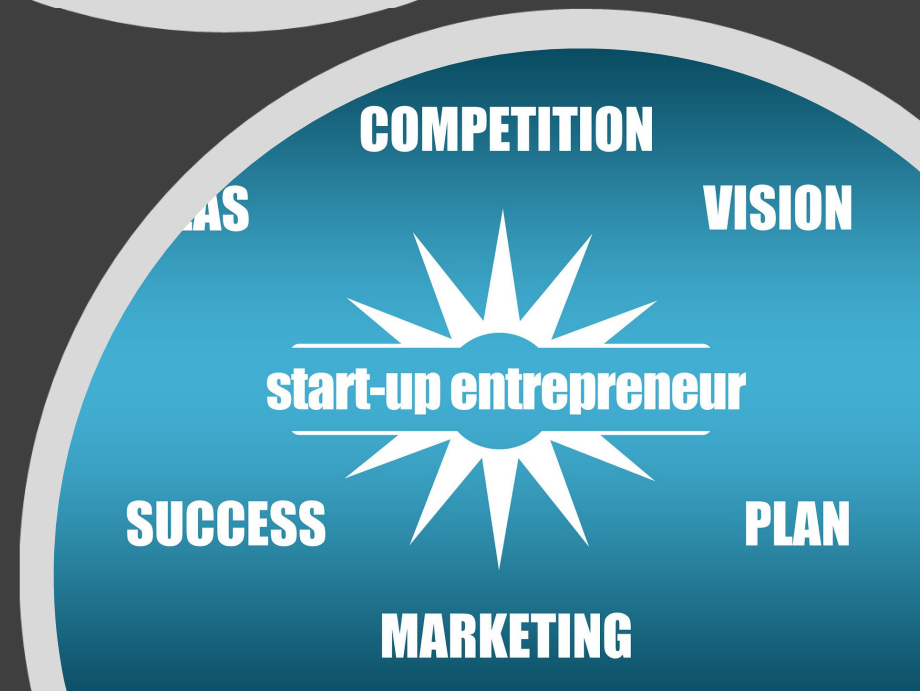
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# How to build Credibility

- Demonstrate competence!
- Your story must be compelling
  - Technology
  - Product/Service
  - Business model
  - Competitive Landscape
  - Market/Marketing
  - Sales Strategy
  - Financial projections
  - Exit Strategy
- True of partners, mentors, clients....
- An investor must say “yes” 15 – 20 times, but “no” only once



# Why is your solution valuable?

- Why do you get up in the morning?
- What's the point of pain are you addressing?
- What *value* does your customer perceive from your solution?
- What is the status of your product/service?
- What is your sustainable competitive advantage? IP?
- What does it take to get your product to market?



< Valuable

Worthless >

“People *don't* buy what you do, they buy *why* you do it.” – Simon Sinek

# What is the market?

- What is the size of the market?
- How fast is it growing?
- How much of it can you capture?
- Who are your competitors?
- How will they react when you steal market share?
- What is the state of the market?
- Why will you win in this market?



**“You must *empathize* with your customer!”**



# What is the Marketing Plan?

- Whom are you targeting?
- What is their ROI for using your product/service?
- How will you capture your early adopters?
- How will you expand into your early majority customers
- How will you position your product/service against the *competition*?
- How will you use your website and social media channels to deliver your message?
- How will you create a brand and what is your brand promise?



*“Raising capital is just marketing and sales.”*



# What is the Sales Plan?

- Now that you have your customer's attention.....
- How do you intend to *deliver* your product/service to your customer?
- What will they pay for it?
- How much traction do you have?
- How will you use investor's money to *buy* revenue?
- How will you support your customer and manage reverse logistics?



# What are the financial projections?

- How much will it cost to reach market launch?
- How much will it cost to grow?
- How much revenue do your customers represent?
- What are your margins?
- What costs are involved in scaling your company?
- What metrics are you going to use to measure success?

“How do you go from here to here” ----->



“Financial projections are the *numeric* story of your business”



# How do I get out of it?

- Do you plan to exit your business?
- How do you plan to return capital? IPO? M&A? Dividends? Buy-out?
- Who is buying whom in the market and for how much?
- Whom do you believe will acquire you, for how much, and when?
- How do you enhance an acquirer's business?
- If you don't know where you are going.....



# What is your company worth?

- Concept stage -> \$500,000 - \$2M
- Execution (Startup/Early Stage) -> \$2M - \$5M
- Growth -> \$5M - \$20M
- Scaling -> \$20M - \$50M
- Exit -> 3 – 7 times topline revenue
- Investors will tell you what they will pay
- Be reasonable in your expectations
- Focus on building market traction!





# Three easy ways to lose credibility

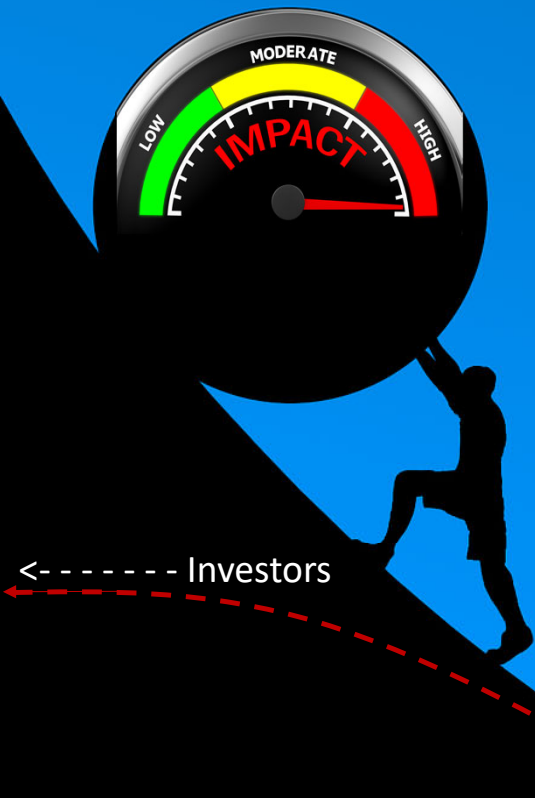


**Dobson Rule #1**  
“If you can’t plan a business, you can’t run a business.”

**Dobson Rule #2**  
“People invest in people in markets they like and understand.”

**Dobson Rule #3**  
“If you can’t sell me shares of your company, you can’t sell products/services to customers.”





- Entrepreneurs create impact by building great companies.
- Investors create impact by investing in and cultivating great companies.
- They need to speak the same language!

*“Raising capital is just a good story well told.”*



# The Language

- 80% of these questions are about *business*, not technology, product, service...
- Your valuation is directly related to how well you answer these questions
- Smart entrepreneurs know these answers regardless of their plans for capital
- Value *traction* above all else!
- Right plan, right pitch, right ask wins





Credibility is hard  
won and easily  
lost!

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