STARTUP ACCELERATION GUIDE 2020

ACCELERATE

From MVP to Closing Your First Investor

INCLUDED

- FUNDRAISING GUIDE & INVESTOR CHECKLIST
- GROWTH HACKING TRACTION & SALES GUIDE
- CO-FOUNDER BEST PRACTICES GUIDE
- ULTIMATE ACCELERATOR & PRE-ACCEL GUIDE

newchip


"If people like you, they'll listen to you, but if they trust you, they'll do business with you. "
- Zig Ziglar
newchip

FOREWORD

"It's almost always harder to raise capital than you thought it would be, and it always takes longer. So plan for that." – Richard Harroch

When I first became an entrepreneur, I thought that everything was napkin valuations and IPO's.

Guess what? I was dead wrong- real life isn't a movie.

It's a long journey of 100's of no's, failures, and eventually a success. You absolutely need grit and most importantly knowledge- go in blind and YOU WILL FAIL.

We created this guide to help you navigate the early stages of fundraising and understand what you need to know to raise pre-seed and seed funding.

This guide includes the most basic knowledge that you need to know as a founder and is not intended to be a complete guide to fundraising or a substitute for great advisors, mentors, or an accelerator program.

We're always scouting for entrepreneurs with great ideas and grit for our accelerator, so if you think you have what it takes, keep reading and learn what it takes to get accepted.

Ryan Rafols

Founder & CEO, Newchip Accelerator

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FUNDRAISING INTRO

Reason to Raise Capital

You may have funded your company to date, but to live up to the definition of a startup – a company that is designed to grow rapidly – you need to raise significant capital and spend it at a high burn-rate for high growth before reaching profitability. While a few rare companies can self-fund, and some need very little funding to reach profitability, the majority of startups require outside funding from investors to grow and succeed.

Fundraising may be the most challenging thing you ever do as a startup founder. The process is complex, long, meticulous, confusing, as well as humbling. Virtually all startup founders travel this path. But once a startup raises money, it is not only an exhilarating feeling to be able to survive, the funds become a competitive advantage, enabling deeper pockets for more aggressive, impactful marketing, as well as hiring more staff to support growth.

But when is the right time to raise money? Can you raise too early? What is the proper valuation to set? How do you compensate co-founders?

Best Time to Raise Money

You need to start fundraising when you are ready to tell your story. When investors hear a story that resonates with them and believe the team of founders can grow the company to capture a large market opportunity, they will invest.

In addition to a compelling and credible story, you must be focused on developing a differentiated product and demonstrate market traction (i.e. customer adoption) to win the *funding game*. The entire field of software development has slowly become commoditized - making right now the best time and most affordable time in history to start a new company. It's also the most competitive.

However, an idea and product alone is usually not enough for investors to invest in your startup. It has to fit the target market, and they are looking to see that the company is already experiencing growth. It also has to be the right lunar cycle, and right time for their portfolio. Literally anything and everything can affect an investment.

You need to learn how to impress and persuade investors. Showing a rapid customer adoption rate at double digits is impressive, whereas showing a sketch on a Powerpoint of what *might* happen this quarter is r*isky*.

Therefore, it's smart for you to have a realistic grasp of the market opportunity, listen to your customers and continuously improve to ensure that the product is not only meeting but also exceeding customer expectations to grow with double digits- building toward impactful KPI's (Key Performance Indicators) will give you a great story to tell investors.

The following chapters are a guide to help you identify your funding options, help you initiate investor conversations and close your first investor as well as growth hack your way to revenue!

-The Newchip Accelerator Team

FINANCING OPTIONS

Financing Options

Understanding your financing options – including their pros and cons – is important for startup founders. The following is a summary, but far from all you need to know to succeed.

Funding Rounds

Typically, venture financing happens in what is called "rounds." A seed or pre-seed funding round comes first (often a convertible round). After that comes a Series A (often an equity round), then a Series B and, subsequently, a Series C. It continues until either an initial public offering (IPO) or an acquisition.

Pro-Tip:
N*one of these rounds are requirements and you can actually have multiple seed or A rounds. If you learn anything in startups, it's that there are no definite rules. In fact, the entire game is about breaking them.*

In fact, most seed rounds are now structured as either convertible debt or simple agreements for future equity (SAFE Notes). Some early rounds are still done with equity, they are now the exception even in Silicon Valley. While one investor may want one type of note or just equity, it may not be a fit for every investor after them- making it so important to have a strong foundation before you raise.

Convertible Debt

When an investor makes a loan to a company utilizing an instrument called a convertible note, it is convertible debt. This note converts to equity when the company does equity financing. This loan has a principal amount, an interest rate and a maturity date when the principal loan and interest need to be repaid. These notes will also usually have a "Cap" or "Target Valuation" and / or a discount. The maximum effective valuation that the owner of the note will pay is the Cap, regardless of the valuation of the round in which the note converts. Convertible note investors, as a result, usually pay a lower price per share compared to other investors in the equity round.

A discount defines a lower effective valuation via a percentage off the round valuation. Investors see it as their seed "premium." It's negotiable. Convertible debt may be called at maturity – the time when principal and interest must be repaid.

Pro-Tip:
Often, investors extend the maturity dates on notes and rarely accept cash back to pay them off if you can raise the cash to buy them out, you can use it to your advantage to get back more equity.

SAFE Note

Convertible debt has been almost completely replaced by the SAFE at some accelerator programs around the world. Acting like convertible debt, yet without the interest rate, maturity, and repayment requirements, a SAFE has the negotiable terms that will almost always be the amount, the cap, and, if appropriate, the discount. These types of notes are simple, affordable and largely free, however not all investors are familiar with them and it may confuse them.

Equity

An equity round involves setting a valuation for your company and a per-share price, and then issuing and selling new shares of the company to investors. This type of financing is more complex, as well as time-consuming and costly, compared to SAFE or convertible notes. Equity rounds are more uncommon for seed financing. When planning to issue equity, you'll want to hire a qualified lawyer.

<u>For Example:</u>
If you raise $1,000,000 on a $5,000,000 pre-money valuation.

If you also have 10,000,000 shares outstanding, then you are selling the shares at:

$5,000,000 / 10,000,000 = 50 cents per share
and you will therefore sell...

2,000,000 shares resulting in a new share total of...

10,000,000 + 2,000,000 = 12,000,000 shares and a post-money valuation of...

$0.50 * 12,000,000 = $6,000,000
and dilution of...

<u>2,000,000 / 12,000,000 = 16.7%</u>
<u>Which is Under 20%!</u>

Pro-Tip:
Before your company does an equity round you will want to learn about equity incentive plans (option pools), liquidation preferences, anti-dilution rights, and protective provisions, among other things.

No matter how you raise, be sure to use the proper financing documents and proper legal counsel. I've seen companies use "cheap" counsel and pay 10x what they would have paid if they went to a real corporate attorney with experience in capital raises. Good legal counsel ranges between $250-$350 for this kind of work. Anything above that and they are "too experienced."

Angel Investors vs Venture Capitalist Investors

Angel investors in a nutshell invest their own money. They are often friends or family of the founders of a startup. They tend to allow emotion to play more in their decision-making, such as believing in you as a leader of the company and they may love your product or just be interested in your industry, they also might just be investing because they know and believe in you and that you can figure it out no matter what. You are the investment.

Venture capitalists are professional investors who invest the money of other people. Their decision-making is usually much slower than angels. VCs take more time, have more meetings with you and will involve other associates in the evaluation and decision. Startup companies are pitching to VCs all the time, and VCs usually only do a few deals a year, so it's important to do intensive preparation to get an edge.

New investor types called "super-angels" and "micro-VCs" have emerged, seeking to invest in new, early stage startups. Other options include FundersClub, which invests selectively like a traditional VC, but lets angels become LPs in their VC funds to expand connections available to its founders. Also, AngelList Syndicates lets angels pool their resources and follow a single lead angel. Our own Newchip platform is a great source of funding with over 100,000 active investors.

A "warm introduction" is the best way to meet a VC or angel investor. Someone you know could introduce you. If you don't have any contacts, you can learn how to do research and create a summary that covers both your company and the market opportunity.

Crowdfunding

Kickstarter, Newchip, AngelList and SeedInvest are among the newer vehicles to raise money. These are part of the evolving investing ecosystem. Your success of raising through more traditional means knowing when and how to use these new platforms to raise funds.

You can find funding, manage a pre-sales campaign or launch a product on these crowdfunding sites. They can also help founders prove demand. Although a few founders have used crowdfunding as the primary source of funding, these platforms are usually used to fill in rounds. Or they may be used to rejuvenate a sluggish round with fresh capital more quickly.

Pro-Tip:
Contracts and funding negotiations are not just the "job" of the attorney at the end of the day- you need to become a collector of hats and chief among them is head of fundraising and negotiatons. If you don't know the terms or have the knowledge then check out Venture Deals for Brad Feld & Jason Mendelson.

Accelerators & Pre-Accelerators

There are over 100 accelerators worldwide and with over 25 million entrepreneurs in the U.S. alone, there are new ones popping up every month.

Accelerators are the fastest route to funding for most entrepreneurs with many offering up an initial investment to help build an MVP for 5-10% of the company.

Accelerators largely focus on teams with great vision, capability, and traction in funding and revenue, and they literally "accelerate" them to millions in revenue and funding.

Examples of these are Y-Combinator, Techstars, and 500 Startups. The challenge is that the top 100 programs only take an aggregate total of 1000 startups per year, which means they typically focus on startups in Silicon Valley, leaving the 99.999% of entrepreneurs in the cold.

Pre-accelerators focus on helping companies with great vision, develop their capabilities, build an MVP, and generate enough revenue and traction, to get into an accelerator.

Recently, several hybrid models have been in development, and the Newchip Accelerator model is one of these- offering a mix of options from the full accelerator to pre-accelerator.

If you've already been in an accelerator you know that 95% of the focus is only product versus fundraising. Same goes with 99% of the books out there. That's why we launched our accelerator and pre-accelerator programs and are offering this edition of our book free to founders like yourself.

FINDING INVESTORS

How to Find Investors to Pitch Your Company

Raising capital is a numbers game. When it comes to landing investor commitments to fund your company, you have to initially go after as many leads possible before you narrow it down to a group of investors who will write you a check.

The general rule of thumb is that for every 100 leads, you will probably get 3-4 commitments. Of course, this number can vary depending on your solution, market, industry, and a whole other array of nuances.

1. Build your investor funnel by scraping AngelList, LinkedIn, FounderSuite and Crunchbase

2. Filter & Qualify Your Leads By:
    A. Location
    B. Industry & Stage
    C. Competitive Deals
3. Map Your Contacts with Linkedin
    A. 1st or 2nd Degree connections
    B. Make friends with founders of their portfolio companies
    C. Ask for Introductions and First Meetings
    D. Write a short, actionable email that is easy to forward
    E. If all else fails, send cold emails (see some examples below!)
4. Create a tracking system, preferably using a CRM system

Mapping your Connections with LinkedIn

- LinkedIn is a great resource for finding intros to investors.
- Look up investor's profile. Do you have any 1st or 2nd degree connections who would do an intro?
- If you can't find a connection, look through the investor's company portfolio on AngelList. If you are directly connected to any of the founders, ask them for an introduction. This works well as founders tend to like to help other founders.

COLD OUTREACH

Cold Email Templates (For Investors)

Sending out cold emails is often a daunting task since the message you craft may go ignored or immediately deleted before it even gets a moment of attention. This is the reality, but it does not mean that sending cold emails is a waste of time.

What most entrepreneurs often need to do to make cold emailing work for their fundraising efforts is change their approach by crafting messages that will yield results. This means that you want to capture the attention of an investor by performing targeted research on what they value, how you will provide it to them, and why they should even care enough to respond to your message, let alone offer you a first meeting.

The following are a great cold templates that you could use for your outreach efforts to build an investor funnel via social media or email.

Make sure to personalize these and add your own spin to the emails (not too long, not too short) to have the greatest effect. Nobody likes spam.

You also will want to have a great subject line beyond "Give me money" to get people to open your emails. Though honestly that subject line might get someone to at least click your email if it's a joke.

However, sometimes while you might have a great open rate, depending on the subject line, it still might not be effective in converting. What you want though is to get eyeballs and pique interest ENOUGH to get a call.

Pro Tip:
Remember that cold emails still have a lower response rate, but your chances of getting a response will go up if you put in the time and effort to craft a compelling, personalized messaged that entices the prospect to consider you as a viable investment.

TEMPLATE EXAMPLES

Template #1 - Warm Intro Hack

Subject: “I found you through <<contact_first_name>> <<contact_last_name>> from <<contact_company>>”

Hi <<firstname>>,

I stumbled onto your LinkedIn page today. It appears we both know <<connection_firstname>> from <<connection_company>>. I found your email address and decided to reach out.

I work for a company called NAME. Since launch in mid _____, we've changed the game for thousands of image buyers and photographers worldwide. With over ______ _______ and an avid community of supporters, we want to offer you the opportunity to invest and help us change the entire commercial photography industry.

Are you open to discuss whether you might want to invest in ______? If so, reply directly or schedule a time to have a call on my Calendly link:

Thank you for your time. Hope to hear from you soon.

Best,

NAME

Template #2 - Advice

Why: “Seek money, and you'll get advice. Seek advice, and you'll get money.”

Subject: “Seeking advice”

Hi <<firstname>>,

I saw your profile on AngelList and noticed you have experience investing in startups in the _____ space, so I wanted to reach out for advice.

I work for a company called NAME. We are a marketplace for _____ _____ and _______ with over # _______ worldwide.

I would like your advice on (user acquisition, fundraising, scaling, - angel's expertise).

Also, do you know anyone who may be interested in our current round of fundraising?*

If you are open to having a brief call to discuss, reply directly or schedule a time to have a call on my Calendly link:

Thank you for your time. Hope to hear from you soon.

Best,

NAME

MEETING INVESTORS

Meeting Investors

When you meet an investor, your objective is to get the next meeting. No matter how good you are, rarely will investors make a commitment on the first day that you pitch them. This means you need to schedule many meetings. Acquiring your first round of funding may be the toughest, so try to focus on those most likely to invest. The sooner you get money, the better.

Rules to Keep in Mind When Meeting Investors

- Know your audience
- Simplify your pitch
- Let the investor talk more than you
- Listen to the investor
- Connect with the investor
- Tell your story and share documented evidence
- Balance confidence and humility

Valuation: How Much Your Company is Worth?

It is common to allow the market to set the price of your company. An investor can set the price or the cap. Basically, the more interest that your company gets from a major investor, the more your company will increase in perceived value.

Is it easy to find an investor to price out your company? Not always. What you do in that case is look at the comparable companies in your space and base your own valuation off of their valuations. Don’t be overly optimistic. You want to determine a valuation that will allow you to actually fundraise, enabling you to achieve the amount you want, along with dilution that is acceptable. You want investors to see it as high enough that they will want to invest but not so high that they can't make a return. A high valuation does not necessarily guarantee you investment money. You want to be credible. As a benchmark, valuations of companies at the seed funding round are usually between $2 million and $10 million.

Negotiating & Closing Deals

A seed investment can usually be closed rapidly. As noted above, it is an advantage to use standard documents with consistent terms, such as a SAFE Note or Convertible Note. Negotiation, and often there is none at all, can then proceed on one or two variables, such as the valuation/cap and possibly a discount.

Deals need momentum and the recipe to build momentum behind your deal is to tell a great story, persistence, and putting in the legwork. You'll need to meet with dozens of investors before you get that close. But to start you just need to convince one of them. Once the first check is in, each subsequent close will get faster and easier.

Once an investor says that they are in, you're almost done. This is where you should rapidly close using a handshake protocol. If you fail at negotiating from this point on, it is probably your fault.

Negotiations

When you enter into a negotiation with a VC or an angel, remember that they are usually more experienced at it than you are, so it is almost always better not to try to negotiate in real-time.

Tell them you appreciate their request and that you need to think it over. Take requests away with you but also remember that although certain requested terms can be egregious, the majority of things credible VCs and angels will ask for tend to be reasonable and hesitating can lose a deal.

Do not hesitate to ask them to explain precisely what they are asking for and why. If the negotiation is around valuation (or cap), there are, naturally, plenty of considerations, e.g. other deals you have already closed.

It is important to remember that the valuation you choose at this early round will seldom matter to the success or failure of the company. Get the best deal you can get–but get the deal! Finally, once you get to yes, don't wait around. Get the investor's signature and cash as soon as possible.

One reason SAFE Notes are popular is because the closing mechanics are as simple as signing a document and then transferring funds. Once an investor has decided to invest, it should take no longer than a day to exchange signed documents online (for example via Docusign) and execute a wire or send a check.

Here are a few free investment document resources:
https://www.ycombinator.com/documents/
https://www.cooleygo.com/documents/

FUNDING CHECKLIST

Documents Needed

1. Do not spend too much time developing diligence documents for a seed round. If an investor is asking for too much due diligence or financials, they are almost certainly someone to avoid. You will probably want an executive summary and a slide deck you can walk investors through and, potentially, leave behind so VCs can show to other partners.
2. The executive summary should be one or two pages (one is better) and should include vision, product, team (location, contact info), traction, market size, and minimum financials (revenue, if any, and fundraising prior and current).
3. Make sure the slide deck is a coherent leave-behind. Graphics, charts, screenshots are more powerful than lots of words. Consider it a framework around which you will hang a more detailed version of your story. There is no fixed format or order, but the following parts are usually present.
4. Create the pitch that matches you, how you present, and how you want to represent your company. Also note that like the executive summary, there are lots of similar templates online if you don't like this one below:

- **Your company / Logo / Tagline**
- **Your Vision** – Your best take on why your new company exists.
- **The Problem** – What are you solving for the customer–where is their pain?
- **The Customer** – Who are they and perhaps how will you reach them?
- **The Solution** – What you have created and why now is the right time.
- **The (huge) Market you are addressing** – Total Available Market (TAM) >$1B if possible, including best evidence you have that this is real.
- **Market Landscape** – including competition, macro trends, etc. Is there any insight you have that others do not?
- **Current Traction** – list key stats / plans for scaling and future customer acquisition.
- **Business model** – how users translate to revenue. Actuals, plans, hopes.
- **Team** – who you are, where you come from and why you have

what it takes to succeed. Pics and bios okay. Specify roles.

- **Summary** – 3-5 key takeaways (market size, key product insight, traction)
- **Fundraising** – Include what you have already raised and what you are planning to raise now. Any financial projections may go here as well. You can optionally include a summary product roadmap (6 quarters max) indicating what an investment buys.

It is worth pointing out that startup investing is rapidly evolving and it is likely that certain elements of this guide will at some point become obsolete, so make sure to check for updates or future posts. There is now an extraordinary amount of information available on raising venture money. Several sources are referenced and more are listed at the end of this document.

A founder's goal should always be to raise as quickly as possible and this guide will hopefully help founders successfully raise their first round of venture financing. Often that will seem like a nearly impossible task and when it is complete, it will feel as though you have climbed a very steep mountain.

But you have been distracted by the brutality of fundraising and once you turn your attention back to the future, you will realize it was only a small foothill on the real climb in front of you. It is time to get back to work building your company.

Fundraising Checklist

Written Documents:

- 2-3 paragraph email templates
- 2-3 page executive summary
- 10 slide Investor pitch deck
- Business plan (optional)

Live Presentation Preparation:

- 30 second elevator pitch
- 2-5 minute quick pitch
- 15-20 minute angel pitch

Online Presence:

- Website audit (special fundraising checklist)
- AngelList Profile
- A short video pitch

Summary of Financials

- Cap table
- Revenue model audit
- Financial Projections

Fundraising Rules to Follow

- **Get fundraising over as soon as possible**, and get back to building your product and company, but also…
- **Don't stop raising money too soon**. You have to raise the funds you need!
- **When raising, be "greedy."** Talk to as many people as you can, prioritizing those most likely to close.
- **Once someone says yes, don't delay**. Get docs signed and the money in the bank as soon as possible.
- **Always hustle for leads**. If you're the hottest deal of the hour, that's great, but everyone else needs to work like crazy to get angels and other VCs interested.
- **Never screw anyone over**. Hold yourself and others on your team to the highest ethical standards. Bad reputation is difficult to repair. Play it straight and you will never regret it. You'll feel better for it, too.
- **Investors have a lot of different ways to say no**. The hardest thing for an entrepreneur is understanding when they are being turned down and being okay with it. PG likes to say, "If the soda is empty, stop making that awful sucking sound with the straw." But remember that they might be a "yes" another time, so part on the best possible terms.
- **Develop a style that fits you and your company**.
- **Stay organized**. Co-founders should split tasks where possible. If necessary, use software like Asana to keep track of deals.
- **Have a thick skin but strike the right balance** between confidence and humility. And never be arrogant!

What Not to Do While Communicating with Investors

NEVER:

- Be dishonest in any way
- Be arrogant or unfriendly
- Be overly aggressive
- Seem indecisive – although it is okay to say you don't know yet.
- Talk so much they cannot get a word in edgewise
- Be slow to follow-up or close a deal
- Break an agreement, verbal or written
- Create detailed financials
- Use ridiculous / silly market size numbers without clear justification
- Claim you know something that you don't or be afraid to say you don't know

- Spend time on the obvious
- Get caught up in unimportant minutiae – don't let the meeting get away from you
- Ask for an NDA
- Try to play investors off each other when you are not a fundraising ninja
- Try to negotiate in real-time
- Over-optimize your valuation or worry too much about dilution
- Take a "No" personally

A Brief Glossary of Key Terms

- **Angel Investor** – Usually a wealthy private investor in startup companies.
- **Cap / Target Valuation** – The maximum effective valuation for an investor in a convertible note.
- **Convertible Note** – A debt instrument that will convert into stock; usually preferred stock but sometimes common stock.
- **Common Stock** – Capital stock typically issued to founders and employees, having the fewest, or no, rights, privileges and preferences.
- **Dilution** – The percentage ownership share is decreased via the issuance of new shares.
- **Discount** – A percentage discount from the pre-money valuation to give safe or note holders an effectively lower price.
- **Equity Round** – A financing round in which the investor purchases equity (stock) in the company.
- **Fully Diluted Shares** – The total number of issued and outstanding shares of capital stock in the company, including outstanding warrants, option grants and other convertible securities.
- **IPO** – Initial Public Offering – first sale of stock by a private company to the public.
- **Lead Investor** – Usually the first and largest investor in a round who brings others into the round.
- **Liquidation Preference** – A legal provision in a company's charter that allows stockholders with preferred stock to get their money out of a company before the holders of common stock in the event of an exit.
- **Maturity Date** – The date at which a promissory note becomes due (or at which it will automatically convert to stock in the case of a convertible note)
- **Equity Incentive Plan / Option Pool** – The shares allocated and set aside for grants to employees and consultants.
- **Preferred Stock** – Capital stock issued in a company that have specific rights and privileges and preferences compared to the common stock. Convertible into common stock, either automatically (e.g., in an IPO) or at the option of the preferred stockholder (e.g., an acquisition).
- **Pre-money Valuation** – Value of a company prior to when investor money is added.

FUNDRAISING IS SALES

Startup Fundraising is a Sales Process

Fundraising for a startup is a type of sales, and the sales process in any company is known as a “funnel.” The definition of a sales funnel is the buying process that companies guide customers / potential customers through on the way to buy products.

The sales process has different stages, ranging from awareness-building to customer purchase. In between are usually the interest phase, evaluation, the decision point, purchase and then re-evaluation and re-purchase. It’s linear, with a clear end-goal.

Companies try to optimize each stage of this funnel to advance customers onto spending money to buy the company’s products. Each time they “touch” a customer (i.e. email, social media interaction, phone calls, in-person meeting), the customer either moves forward along the funnel or gets stuck – or leaves the funnel.

<u>Here is a breakdown of the typical fundraising investor sales funnel:</u>

1. Source qualified investor leads
2. Nurture warm leads with personalized introductions and emails
3. Schedule first meeting with prospective investors
4. Respond to any data, reference, or due diligence requests
5. Drive each lead towards a YES or NO

<u>Other Hacks to Help Fundraise</u>

1. Always push for a clear CTA and close the deal. Always be closing (ABC)!
2. Use Facebook Retargeting to plug your targets’ email addresses into ads
3. Follow-up frequently.
4. Lean on your advisors to schedule important meetings and win new deals.

TEMPLATES

Template #1 - Warm Intro Hack

Subject: "I found you through <<contact_first_name>> <<contact_last_name>> from <<contact_company>>"

Hi <<firstname>>,

I stumbled onto your LinkedIn page today. It appears we both know <<connection_firstname>> from <<connection_company>>. I found your email address and decided to reach out.

I work for a company called NAME. Since launch in mid YEAR, we've changed the game for ___________. With over ___________ # of ________ and an avid community of supporters/customers/ambassadors/etc, we want to offer you the opportunity to invest and help us change the entire ___________________ industry.

Are you open to discuss whether you might want to invest in ____________? If so, reply directly or schedule a time to have a call on my Calendly link:_______________________

Thank you for your time. Hope to hear from you soon.

Best,

NAME

Template #2 - Advice

Why: "Seek money, and you'll get advice. Seek advice, and you'll get money."

Subject: "Seeking advice"

Hi <<firstname>>,

I saw your profile on AngelList and noticed you have experience investing in startups in the ___________ space, so I wanted to reach out for advice.

I work for a company called __________. We are a marketplace for _____________ and ___________ with over # _______________ worldwide.

I would like your advice on (user acquisition, fundraising, scaling, - angel's expertise).

Do you know anyone who may be interested in our current round of fundraising?*

If you are open to having a brief call to discuss, reply directly or schedule a time to have a call on my Calendly link: _____________________________

Thank you for your time. Hope to hear from you soon.

Best,

NAME

CLOSING INVESTORS

Closing the First Investor

There is a proven process to successfully raising startup funding.

I've learned about the process over the years by getting to know a few of the world's most successful serial entrepreneurs, by raising millions myself from angels & VCs, by investing as an angel, and as CEO of Newchip.

Across all this investment and fundraising activity, I've seen that the most successful fundraises have several key elements in common. Below are five parts to successful fundraising for your startup—with specific examples, templates, and resources.

The Pitch Deck

Every great startup begins with an idea. And even with the best startups, over time that idea is deeply refined.

Creating your Pitch Deck is one of the best processes for getting your idea and business out of your head, on paper, and to enable continual questioning and refinement of your thinking and approach.

High-level takeaways on pitch decks:

- Follow the formula investors look for, which I show you in my post
- Investors don't write checks for decks—the goal is to get a meeting/call
- Go deep on your "meta" narrative—why this, why now,

why you, how

- Give basic product/traction points but less information, more story

Also, go see successful fundraising pitch decks live in the wild. For this, I recommend you go to Newchip and look at several of the VC-backed companies we have helped raise. Some of these companies are fundraising publicly so you can flip through their decks.

Term Sheets -
(What To Offer Investors)

If you haven't raised angel or venture capital funding before, there's likely a lot you don't know about it from a legal, structural, and process standpoint.

The high level fundraising process with investors goes like this:

- *The founder shapes terms of the financing (e.g. $500,000 in priced equity at a $5M pre-money valuation)*
- *The founder discusses these with investors, and investors consider and respond*
- *A first investor decides they will invest at specific terms (not always at the terms shaped by founder)*
- *If founder accepts, this can be formally or informally a "lead investor" (someone credible who priced the round)*
- *All the detailed legal documents get created or updated, and the investment is finalized*
- *The founder goes out to raise the remainder of the round at same terms from other investors*

Term sheets are used in this process to help founders and investors come to an initial agreement.

After terms are agreed to and the term sheet signed, long form documents are drafted by legal counsel, signed, then money is wired.

Build Your Target Investor "Hit List"

Every great fundraiser aims high by first finding out who the best companies and investors are in their space, and then learning about them and setting goals to to meet with them and capture their interest and investment.

To this end, you want to build a deep and ambitious investor "hit list" for yourself. This is a list on an excel spreadsheet of at least 40–50 active investors—notable angels, VCs, and high net worth people who have created, sold, invested in companies in your space.

Great fundraisers do great research to find these investors and are creative and resourceful in the ways they find to contact them directly. Your first step is to search Google for the leading investors in your space/industry. Google "top ____ angels" and "top ____ investors."

As a FinTech company I might search for "top fintech investors" and I would find hundreds of companies and even list in the search results which I would add to my hit list.

This will help you build up your hit list of 40–50 investors or more across both individual angel investors and VC firms. In your excel spreadsheet write down the names of the investors or firms, and partners in those VC firms, and what city they're in. Then use the online lists of investors to deepen and flesh out your list info at places like

Crunchbase, LinkedIn, and Newchip.

Also, leverage the success of companies that have come before you and raised money in your space. Search for the names of companies you know have been very successful in related markets to yours, and use these online investment sources and platforms to identify who the investors are who invested in those deals. These are also your target investors.

With your hit list in hand, you're ready for the next step in meeting and pitching investors…

Preparing, Meeting, Pitching Investors

Getting in front of investors takes several steps in preparation before you can expect to find and reach the right investors, meet with these investors, and close any funding.

Successful fundraisers put the following process into place before they go out to investors, to make sure their time is well spent.

If you don't have a live product, get as close to a working demo as possible (wireframes, designs, etc.) I've seen this be a simply a mock up of an entire app, or screen shots, CAD designs, etc.. Just don't expect slides on a deck alone to do the trick and trigger interest.

Ideas are not what investors fund but detailed product plans, progress, teams, and rollout strategy can be.

1. Get friends & family (or yourself) to **put first money into the company**/round.

2. **Bring on an advisor** or two with

experience in a related space, expect them to add value & make intros

3. **Structure & timing are critical** - they are your friends. Set a specific time frame for your fundraise to include an outreach period, terms period, closing periods. Tell investors exactly what the time frame and process is.

Often times I see great fundraising set the timing up as roughly two weeks for outreach & scheduling, four weeks of meetings where they meet with investors and discuss and negotiate terms, and then four weeks of closing to follow where they get everyone in (or not) in a timely manner and with a final close deadline.

The more you stick to your timing and your guns here, the more that both you and your investors will respect your time, and the more often investors respond more positively.

4. **Send a short pitch deck** ahead of the meeting, set expectations that you are asking for funding (qualify)

5. **Have an “ask”** and suggested terms for the investment when you meet (see Term Sheet section below)

6. **Plan to hear “No”** from all of your early meetings. Knowing this, go to the lower pressure and less significant investors first. Use these meetings to get feedback and become more comfortable on your pitch. Pay attention to what they question, where they get hung up, what they are excited by, how you did well and where you were weaker.

7. **Expect a lot of No's and failure.** Everyone fails most of the time at fundraising, until they don't.

8. **Celebrate the process of getting good investors to say No.** I know this sounds odd, but hear me out. Every successful founder knows how hard fundraising is, myself included.

To feel better about myself in the fundraising process, I developed a strange and unusual "ritual" that I took up in order to not feel as deflated at difficult points in the fundraising process.

My ritual? I make a point of it to celebrate how many "No's" I received. I actually look over the long list of all the investors who have passed in one long spreadsheet. Looking at this, I positively acknowledge myself for the hard work, time, and toughness it has taken to get this many meetings and hear this many "No's."

I also remind myself that this is part of what success looks like—getting in front of lots of great investors while knowing that I will likely hear 15–30 No's for every one "Yes" early on.

Use Equity Crowdfunding To Reach Investors

Early stage funding across angel and venture capital is moving online. As little as two to three years ago, it was against the law to raise funding for your startup online. But today there are new opportunities and new laws that allow you to raise money online from angels, VCs, and even everyday smaller investors.

In short, new equity crowdfunding platforms are aggregating investors and can help you get in front of hundreds or thousands of investors in a short period of time.

My recommendation to any startup founder is this—first start by raising funding more traditionally offline and aim as high as you can to build great direct investor relationships. Get a strong investor or two in if you can first—as they bring strong follow-on interest once you're on an equity crowdfunding platform.

Then... look to leverage what you're already doing with an equity crowdfunding platform- in the Newchip Accelerator program we provide access to our investors and a platform to raise on from both retail and accredited investors.

Accelerator Invitation

We hope you found this guide helpful! Remember, this guide is meant to be an intro resource to fundraising as that average funding rounds take between 12-14 months to close. If you are interested in accelerating your funding and traction, be sure to apply for our accelerator programs and shave up to 9 months off your raise! You can learn more below at:

http://www.newchip.com/accelerate

GROWTH HACKING TRACTION & SALES

GROWTH HACKING

Launching a startup is only the beginning of the journey for any entrepreneur. Actually, driving growth through user adoption is a whole other story. How much traction your startup is able to gain, as well as how quickly, will impact the growth trajectory and outlook of your business. If you aren't gaining traction early on, you may have to reconsider your product strategy or even business model all together.

Needless to say, hacking growth is a particularly challenging stage for most startups because this is when you begin to learn the reality of your value proposition.

Do people actually want what you offer and, if they do, at what price point?

Fortunately, there are several hacks you can use to help drive traction across your product and business.

Strategies to Drive Traction

1. Have A Clearly Defined Goal

Having a clear, unique goal allows you to break things down into achievable goals, like:

- If you add x feature, how many more customers could you generate?
- How many customers per week do you need?
- How many people could you get exposure to if you partner with x?
- How many emails do you need to send?

2. Leverage Your Pre-launch List

The first thing you need to kick-start your momentum is to leverage the list you built in the months before launch. You should already have an idea of what you want to do here; it might be a simple announcement email with a call to action.

- Give pre-launch users a special offer they can't refuse
- Build a campaign to get users to refer friends
- Send swag to users if they

- mention you on their blogs or social media
- Send actionable emails to your list on how to use your product

3. Do Things That Don't Scale

You should be laser focused on getting those first people using your product, or those first customers paying you money. Things usually don't take off alone, which is why you, the founder, need to do things that don't scale to give your product the best odds.

You should also consider if you are chasing the dream of becoming a unicorn or a forever company. This is extremely hard work when you have no presence. If you've put effort into your pre-launch, then this first step will be easier, but if you haven't, then you need to do things that don't scale, things that founders will need to do again and again that can't be automated.

- Give people free access to your product in exchange for promotion
- Meet investors or potential partners
- Organize launch or milestone parties
- Do user testing with real people
- Giveaway swag to get your customers talking about you

4. Build an Awesome Product

Having a great product or thinking about how you present that product to the world can have a huge impact on your growth. The better your product is, the more you will be able to align all of your business functions to drive toward growth.

If your product is in the "not-so-good" category, then you end up overplaying marketing to make up for the fact your product isn't so good – which can be done; it's just harder.

5. Get Your Analytics Right

You need to understand various data points about your business to facilitate growth and understand the effectiveness of campaigns. Some questions you need to ask yourself:

- Which paid traffic sources are most efficient from an ROI perspective?
- Which landing pages are converting the best for us?
- Do mobile users convert?
- Is there a particular subset of users that convert high?
- How do we identify that so we can find more of them?
- How can I use analytics to track errors?
- Are there any conversion issues with specific browsers?

6. Build Email Lists

You only really realize the power of a good email list when you have one at your disposal. Consider a medium that goes straight to someone's inbox with the message you want, in exactly the format that you want it. Email is still probably the best one to one communication a business can use. It can be used to:

- Communicate with your customers personally
- Send out reminders or regular product updates
- Let customers know about events
- Highlight product launches
- Drive sales from smart product positioning

7. Case Studies & Use Cases Are Amazing

Case studies are crucial to the growth of your business. They give you credibility in the marketplace and show potential customers how others are using your product successfully. Focus on using case studies to sell certain features of your product that you want to draw attention to and equip your sales team with these stories to drive growth. Case studies can also open doors into new market opportunities and might even act as tutorials to help existing customers get more from your product.

8. Embrace Freemium

If your target market has a lot of incumbent players, then you may need to consider introducing a "freemium" plan to gain traction. This lowers the barrier to entry for adoption and helps you acquire users faster, ultimately driving product growth. Freemium also attracts beta users faster!

Freemium is also a model that many venture-backed companies adopt, but there are some downsides to consider this approach to operating your startup:

- Potentially lowers the overall value of your paid product
- Requires bandwidth to support higher volume of free users
- Leaves you vulnerable to abuse of non-paying users
- Requires you to consider carefully how to introduce paid features

Sales Hacking for Traction Growth

A key component of the "hacking for growth" mentality is experimentation. Without a willingness to try new things and change your sales efforts, it will be very challenging for you to hack your sales to a level that drives your sustainable growth over the long term.

Some of the easiest ways to hack your sales to success are listed below:

Use video to tell your brand story in compelling ways

You should connect emotionally with your customers by producing and sharing your brand story in a video that blends powerful imagery and your "why" as a company (your company's bigger purpose in the world). Did you know that 72% of B2B buyers watch videos throughout their entire path to purchase?

Engage on social media channels

The best use of social media is to build relationships with people and have two-way conversations with your customers, partners and investors online. Actively post updates about your company, follow key players and invite people to engage with your content on all major social media channels. You can establish your thought leadership and credibility. You can also do effective lead generation on social media with targeted, paid ads.

Boost lead generation through content marketing

Content marketing is basically producing a lot of content that educates customers

and prospective customers. It's not about hyping your products. It's more about

thought leadership and educating your stakeholders about relevant topics,

themes, issues, challenges and opportunities – ultimately, related to your

business. As you educate your customers, they will make better decisions to buy

your products and feel more strongly about them in positive ways.

Send out cold emails

You can buy lists of target customers and send out email blasts to them. You can also have a more personal touch one-on-one, sending emails to people you do not know, capturing their attention with a strong hook (story angle).

Leverage the power of influencers

Influencers include journalists, market analysts, bloggers, investors, tech gurus, policymakers and other startup leaders. You should build relationships with them and leverage their influence to benefit your startup. Journalists can write positive articles. Analysts can recommend you to clients. Bloggers can tell their followers about you. Identify all the influencers you know or should know.

Recruit an affiliate to drive traffic

Affiliate marketing is when an online retailer pays commission to an external website for traffic or sales generated from its referrals.

Growth hackers don't have to be marketers; in fact, they often have no marketing experience. Many are engineers, salespeople, designers, or product managers. Successful growth hackers are **always** in high demand. They start their own companies or work at venture capital firms. They're irreplaceable and don't often think about the issue of job security. For example, Chamath Palihapitiya growth hacked at Facebook for several years as the leader of its International User Growth team. His strategies and leadership helped grow Facebook to nearly a billion users. He is now worth close to a billion dollars and runs Social Capital, one of the world's best venture capital firms (invested in Box, CommonBond, Slack, & more).

Successful Cases of Growth Hacking

Without growth hacking, Dropbox, Airbnb, Uber, and many more companies would not be household names.

Dropbox gained tens of thousands of users in just days by releasing its famous explainer video. Airbnb's early growth happened thanks to its publicity stunts at the 2008 Republican National Convention. This growth hack gave Airbnb the early traction it needed to stay in business. Uber built up its supply of drivers early on by partnering with black car companies in each new launch city. Black car companies made extra money and Uber got tons of drivers with relatively little effort.

With this comprehensive guide on growth hacking and digital marketing, you'll learn how to get the traction your startup needs.

Use Stretch Goals with SMART Goals to Achieve Rapid Growth

In Charles Duhigg's book *Smarter Faster Better: The Secrets of Being Productive in Life and Business*, he teaches people and teams how to get more work done using the SMART goals strategy.

Stretch goals are the objectives that seem difficult or downright impossible to achieve. How can we safely send a colony of people to live on Mars in the next 20 years? What needs to happen to reduce fossil fuel usage by 50% in the next 30 years and how can we make it happen? These aren't goals with clear trajectories. Yet, the importance of achieving these goals is profound.Stretch goals can be daunting to work on because people usually don't have any idea where to start with them.

In contrast to stretch goals, companies should also implement SMART goals, which are "Specific," "Measurable," "Attainable," "Realistic," and "Timely." Because stretch goals seem so difficult to achieve, you need to have SMART sub-goals for them. If you don't break a stretch goal down into manageable parts, you'll get overwhelmed and do no work.

You should have an overarching growth goal for your company. Make the overarching growth goal a stretch goal that seems impossible to meet. Does having $200,000 in revenue at the end of your business's first year seem achievable? Great! Make that revenue goal $1,000,000 and actually challenge yourself to get to it.

Once you have a growth stretch goal in mind, come up with a series of SMART goals you'll need to achieve it.

You don't have to know every SMART goal right away. But, write down several SMART goals at the start so you can immediately start working on growth.

By pairing stretch goals with SMART goals, you'll be forced to create and use growth hacks to distribute your product. This is why pairing stretch and SMART goals is so effective when growth hacking. The audacity of your stretch goal will force you to innovate when it comes to marketing and achieve faster growth than you ever thought possible.

The Bullseye Framework for Growth Hacking Traction

There are a lot of traction channels you can use to grow your business rapidly according to the book *Traction*. Traction channels are a distinct bundle of related strategies and tactics for growing a startup. Examples of traction channels include email marketing, SEO, and PR.

According to Gabriel Weinberg and Justin Mares, the creators of the traction channel concept, you should mainly invest in one traction channel at a time. With 19 traction channels to choose from, you might be wondering how to pick the best one for your business. After all, if you should only invest in one channel, it better be the one that drives the biggest results.

Use Gabe Weinberg and Justin Mare's Bullseye Framework to find the best traction channel for your business.

The 3 Components of the Bullseye Framework:

First, brainstorming every traction channel with "The Outer Ring"

Brainstorm a few ideas you can use

for each of the 19 traction channels.

In this step of the Bullseye Framework you should think of a few ideas to use with each traction channel. Offline ads are an example of a traction channel. Ads on TNT, billboard ads in Illinois, or advertising across the country's rock radio stations are specific growth ideas within the offline ad traction channel.

Write your ideas for each traction channel out on paper. Try to make these ideas as useful and realistic as possible for your business. Circle the best growth strategy for each traction channel.

Research which traction channels your competitors have used successfully. Look at what successful and failed companies in your industry did to grow. This sort of research will become very helpful at the next stage of the Bullseye Framework.

Test your most promising traction channels in "The Middle Ring"

Choose four or five of the traction channels that you think have the best shot at moving the needle for your business. Then, take the best traction idea for each of these channels and run a low-cost test for it. Here is a list of ideas you can use to run traction tests for every traction channel.

You want to answer these questions with your traction channel tests:

What is the cost of customer acquisition with this channel?
How many potential customers can I reach with this channel?
Will this channel give you the type of customers you want for your business right now?

Run your tests for each traction channel at the same time. Don't spend more than a hundred to two hundred bucks when testing each channel. Also, don't go all in on one traction channel before testing at least a few different ones. Get enough data to prove which strategy will best grow your company and then scale up your spending on that strategy.

"The Inner Ring"—Focusing on the traction channel that works best in testing

After testing different traction channels, focus on the best-performing one.

Assuming you did your homework, one of the traction channels you tested in step two of this framework hopefully produced some traction. Once you know which traction channel and strategy perform best, you should invest nearly all of your resources into them.

You try to maximize what your main traction channel does for your company at each of its different growth stages. You maximize results by going all in on a particular traction channel. As your startup grows and changes, the primary traction channel you use to grow will change too. You'll know it's time to switch traction strategies when your current channel starts to become less effective.

If none of your traction tests produce traction during step two of the framework, you should repeat the process until you find an effective channel. Please don't make the mistake of using a traction channel that was ineffective during testing. Besides that, avoid the pitfall of not investing most of your growth resources into your best-performing traction channel.

With the Bullseye Framework you will find a traction channel to grow your business. Now, let’s take a look at the 19 different traction channels and how they work.

CUSTOMER ACQUISITION

Customer Acquisition & Traction Channels

In their famous book *Traction*, Gabe Weinberg and Justin Mares laid out the 19 different traction channels businesses use for growth, tried and true ways to grow any business. Below is a brief description of each traction channel along with an example of a business that growth hacked each channel to success.

1. Targeting blogs

—Bloggers want to write about startups and services that will help their readers live better lives. Find blogs in your market, pitch them on how your business will help their readers, and ask for them to write about you. Noah Kagan used this strategy at Mint.com to help the company get more than 1 million users in six months.

2. Sales

—Consumer products generally don't need salespeople or sales teams to convince consumers to buy them. That said, many B2B products (especially ones being sold to large, enterprise customers) need a sales team and process to close deals. Sales is tricky and expensive. So, make sure your product *absolutely* needs a sales team before going out and building one. Startups that have used sales as their main growth channel are Zuora, Qualtrics, Tanium, Docker, ConvertKit, and more. To learn more about sales, read *The Ultimate Sales Machine*, Jason Lemkin's blog, and *SPIN Selling*.

Content marketing is one of the best ways to grow B2B businesses in the long run.

3. Content marketing

—Your potential customers want to earn more money, be better at their jobs, and know more about their industries. With content marketing, you provide free education to potential customers about your industry and build a valuable audience over time (like this eBook). As your audience begins to trust your brand thanks to the free *and* valuable content you release, they (you) become your customers. Companies like Buffer and Groove have used content marketing as the backbone of their startup growth strategies to great success.

4. Public relations—The media loves to talk about exciting companies that are changing the world. When online media companies cover your business, you're doing them a favor because you're giving them fodder for more page views. Startups that have used PR to ignite huge growth include DuckDuckGo, Tinder, and Snapchat. To learn more about PR read this book by Ryan Holiday and this book by Jason Kincaid.

5. Email marketing

—Social media doesn't have very good conversion rates. Email marketing has the best conversion rates. People buy stuff in droves over email. Building up an engaged and loyal email list is a great way to grow your product and increase sales. Companies and startups that got traction using email marketing include Jackthreads, Groupon, and AppSumo.

6. Existing platforms—There are a few enormous platforms like the App Store, Facebook, Google Play, Stripe, and more that you can build your business on. If your business gets featured and promoted by one of these platforms, it will grow fast and furiously. Evernote used the App Store as a platform when it launched to quickly get millions of users. Baremetrics used Stripe as a platform to grow to $25,000 in MRR in just a few months.

7. Unconventional PR

—Startups have used publicity stunts, viral videos, and acts of customer appreciation to fuel rocket ship growth for decades. Richard Branson is famous for using publicity stunts to launch new lines of business at Virgin Group. Josh Kopelman persuaded a town to rename itself as his company, Half.com, which helped propel him and the business to huge heights. Blendtec used viral videos to increase the sales of its blenders many times over. Companies like Grasshopper and Hipmunk have used customer appreciation to increase word of mouth marketing for their products.

8. Engineering as marketing

—Releasing free tools that help your customers do their jobs better is an excellent way to grow your business. These tools should be valuable, well-designed, and easy-to-use. HubSpot released its Marketing Grader tool for free early on and it has generated more than a million leads. More recently, companies like Crew and Runscope have used engineering as marketing in the form of free tools to turbocharge their growth.

9. Trade shows—Companies can network and promote their products in person at trade shows. Startups like RJ Metrics have successfully gotten big sales and started relationships with important partners at trade shows. To use trade shows as an effective growth tool read the chapter about them in *Traction*.

10. SEO (Search Engine Optimization)

—Websites, articles, and videos that get to the top of Google, Bing, Youtube, and other big search engines receive tons of traffic and customers. Often, companies need to use another traction channel like content marketing, publicity, or an unconventional PR strategy in order for SEO to work. Companies that have used SEO to grow and become successful are Moz, RetailMeNot, and Wikipedia. To learn more about SEO check out Backlinko and The Moz Blog.

11. SEM (Search Engine Marketing)

Using paid ads in Google, Bing, DuckDuckGo, and other search engines to promote your product are all examples of SEM. If you need to scale up sales of your product, SEM can be a good way to do it. Using SEM effectively and profitably takes time and thousands of dollars of test ads. But, once you get it right it can lead to huge profits. Startups and companies like Constant Contact, Bigcommerce, and Groupon have used SEM to grow in leaps and bounds.

12. Business development

Partnerships have been used by companies of all sizes for years to increase growth. In *Traction*, Gabe Weinberg and Justin Mares lay out five different types of partnerships, which are standard partnerships, joint ventures, licensing, distribution deals, and supply partners. It's very hard for companies to close partnership deals, but they can be invaluable. Google got its initial burst of traction by partnering with Yahoo to power their search engine. Delicious used a partnership with *The Washington Post* to increase its traffic and land lots of other key partners.

Throwing a conference or a different type of offline event can propel your startup's growth.

13. Offline events

—People love to attend conferences and get-togethers where they can network, learn, and have fun. As the host of an offline event, your company will have countless opportunities to grow its brand, talk with customers, and close key deals. HubSpot's annual INBOUND conference brings 10,000 marketers together with HubSpot and its various products at the center of it. Other companies like Product Hunt sponsor or host smaller meetups cities all over the world to grow its community. Finally, you can throw a party as a way to schmooze with leads and promote your business. Uber is famous for throwing big parties in all of their launch cities.

14. Social and display advertisements

Advertising on blogs, Facebook, Twitter, and other large social networks can be very effective at getting cost-effective leads and customers. Wordstream, Intercom, Tipsy Elves, and Chubbies have all used social and display advertising as effective traction channel. To learn more about how to effectively use social and display ads, read the AdEspresso blog, the MixRank blog, and Coelevate.

15. Affiliate programs

When someone receives money or some other compensation in exchange for promoting the successful sale of a product, an affiliate program is at work. With affiliate marketing you can have tens to thousands of influential bloggers and people promoting your product in exchange for a cut of each sale. Startups like WP Engine, Bench, Olark, AWeber, and more have used affiliate programs as an important traction channel. To make your affiliate program more successful, considering joining an affiliate network like ShareASale, CJ, and ClickBank.

16. Speaking engagements

Speaking at conferences and other live events can be a great way to build business relationships with future customers, partners, and friends. That said, most of the time conference talks won't lead to any tangible business results in the short term. Be mindful of this fact when looking for speaking gigs. Speaking at conferences is often a product of success, not a cause of it.

17. Viral marketing (customer invites and viral loops)

Any successful social network or company that allows users to join for free most likely used viral marketing. Gmail, Facebook, LinkedIn, Twitter, Pinterest, and other sites used viral marketing to create explosive growth. With effective viral marketing you create a system where each new user invites at least one more user after they sign up. The average number of users each new user refers to a product is its viral coefficient. If you use the viral marketing traction channel, your goal should be to have a viral coefficient greater than one.

Viral marketing is much tougher than it looks, which means you should be careful when using this traction channel.

18. Community building

Some products like Stack Overflow, Product Hunt, and Reddit have communities at their core. Ryan Hoover wrote an excellent article on how to start and grow an effective community-based product. If you want to build a community-based product, use Ryan's article and the chapter about community-building in *Traction* as your starting points. Communities can be built and fostered to grow other products too. Y Combinator's brand has grown directly in line with the growth of its Hacker News community. Another example is Qualaroo's customer base and revenue growing as its GrowthHackers.com community has grown.

19. Offline ads—TV, magazine, newspaper, radio, billboard, yellow pages, infomercials and direct mail ads fall under the offline ad umbrella. Some offline advertisements can be extremely expensive and don't make sense to use when trying to growth hack your company. That said, purchasing remnant advertising can be an inexpensive way to show your business to lots of people. Startups like Uber, Jet.com, Squarespace, SeatGeek, and SoFi have used offline ads successfully.

HACK IT RIGHT NOW

What You Can Do Today

Individual growth hacks to grow your business immediately

1. Keep your signup experience extremely simple

Limit the number of fields users have to fill out when signing up for your product. First, get users to sign up with minimal information like their name, email address, and password. Then, once they're in, have them fill out the other information you need from them. When users see signup flows that are too long, they often abandon the signup process before finishing it.

2. The Website Launch Checklist

Your product's website doesn't have to be perfect when it launches, but it should be professional, SEO-ready, well-designed, usable, and secure. Use this website launch checklist from HubSpot before launching your product to make sure its website is up to par. With a launch-ready website, you'll get more press, traffic, and customers from the start.

3. Test your site for UX issues with UsersThink

If your product isn't usable, people won't USE it frequently and it won't grow. You should try to improve your product's UX every day. One way to improve your product's UX is to ask people for feedback on its usability. UsersThink gives you an army of users that provide professional UX feedback. Pricing starts at $39 on UsersThink, but the feedback you receive from it will be invaluable.

4. Improve your site's speed

Faster websites get more customers, have lower bounced traffic, and receive better usability ratings. If you make your product and website faster, it will grow faster. Having a fast website should be a top priority for growth and UX. Use this article as a guide for decreasing page load time and increasing site speed.

5. Add social proof to your landing pages

Did a press outlet cover your product? Have high-profile customers vetted your product with an outstanding review? Put them on your website! Social proof provide security to potential customers.

6. Keep your homepage as minimal as possible

If your homepage has too much content, visitors will get distracted and leave. Write persuasive copy with compelling visuals on your homepage, but don't overdo it. The old adage "Less is more" works well for homepage design and most other design projects too. Check out this article for inspiration and guidance when it comes to creating simple, effective home pages.

7. Use integration marketing to fuel product growth

Your product would likely benefit from integrating with other products that have public APIs. Aim to create one product integration every month. After finishing each integration reach out to the team that runs the other product and ask them if they'd like to do a co-marketing campaign. Some percentage of the products you integrate with will want to do a big announcement to their customers about the integration. You should announce new integrations to your customers too.

8. Guest post on large and successful blogs

With guest posting you get to borrow another audience, provide value to them, and bring some of those people back to your own product. Give big or important blogs in your market specific pitches about what you'd like to for guest posts on their sites. Write only your best content for guest blog posts so you get invited back to write more of them.

Reddit has thousands of communities to which you can potentially share your product and content.

9. Share your content on relevant online communities and forums

There are lots of different forums and online communities for every market and niche. A few of these forums are Hacker News, Growth Hackers, Designer News, Inbound.org, and more. Reddit has thousands of forums with thousands of members in each forum. Find the forums relevant to your product's industry and share your new content to them. Be careful not to over promote your own work in forums as most members will not appreciate over promotion.

10. Ask influencers to share your content and product

There are thousands of influencers in every market. These influencers have anywhere from thousands to millions of followers. Build relationships with influencers over time by promoting their content, leaving comments on their content, and updating them on your work. Then, when you have a well-established relationship with these influencers, ask them to share your content and product.

11. Retarget visitors who aren't already customers

Most of the visitors who come to your site just one time won't convert into customers. Most prospective customers need to see or hear about your product seven times before they feel ready to buy it. Use retargeting software like Perfect Audience and AdRoll to bring non-customers that visit your product back to it. Retargeting can print money when used correctly so give it a shot.

12. Add a member referral program

PayPal, Dropbox, and Uber have all used member referral programs to achieve explosive growth. Give the referrer and the referred user money or free service for every referral that happens. This is known as a double-sided referral program and for consumer goods or software products it works extremely well.

13. Comment/review books on Amazon in your market

There are tons of books on Amazon about every topic, market, and niche. Even the most obscure niche likely has more than 1,000 books about it on Amazon. You should read books about your market and niche as a way to increase the odds of making your product successful. Then, when you're done reading them, write a brief review or comment about how the book helped or didn't help you run your business. Link back to your product in the review and watch traffic increase over time.

14. Use exit intent to get more email subscribers

Lots of visitors leave your website without signing up for your email list. As visitors get ready to leave, ask them to sign up for your email list using a well-timed popup optin form. Services like Bounce Exchange, Exit Monitor, and SumoMe make using exit intent forms easy.

15. Submit your company to startup directories

There are hundreds of startup directories that feature exciting new startups. You should submit your startup to all of these directories. Some percentage of visitors to the directories will go to your product. Not only that, but having links to your products in tons of directories will give your SEO efforts a nice boost.

16. Give exclusive offers to Meetup group owners to send to their members

Lots of Meetup groups have thousands of members. There are usually a few organizers for each Meetup. Meetup organizers can message their thousands of members with meeting details, updates, and other pertinent information. Befriend the people who organize Meetups related to your market/niche. Then, pitch these Meetup organizers infrequently about helpful content and product updates they should send to their group members.

17. Promote new content on LinkedIn/Facebook groups

There are thousands of Facebook and LinkedIn groups with thousands of members in many of them. Join these groups, gain the trust of their members, and eventually post your best content or products to them.

Don't over promote your own work in these groups as you'll get banned for it. Just try to be helpful and provide value to people when you can and the huge audiences in these groups will flock to your product.

18. Use HARO to find free/easy press

HARO stands for Help a Reporter Out. It's an email list that reporters and bloggers go to when they need expert sources for their stories. Become an expert in your field, respond to requests on HARO, and get easy press for yourself or your startup.

19. Offer lead magnets to email subscribers

Give your website visitors a good reason to subscribe to your company's email newsletter. Offer visitors a lead magnet (an exclusive piece of content like a white paper or video series) when they sign up for your email list. Do this and watch your visitor to email subscriber conversion rate skyrocket.

20. Promote your product on relevant daily deal sites

Every small business owner knows that Groupon and LivingSocial can be a good way to get lots of new customers. There are plenty of daily deal sites for online businesses that can brings tons of new customers at a low cost. Sites like AppSumo, MightyDeals, and Deal Fuel have huge audiences looking to buy products at a discount. Partner with one of these sites to get a big short-term increase in revenue

21. Put your company in your email footer

You probably send a bunch of emails every day. The recipients of any of those emails could be your startup's next big customer or partner. Link to your startup in your email signature and include a brief description of the product in it as well. The additional traffic you get from this growth hack will add up and be meaningful over time.

22. Repurpose content to get more mileage out of it

Every blog post can be turned into a video, podcast, book chapter, Vine, Tweet, inspirational Instagram post, and more. Content doesn't have to stop providing value in its first version. Work smarter by using your existing content to create new content for users of other platforms and services. As long as the recreated/repurposed content is high-quality stuff, your audience will love it in its new form. Recycle and repurpose your content across platforms.

23. Do joint webinars with other companies

Two is better than one rings true for most marketing initiatives. Partner with a startup that makes a complementary product to your product. Offer to do a joint educational webinar with them. Promote the webinar to your audience and get them to do the same with their audience. For the actual webinar, have one employee from each company educate attendees about a topic relevant to their needs. Finally, at the end of the webinar leave time for each employee to do quick product pitches.

24. Cold email potential customers

Send 10 to 20 personalized cold emails to prospective customers every day asking them to give your product a try. This isn't a scalable growth hack, but the feedback and conversations you have will make it worth your time. And, in the early days of your company you should do things that don't scale anyway.

25. Get featured in other apps' marketplaces

Lots of big platforms like Salesforce, Shopify, Zendesk, and more have marketplaces where integration partners can list their products. These marketplaces get thousands of visitors every day. Get to know the partner teams at products that you plan to integrate with. Then, when you launch the integration ask the partner team to feature your product in their marketplace. Getting featured in big products' partner marketplaces is a great way to work smarter and get more out of product integrations.

26. Personally call new users or customers within 24 hours of them signing up

After users/customers sign up for your product, you should give them a ring and thank them for trying it out. On the call you should also ask them if they have any questions or need any help. Calling as many new customers as possible will help you get valuable product feedback and increase word of mouth marketing too.

27. Tweet or mention new users/customers and thank them

Set up a Zap in Zapier that automatically sends a Tweet of thanks to new users and customers. New users will appreciate the warm welcome and be more likely to continue giving your product a shot. Some of those users will be so happy that they'll tell their friends and colleagues about the nice Tweet you sent them. Word of mouth marketing is one of the highest converting and cheapest growth tactics.

28. Offer extended free trials to those who haven't yet converted

Some prospective customers need to use your product for a longer period of time than what you offer in a free trial. Offer to extend these users' free trials for an extra 7 to 14 days so they can get to know your product better. Some percentage of these extended free trial users will become paying customers instead of forgetting about your startup forever.

29. Use dunning emails to avoid failed charges

ConvertKit, a startup that [publicly publishes its financial metrics], has had more than 800 failed charges per month over the last four months. Failed charges due to expired credit cards are a huge source of lost revenue. Dunning emails ask customers to update their payment information when it expires. Avoid frustrating lost revenue by sending [dunning emails] to customers with expired credit cards.

30. Make it easy for [customers to pay for your product on an annual basis]

Cash is king for every business. With more upfront cash you can improve your product faster, grow more quickly, and better serve your existing customers. Asking customers to pay for your product annually instead of monthly is one of the best ways to increase your business's cash flow. Offer customers a two to three month MRR discount if they upgrade to annual billing.

31. Syndicate your content across multiple platforms

Most marketers only post their content to one platform. Usually, that platform is their company's blog. Instead of only putting written content on your blog, syndicate it to Medium and LinkedIn Pulse. Don't just put educational videos on Youtube. Post them to Wistia and Vimeo too. iTunes is the dominant podcast host, but you should also post podcasts to Stitcher and Soundcloud. Create smarter content that does more work for you by syndicating it to multiple sites and platforms.

32. Don't require a post-signup confirmation

Some products require users to confirm their accounts by clicking a link in their email inbox after they sign up. While this helps prevent spam signups, it also slows down your signup flow. Inevitably, some percentage of users will forget to confirm their accounts and never come back to your product. Make it easy for users to start using your product as fast as possible by not requiring them to confirm their accounts. Then, figure out a way to delete spam signups if that issue arises.

33. Figure out your product's "Ah ha" moment and get users to it as fast as possible

Users of every product have a point where they get hooked and keep coming back. This is a product's "Ah ha" moment. The "Ah ha" moment for Facebook users is when they find ten friends in fewer than seven days. It will take plenty of time and lots of data analysis to find your product's "Ah ha" moment. When you discover it, make sure users get to it as quickly as possible and your growth will skyrocket.

34. Send users and customers exclusive content

All people, including your customers, like to feel special. One way to make customers and users feel special is by sending them exclusive content. This could be educational content about your product, reports about the landscape of your industries, funny videos, etc. The key for this growth hack to work is that your exclusive customer content has to be **exclusive** and of the highest quality. Don't send exclusive content to your users and customers that you wouldn't send to a panel of world leaders. That's a good rule for creating content that is ridiculously good.

More Resources

Don't let your growth hacking and digital marketing education stop with this article. Read other articles, books, and resources to learn as much about growth as possible. Distribution and growth problems are the number one cause of startup failure. Know everything there is to know about growing a business so your startup doesn't fail because of a lack of growth.

1. Growth Hacker TV
2. The GrowthHackers online community
3. QuickSprout's "Definitive Guide to Growth Hacking"
4. Andrew Chen's blog
5. The growth hacking topic on Quora
6. *Growth Hacker Marketing: A Primer on the Future of PR, Marketing, and Advertising* by Ryan Holiday
7. *Hooked: How to Build*

Habit-Forming Products by Nir Eyal with Ryan Hoover

8. SaaS Growth Strategies
9. The Growth Hacking Handbook by Jon Yongfook
10. Seth Godin's blog and books
11. The SumoMe blog
12. Noah Kagan's OkDork
13. Sujan Patel's blog
14. Buck Fifty MBA from Nate Desmond
15. Brian Dean's Backlinko
16. Talk to an expert growth hacker on Clarity.fm
17. The Growth Hacking subreddit
18. GrowthLab from Ramit Sethi
19. The Gleam Blog
20. Copy Hackers

Accelerator Invitation

We hope you found this guide helpful! Remember, this guide is meant to be an intro resource to growth hacking. If you are interested in learning more, be sure to apply for our accelerator programs. You can learn more at: http://www.newchip.com/accelerate

FOUNDER & CO-FOUNDER BEST PRACTICES GUIDE

FINDING A CO-FOUNDER

Building from 1 to 2: Setting the Foundation to Build Upon

"A startup messed up at its foundation cannot be fixed."
— Peter Thiel, Zero to One

Choosing a co-founder is a momentous decision for your startup and it's just as **important as choosing a marriage partner**.

In fact, it is a marriage and if it falls apart, your family, friends, and company will be the ones feeling the impact of it the most.

So while it isn't a real marriage, and there are many ways to go about finding and choosing your cofounder, it is very **important to put deep thought and consideration into who you choose as a co-founder**.

Where to Start?

Some co-founders start out as friends who then start a business together; others choose one another for their complementary skills and shared vision, and sometimes co-founders are simply strangers that met at a meetup, "eloped," and now they are working together.

There is little data on what is the best framework and place to find a co-founder, but if you focus first on changing your perspective from "I just need help and I'll take anybody" to finding someone that has complementary skills and is empathetic and passionate, you're likely to build a good starting foundation to work together.

The vast majority of companies have one or two partners or co-founders as they are often called in startups. Almost 80 percent of startups have one or two co-founders, while just 23 percent have three or four co-founders.

No matter how many co-founders you have, **you better be able to get along.** If you can't get along, your business is not going to get off the ground or fall apart at a critical juncture.

Just like a marriage, when partners don't get along, the divorce will be messy and emotionally stressful for everyone; in fact, even tension can affect your team. But with careful selection and validation, you will find the right partner and establish a relationship that lasts.

<u>Where to Find Co-founders:</u>

- LinkedIn, Facebook, & Twitter
- Online Groups & Forums
- Co-founder "Dating" Websites
- Your Personal & Friends Networks
- Poaching from Other Startups
- Online Job Postings
- In-person Meetup & Events

Don't Settle, But 80% is Pretty Darn Perfect

Finding the perfect co-founder will take time, but it's better to find "The One" than to go through a messy break-up later on. If you've found someone who you think is your new cofounder, **be real with yourself when assessing** their potential faults and the drawbacks of working with that person.

Have a conversation about where you foresee potential pitfalls and discuss how you'll handle them if they occur. If you and your new co-founder can get through those **tough conversations**, then it's probably OK to move forward.

Get as close to perfection as you can, and for those qualities that aren't perfect, have a frank conversation to **see if you can find a resolution** before you begin.

Build Trust

If you can't trust your business partner, walk away immediately. If things are tough now, it will only get tougher to separate the longer you're in business together. If those alarm bells are going off when you meet your potential cofounder, then it's not the right person. **Run away quickly.**

If you have found the person you think is your future co-founder, **work on building trust** and getting to know one another.

Complimentary Skills

It's best to seek a co-founder who has different strengths and skills from those that you already have—**strengths and skills that complement** one another.

For example, if you're an idea guy, you'll need someone who can handle the marketing, selling, and raising capital. For those developers great at building awesome websites, but not great at networking and hiring employees, you need to find a co-founder who can pick up the slack. If you're a young tech entrepreneur, maybe you need someone who has been in the startup industry for a long time and is great at raising capital through their network.

When each co-founder has different strengths, you'll have **different knowledge bases that work well together but don't step on each other's toes**. Each of you should have skills and strengths that make up for the other partners' weaknesses.

There are a lot of skills and traits that are necessary as an entrepreneur. You might as well **find someone who possesses the skills you don't.**

Have Similar Work Habits

While having complementary skills are important, you'll want to make sure that there are similarities between your work habits. Your co-founder should put in the same amount of work you do, work similar hours, and communicate in a **similar style**.

If you prefer working a traditional schedule and be home to spend time with your family by 5 p.m., it might be difficult to work with a co-founder who likes to come into the office at noon and does her best work in the middle of the night.

Entrepreneurs traditionally work long work weeks. You want to **make sure that your co-founder will put in the time**. Discuss your work habits and be honest with one another when you're considering joining forces to create a startup business.

If you don't match and you can't find a compromise, this partnership just might not work.

Check Financial and Emotional Stability

This will not be an easy conversation to have with your potential co-founder, but consider it as practice for all the other difficult conversations you'll have down the line. If you will be working closely with this person, **you need to know what's going on in their lives and how stable they are.**

Find out how soon they need a paycheck to become financially stable. It will be an uncomfortable conversation, but you must also learn out what their home and family situation is like.

Many entrepreneurs make much less money, contrary to popular conception, especially in the early stages of their startup. You need to be honest with yourself and your potential partner about your own financial and emotional stability.

Choose Character

When you're looking for a co-founder with whom to work closely and launch a business, you need to **choose someone you like**. Skills and talent are definitely important, but if you don't like your cofounder, it will be a lot harder to work with them. Often, **a person's character and morals are often more important than their skills**. Skills can be taught. Compatibility, trust, and personality can't.

Have a Prenup

Yes, you need legal documents. Legal documents help to protect you and your co-founder from losing more money in your venture than is necessary and prevents you from hurting each other. The traditional business prenuptial agreement is called **"founder vesting."** This document should outline each partner's financial stake and investment in the company. It will also lay out the process for dissolving the company if there is a dispute that cannot be resolved. The earlier that you recognize your potentially unsolvable problems, the easier and less costly it is to get out.

Check for Self-Sufficiency

Your co-founder should be self-sufficient. Otherwise, you're just hiring another employee. Make sure you **trust your potential co-founder enough that you'll feel comfortable letting them work on their own and make critical decisions**. You're not looking for an assistant. You're looking for an equal partner who can help you decide and grow your business to become successful.

Founder / Co-Founder Best Practices

Divide Responsibilities

If you're working with a cofounder, it is imperative to divide responsibilities. Agree upfront which parts of the company you will work on, which you'll have complete authority on, and which your co-founder will work on. Be comfortable with that person getting the final say in those areas. Even harder, be comfortable with that person deciding how those decisions will be implemented. That doesn't mean you don't make decisions as a team or that you don't make data driven decisions - it just means sometimes you have to give up control.

Once each of you feels like you have an area you can effectively manage and lead, you will feel more comfortable accepting feedback—and more careful in giving it. You will also work hard to make sure that the parts of the company you're in charge of succeed, because it will be clear where the responsibility lies if they don't.

Here's an example of how domains can be divided:

Founder 1: Website, database, analytics, and technical recruiting

Founder 2: Product, press, fundraising, and business development

Show Empathy

Building a startup is tough. No matter how close you are with your co-founder, the challenges of building a business from ground zero will strain your relationship. When the strain shows itself, have empathy towards your partner, and don't come at them accusing but in a light of trying to understand, as they might be dealing with a challenge that is greater than you imagined.

Empathy isn’t considered a skill that most entrepreneurs have, so you may need to work on enhancing this aspect of your personality, but trust us that it will be worth it. Empathy helps you and your co-founder to recognize that you’re both humans who make mistakes, get stressed, and can’t always be perfect. It will also help you in fundraising, recruiting, retention, and in your life outside of work,which will inevitably become strained after your first year of 100 hour weeks.

Showing empathy might be interpreted as a weakness to some, but it helps you generate trust with your co-founder. Your partners and team will recognize that you care about them as humans and not just about the business -- and that will make them weather the tough times with you.

Have a Plan to Handle Disagreements

Create a template of steps for working through disagreements. Planning for potential problems will have a two-fold effect:

- You already know how to react and respond to the disagreement when it arises.
- The disagreement is less likely to arise because you have a game plan.

If you can’t communicate well with your cofounder, you will get nothing done. In fact, if you communicate poorly, you'll get a WHOLE LOT of nothing done. To start off with good communication, you need to know and understand each other’s communication styles and preferences. If you've never done the Love Language Test, google it.

Even though you aren't actually married, knowing how each of you want to be "appreciated" and how you "appreciate" others, as well as how you deal with conflict and problems preferentially will be critical in maintaining a healthy relationship.

Not everyone can effectively communicate via the same method.

Some people prefer face-to-face meetings, while others are fine to communicate over email or text messaging for all but the most important things. If you and your co-founder strongly prefer different channels for communication, things might get lost in translation.

Each person has his or her own style of communication and tone. Some people are direct communicators, so they can come across as harsh. Others will focus on asking questions and getting to the point slowly until others come to it on their own volition.

There isn't a right or wrong style, but you need to ensure that you and your co-founder communicate easily and get along well. During your first meeting with a potential cofounder, go straight for the tough questions. Get those questions over with and then find out how you can communicate effectively moving forward.

Don't scare them off, however, and pull out a ring on the first "date." Everyone wants their trust and companionship to be earned so asking someone you've spent 5 minutes with to marry you financially for the next few years is a no-go. It lends to an impulsive nature and, while CEO's are known to be impulsive, if you are extreme, then it will likely be the "death" of your startup.

Nowadays, the wrong tweet can send stock markets crashing and ruin lives, so you have to both watch your mouth and be able to be responsible for anything your co-founder or team members say, too.

Agree to Honesty

Honesty between leaders is essential. You've got to talk about the tough stuff and be honest with your partner or you won't be able to get anything done. When one of you makes a mistake, be honest with the other and seek forgiveness. Without honesty, you'll both feel you're always walking on eggshells and worrying about stepping on one another's toes.

Agree to be fully and bluntly honest with one another from the beginning, and you'll immediately eliminate a lot of potential communication errors. As you've seen, the founder/co-founder dynamic is very much a marriage: you have to like each other well enough to want to work together through the many challenges and obstacles ahead; otherwise, it'll never work.

Finding the right match takes time, but once you finally find the founder right for your startup, it will seem like a match made in heaven. Remember, you two are the initial team that will steer the business towards growth. Divide and conquer, communicate constantly, be honest, and learn to trust your co-founder.

Exercise: Finding & Vetting Co-Founders

Finding a co-founder can be difficult, but the first step in finding any new team member is to understand: *what skills you need, why you need them, and when you will need them.*

Please take the time to answer the following (if you already have a cofounder, please answer the questions about them):

- Why do you need a co-founder? What will this individual be doing?
- What skills do you lack that you need to succeed as a business?
- Can you learn these skills quickly and affordably yourself?
- How much do people with these sets of skills get paid?
- How much control and autonomy does this person need to be effective?
- Given the level of control and authority needed by the cofounder, how much trust in them do you need to have?
- What would you give up to have this person come on board? How much in cash? How much of the company would you give to this person?
- Do you have the resources to compensate and take care of them? Can you supplement with equity?
- How quickly do you need this person to come on board?

What tasks will you be able to offload to this person? What additional capabilities will this person bring to your startup team?

After you've answered these questions, go back and ask yourself: is this person being compensated fairly, not enough, or too much? Often you'll find you got negotiated up too much and now this person is making too much.

It's a difficult road to tread on them as you need them, and replacing them is difficult. If this is you and you need advice, be sure to chat it over with your advisor. If you're just looking for a cofounder, this will help you figure out what you need skill-wise, why you need it, and by when you need it.

In closing, the Newchip Accelerator program is designed to prepare you to do fundraising in appropriate and effective ways and grow your business. You basically get a “coach,” like a star athlete, and get access to the most vetted, most up-to-date information about what works with investors on your way to close your deals and land serious investors in your company.

In contrast, many entrepreneurs have found that doing it on their own was un-focused, uncoordinated, random, incomplete, out of order and risky. You don’t have to be like them.

Accelerator Invitation

We hope you found this guide helpful! Remember, this guide is meant to be an intro resource to founder ad cofounders. If you are interested in learning more o how to find and vet a cofounder, be sure to apply for our accelerator programs here: http://www.newchip.com/accelerate

ULTIMATE ACCELERATOR & PRE-ACCELERATOR GUIDE

ACCELERATOR INTRO

Founders that grow their companies from an idea to a mega-success, such as Airbnb, Dropbox, Stripe, Instacart, Reddit, Zenefits, Twitch and Zapier, applied industry best practices in raising money from investors to advance their businesses.

They did not need to reinvent how to raise money; rather, they worked within the system to take investors on a journey from awareness to closing the deal and acquiring the investment. They weren't born with the skills needed to do this- they learned them.

These startup founders educated themselves through failure- discovering the “do’s” and “don'ts” of approaching potential investors by losing investors and making mistakes.

That was part of it, however if you ask them what the #1 reason for their success was, they will all say it was the accelerator programs they participated in, the networks they gained, and their mentors that truly taught them how to 10x their businesses.

You can never beat the experience of failure telling you what not to do, but knowledge gained from others saves time and money. In accelerator programs, they figured out uncommon insights to gain more investment money and how to hack their way to success no matter what. By joining accelerator programs, they set themselves up to accelerate the growth of their businesses.

To learn the same lessons that drive successful initiatives to raise money for a startup, you can do your own research online and read thousands of pages about what startups need to know about fundraising. This assumes you can identify what is most important, avoid poor advice and know when something is missing.

You could read 50+ books to find out what is most important. You could also spend tens of thousands of dollars at conferences and still only get surface-level information.

Pro-Tip: Knowledge is power and the right information from market data to how much a candidate actually made in sales last year for a role will make or break your business.

However, as a leader of a startup company, you are strapped for time. You are trying to balance all your business and operational responsibilities, product development efforts and team management. You know that one of your responsibilities is to raise capital to fund your company, but you never seem to have enough time, energy or focus to go find out about all the things you need to learn to do the type of fundraising that will ensure the success and longevity of your company.

The way to speed up your learning curve for raising funds for your company is to participate in an accelerator program, to help you identify the most relevant knowledge that you need to win. Remember time is money and the best investment you can make is in yourself.

Is an Accelerator Right for YOU?

Accelerators are very popular nowadays. Not every accelerator is automatically the right match for every startup. Especially yours. We may not even be the right fit or you might not be the right fit for us. In fact, you can and should join multiple programs if possible.

What is Involved in a Startup Accelerator?

Most accelerators are coaching and mentoring programs that take place in a startup hub such as New York or San Francisco, with the goal of helping you build out an MVP and scale it. 90% of programs accelerators give you "free" office space, some starting cash, and coaching for an equity stake in your company- if you are accepted and will move to that city to operate.

Typically, the investment in your business (if there is one) from the accelerator itself is minimal (e.g., $20,000-$100,000) and the equity stake is high. This is because the bet is that your time in the accelerator and the teams investment in you with their time, will largely improve your chances of raising venture capital or angel investment after you finish the program. Top accelerator programs include Techstars, Y Combinator, and MassChallenge.

The challenge most entrepreneurs face today is that the top programs in the world only accept a handful of entrepreneurs a year; whereas, there are tens of millions of entrepreneurs who want and need an accelerator program. In fact, the chance of getting into a top accelerator is less than 0.005%, which is why Newchip launched its online pre-accelerator and accelerator programs - to bring opportunity to all.

The missing component is ACCESS. That's why we bring everything we know, all our connections, and decades of experience into the Newchip Accelerator for companies like yours- IF you get in. Most importantly, unlike other programs, our accelerator is for entrepreneurs, by entrepreneurs- and you need grit to be accepted.

One of the top ways to get your business off the ground is to leverage the knowledge and skills you develop, as well as the mentor and the investor networks that you build in a startup accelerator. Our team has coached hundreds of companies over the last two decades and at Newchip we've helped thousands of companies raise money and build traction. However, there are a few important things to know about accelerators before applying to any particular program around the world- even ours.

Are Accelerators Right for You?

Deciding on whether or not you should take your company through an accelerator largely comes down to your personal confidence in the defensibility of your business model, your execution skills, traction to date, and your fundraising ability.

If you have a credible story, have built and sold several companies, and your business is progressing fast on your own (i.e. you have millions raised and are doing millions every year), you might not need to be part of one of these programs. However, if your growth has stagnated or if you need help fine-tuning your business or revenue model, or maybe you're a first-time CEO wanting to hone your skills from proven peers and entrepreneurs, then this type of mentorship and coaching is perfect for you regardless of stage.

Accelerator Advantages

- Shared learning and mentorship to avoid typical startup pitfalls and speed up your effort to gain traction
- Access to venture capital and investors post-accelerator
- The PR value and exposure you get from the program (not to be underestimated - the more press releases you can put out as an early stage company, the better!)

The Disadvantages

- For bigger companies, they can be distracting, with lots of meetings and events with mentors and investors (getting in the way of focus on building)
- They can be confusing at times (getting 10 different opinions from 10 different mentors), so you need to have a good "filter" on advice
- Sometimes, sharing office space with other companies is not always a plus, especially in long term programs that may be hosting companies in a completely different industry.
- The amount of equity you give away might not seem like much in the beginning, but it adds up in later rounds.

By being online only, allowing entrepreneurs to complete the program at their own pace, and being equity-free, we help mitigate most of these disadvantages.

Key Takeaway

All accelerator programs have merit and can help you quickly expedite the learning curve of "been there, done that." Plus, your odds of raising capital are vastly improved, given the screening processes of these groups and the respect you gain from successfully completing a program. However, competition is fierce to get into the program, so make sure you have a polished pitch.

The Newchip Accelerator

Our team has graduated from top accelerators around the world and we know what works and what doesn't. So we put together the best of everything, made it all online, and now we're offering it to you equity-free.

What We Look For in Applicants

We're open to anyone with a great idea that meets our application requirements, culture fit, and is willing to put in the work to succeed. Just have passion, drive, and grit.

Choosing an Accelerator: 10 Questions to Ask

1. Why Are You Interested in My Startup?

What you want to hear from an accelerator when you ask them in an interview is: “Because we see potential in your vision, because we believe in the market you’re in, and because we think our program can help you.”

It helps if the accelerator likes your technology, sees it as a big opportunity, and doesn’t want to miss out, but that’s unlikely to be enough on its own. It's all about the team, the industry, and traction, and how that story comes together. If the accelerator can’t clearly show you why your interests are aligned, you should think twice. In fact, we don't take entrepreneurs we don't believe in, and frankly, if we don't think you're a fit for the program or if you break the community rules, we'll refund you the difference and cut you from the program.

It's as simple as that. You don't want a bunch of “yes men.” You want an accelerator that is willing to tell you that you have an ugly baby. If you want someone to pay to pat you on the back, you should try a co-working space.

2. Are You Convinced By My Pitch?

Everyone likes validation. But you don’t necessarily want an accelerator that isn’t willing to say “no."

We are not convinced by every pitch we hear, and that’s ok, if we are convinced by the team. Founders should go into a program knowing that they may need to consider big changes to their approach and their assumptions. We want teams with a passion for their ideas, but not with a toxic sense of pride or lack of coach-ability. If an accelerator is not willing to voice doubts when you ask, then it might be a sign that they aren’t going to challenge you when needed and that's not going to help you in the long run. Surround yourself with people who challenge and push you.

3. What Do Your Investors

Want? Where is the Money Coming From?

Another key question almost no one asks. You really should because the investors largely determine the direction of the accelerator. They ultimately control who runs the program, and, thus, the decisions being made.

If the money is from a corporate sponsor, what does the corporation want? If the money is private, then why are the investors backing this accelerator? Pay attention to how aligned the accelerator team are with the investors. If the investors and the team have a solid relationship, then you aren't dealing with office politics or competing ideas about what success looks like.

At Newchip, we have a core business already and we have great institutional investors from around the world. We're launching this accelerator as a secondary benefit to give back so there is no office politics or drama, and the control of the accelerator is with the Founders, *and we built this with founders like you in mind.*

4. Does the Accelerator Management Team Have a Stake?

This is related to the previous question. Ideally, the decision makers at the accelerator have a financial stake in the decisions they are making. This helps you to determine what their motivations in working with you really are.

Is it a deal breaker if they don't have a stake? Maybe not, but you need to know who you're talking to. The decisions a person makes when they have no financial stake in the outcome are bound to be different. Is the person making a decision because of the politics of their job, or because they really believe in it? Because we don't take an equity stake in companies, we are completely unbiased and there is no competition within our ranks between whether we serve your company or another from the last cohort better.

We believe in access for all and helping entrepreneurs regardless of your background. This level of diversity brings innovation and skills to our cohorts that you wouldn't find anywhere else in the world.

5. Why Are Your Terms What They Are?

Terms vary between accelerators. I don't think there's an ideal formula for how much an accelerator gives, or how much equity it takes or whether it does so at all. Equity programs are not always a bad thing, and programs that give more or less money for more or less equity have their own reasons for doing so.

The answer tells you how the accelerator views their role in your company. "Founder friendly" terms are very important. On the other hand, a mature investor is also up-front about what they would be willing to do in case something went wrong with the relationship.

The terms are one thing, but the answers are another. Any contract is in place primarily to outline a relationship, not to define it in personal terms. Those personal terms often matter more than what's on paper, so you need to know why the terms are the way they are. It's also extremely important to know that we encourage you to be in multiple programs. We're not against equity programs; we just believe that when you have 10 spots and 100,000 applicants, it's not friendly to founders outside of the network, which limits real diversity of ideas.

Our program was designed with simplicity and inclusion in mind, but it's also rigorous and difficult, with real coursework and exams over what you actually need to know to build a successful company, raise money, and scale.

6. Have You Ever Fired a Startup During the Program?

Not every accelerator has ended a relationship with a startup in less than ideal circumstances. It does happen though, and the story is usually instructive.

We've always been very open about relationships that have gone wrong. In case such a thing happens, we try hard to identify the mistakes that *we* have made that led to the problem. In each case, we recognized our own errors in choosing, working with, and helping those companies. We have a great vetting process and have only “fired” one company over the last few years.

We were not vindictive and did not blame them for our own mistakes. If an accelerator puts blame only on the other party, that may indicate that they don’t acknowledge their failures or their part in the relationship. We all make mistakes, but you need investors and people who learn from theirs and are not afraid to tell you about them.

That being said, we have strict community rules that can simply be summed up as “love and treat thy neighbor as equals, respect one another, and be coachable.” If you have a lot of ego and can't accept feedback, and are difficult to work with, refuse to listen or grow, then you might find yourself cut from the program.

We aren't going to tell you how to run your business, and you aren't required to implement what you learn or hear, but you are required to be a good listener, take in what you can, and discard the rest in a respectful way.

7. What Do You Expect from Me?

We have our own tough standards, but they are not universally what all accelerators expect. We want every one of our companies to be a unicorn and we expect them to try. We expect ambition, drive, and hard work. We expect companies to improve markedly in all areas during our program. We expect them to challenge themselves and to meet the challenges that we help them set.

But if you ask us, we will tell you that we expect things like personal availability, honesty, willingness to talk about your motivations and to discuss your feelings. We expect our founders to take a broad range of input that other accelerators might not insist on. We expect them to adjust their ambitions according to new realities; to make changes swiftly if something doesn’t work, and react to obstacles rather than avoiding them.

You just need to know what you're getting into, and what success looks like to the accelerator you choose. Be honest with yourself, as to whether these are things you really want and can handle.

8. What is Special About You? Why Should I Choose Newchip?

Accelerators are deeply affected by their location in a particular ecosystem. What that ecosystem has and doesn't have, and where it is, are important factors in your decision.

For example, Newchip is located in a beautiful startup-friendly: Austin, Texas. Our geography places us between East and West. We see that as a big advantage, and we want startups who also see it that way. Our ecosystem has its strengths and weaknesses. Its size makes VCs accessible, while it also limits which industries are most engaged here. The history of our region affects what we have to offer startups, and we work hard to express those peculiarities and qualities to our companies.

Pick an ecosystem that works for you. Just because a place is big doesn't mean it's best. Just because there's money doesn't mean it's the *right money.* The accelerator's answer to this question will tell you a lot about how they see their value to you. Due to the online nature of our model, we have the best of all worlds. We have connections all over the world and will do everything we can to help you connect, build your network, and succeed.

9. Does the Accelerator Pay The Mentors?

Many people might disagree with this statement but I believe that all time has value and there should be some kind of exchange for time. When I first started Newchip years ago, my co-founder believed that he should impart value on anyone who took the time to help him, even if it was just buying them lunch.

If you don't have advisors or mentors, it's important to have them, as these are people who you will be relying on for follow-up, to open their contacts to you, make introductions, and be available for further advice and support down the line. Our mentors do it for various reasons. It improves their personal or company brand; it makes them look good; it gives them insight into emerging trends, etc. Primarily our mentors tell us that they do it because of the personal fulfillment and stimulation they get out of being mentors. These are high-achieving individuals who relish the chance to talk to people at the beginning of their own journey and share their wisdom and knowledge.

10. What Entrepreneurial Experience Does the Newchip Team Have?

An accelerator is for true entrepreneurs. No one is better suited to recognize your entrepreneurial strengths and weaknesses than a fellow traveler on the path. We're all going somewhere, so why not go together? That’s why most of our management team is a founder of one kind or another.

Our team has built and sold numerous companies over the years, as well as worked in and consulted for Fortune 500 companies in nearly every industry and sector imaginable. If we don't know your industry, we'll find a mentor in our network that does.

How to 10X Your Business in an Accelerator

You have a startup, but you’re at the point where you could use advice, direction and a little funding. That’s when you hear about accelerators located around the country that offer three to four month programs where you can get those things you are seeking. If you are still in doubt about going this route, here are 12 reasons why you should join:

1. Comprehensive Support

Operating a startup can be lonely and challenging. That’s where an accelerator can help. When you work within an accelerator, you get support from mentors and those sponsoring you. Besides emotional support, they can provide direction, experience and knowledge. Plus, you have the support of other founders in the program with you.

2. A Full Roster of Activities

While an accelerator program may seem like a short time, those few months are jam-packed with activities that benefit you and your startup. Although accelerator programs do vary, a typical program includes meetings with mentors, feedback sessions, "demo day" presentations, networking and social activities. There is a lot of information to glean from these events and even more to apply directly to your startup.

3. Investor Access

While accelerator programs don't tend to give out much in funding, what they do is connect you directly to interested investors who are drawn to accelerators in the hopes of discovering the next big thing. During an accelerator's "demo days," many investors are invited to watch the presentations. There is also time to meet and mingle with investors. This opportunity can open the door to additional funding offers, especially when the investors see that the accelerator program has helped you further develop your startup into something that shows the potential for return.

4. Accelerated Knowledge

An accelerator program packs in so much information from the years of experience and skills that each mentor or accelerator manager has amassed. This concentrated form of information allows you to speed up what you are doing with your startup. Instead of reinventing the wheel, you're leveraging their years of combined wisdom to launch your startup in a more strategic way. Clearly, this can improve your odds of success.

5. A Gateway to Future Customers

Accelerators are now including target audience members at demo days, so they can hear about what you are doing as you share more about your project. This can create an early buzz about your startup. The advance publicity can also help you validate what you are doing and give you a timeline to work toward, so you keep those future customers ready and waiting for your launch. The prospects you interact with during demo days or via other channels can form the start of an important database of leads, as well as give you a head start on brand development and recognition.

6. Skills Development

An accelerator program focuses on teaching you essential skills for running a business, including sales and marketing, communications, finance and even some technical skills.

7. Risk Management

The risk of failure is on the mind of every startup founder. It can feel as if the cards were stacked against you, and there is a risk in everything you take on. This includes the market you are entering, the product you're offering and the concept that you're selling.

8. A Bigger-Picture, Long-Term View

As a founder, especially a first-timer, it can seem impossible to look beyond the first six months to a year. However, it is vital to work toward a much longer view and outcome. Accelerators stand outside the trees that are blocking you from seeing the forest.

Mentors in accelerator programs can help you see the complexity that will develop in time and steer you in the right direction to deal with it. They can ask the questions that get you thinking of the bigger picture and what it should be. Then these mentors can suggest tools and tactics to get you there.

9. A Springboard

An accelerator can work for startups in all phases of their growth. Even those that are much closer to becoming an actual business should consider one. You may have encountered a problem or reached a growth plateau. An accelerator can be that personal trainer who kicks you to the next level that you couldn't figure out how to get to on your own. This might include using the accelerator and the expertise within it to launch a more diversified offering or expand into a new market.

10. An Accelerator for Everyone

Accelerators don't offer one model or

format. The growth in accelerator programs means that there is one that most likely addresses your growth stage, location, industry or niche, desired level of oversight and involvement, planned outcome or any other factors that are critical to what you want to accomplish. The result is an encouraging environment that will help you thrive.

11. Motivation and Morale

The collective and collaborative environment found in accelerators is sure to keep you going and moving forward. Interaction with other founders is a powerful motivating force. When you hear about their own self-doubts and challenges, it resonates with you. Plus, it reminds all of you that it is possible to overcome those doubts and work together to clear your respective hurdles.

12. Continued Support Long After the Program Ends

Just because the accelerator program ends in a few months doesn't mean the support does. Long-time relationships develop at accelerators. Plus, the alumni network is always there to tap into -- to inquire about talent, seek investors, or get feedback -- as you continue with your startup or take on any other projects in the future.

The Right Time to Join

Timing is everything for a startup. Countless startups have failed and slid into oblivion when they got their timing wrong. Some acted too soon while others waited too long to act in a way that would have otherwise saved their startup. Timing also applies to being part of an accelerator, which is why it may or may not be the right time for you to join.

How Do You Know When it is the Right Time to Join an Accelerator?

It's an interesting question, as there are times and stages for companies that you should AVOID, such as post Series A (if you don't know what that means, you probably need to join an accelerator).

Startups are temporary organizations, and their aim is to find the right product-market fit. Finding your product-market fit (which simply means you’ve found a product or a service that people are willing to buy) is hard work and in some cases means pivoting.

After you have pivoted a couple of times and begin to get clients, your next steps are to:

- Establish a sales funnel, test it, iterate, and make serious money
- Scale up – increasing the number of sales, and the size of your team

At these steps in your startup, what you need are funding and the right mentors to spend it wisely. While everyone prefers organic growth, there are reasons to look for an investment, for example:

- You are stuck, not growing fast enough, or the market is full of competitors and you know that a significant investment will bring you to the next level
- You wish to accelerate your growth and move faster at the same time, and there is a blue ocean to take over, so investors want you to scale up fast!

Part of the problem that entrepreneurs face today is a never-ending bevy of bootcamps, hackathons, and accelerators to help entrepreneurs get their business off the ground. True story - for $2,000 you can enjoy a sunny six-week retreat for start-up founders and gather at a four-star hotel in a Mediterranean city and bounce start-up ideas off one another. WHAT?!

There was a time when the idea of a cash-strapped founder paying thousands of dollars to fly halfway around the world to sit pool-side at an exotic resort may have seemed somewhat ludicrous. Not anymore. The programs available are innumerable and it's unclear how many of these services are truly successful at creating revenue-generating businesses. But what is clear is that the market for these services is booming.

Here's the Real Problem

There are a growing number of accelerators. In exchange for a chunk of equity, they offer a sprinkling of cash, desk space, and the promise of mentorship and future VC connections. Rarely does that actually happen.

You probably already know about the marquee accelerator successes - like Airbnb or Dropbox, which both graduated from Y Combinator. But have you heard of the failures? At the end of the day they don't want you; they want a chunk of your business. This is another reason why we don't take equity. *It's your idea, you should get to keep it.*

Signs of a Funding Bubble

We take a vested interest in the success of all companies that join the Newchip Accelerator Program. If you think you have the grit that it takes to hustle and succeed, then I strongly encourage you to apply. Here are some rules to know:

Treat Equity Like Gold

Early-stage founders should be cautious about giving away equity — it's literally ownership of your company. And if you give up too much, your company isn't really yours anymore. On the other hand, if you don't give away any, you're probably not going to grow fast enough.

As an entrepreneur and investor, I frequently cross paths with founders who don't want to give up equity. They shortchange themselves in terms of funding and expertise because they don't want their equity diluted. We call this "the founder's dilemma" — choose wisely.

The Pie of Ownership Is Fixed; the Company Value Is Variable

If you own 100% of something that's worth nothing, you have nothing. On the other hand, if you own just 5% of a truly amazing startup, that could translate to millions of dollars. Let's say you own 20 percent of a $2 million company. That means your stake is worth $400,000. If the business does well and you raise an additional $2.5 million of venture capital in a new round at a $7.5 million pre-money valuation (which is $10 million post-money), your stake is diluted by 25%. ($2.5 million divided by $10 million.) These are vastly important details to consider when making decisions on equity.

Know Who is Motivated by Equity and

Who Isn't

You might think every employee wants a piece of the pie, but the fact is that's just not true. Everyone has a different risk tolerance motivated by his or her unique circumstances. For example, some employees would rather have a larger salary than a large portion of equity because they need liquid cash each month to pay rent or feed their kids.

Take Equity Decisions Seriously

Often, people wait too long to divide up the pie. At Newchip we worked together for nearly six months before tackling the equity issue but in hindsight, we should have figured it out as soon as we made our first hire. Planning is key.

Regardless of whether you're a speedboat or a sailboat, make equity decisions before the company is worth a lot, and think about the decision, as if it already is.

On the flipside, don't just throw around percentages because you think they aren't worth anything. If you wait too long, the difference of 2% percent can mean a few hundred grand. That's a difficult conversation. You should have it early and take it seriously.

Funding and equity can be intimidating topics, even for seasoned entrepreneurs. But when you don't have experience, it's key to jump in quickly to understand what's at stake if those things are mismanaged. Equity is a delicate dance, so keep in mind that it requires awareness, balance, and foresight. For speedboats and sailboats alike.

This is a key topic that we'll cover as part of your Accelerator experience: how to build an attractive cap table for cofounders, engineers, investors and others so that everyone feels valued. *Protect your equity, protect your company, protect your team!*

Why Some Startups Receive Funding & Others Don't

The reality of funding is that very few startups receive any funding from investors or venture capitalists. Each year, over 500,000 companies are started in the United States and fewer than 6% will receive funding of any kind. The reality is that the actual numbers are probably even lower.

So don't start your companies with an expectation that funding will follow. The odds are against you. Instead, go back to the first statistic, noting that the vast majority of the 500,000 startups manage to get up and running without any angel or VC funding, using savings, friends and family, and little else.

That big number includes all the corner stores, landscaping companies, dry cleaners, supermarkets, etc., plus the countless consultants, accountants, and other independent contractors who incorporate their businesses. Those companies are the majority, not the exception. The exceptions are the startups that are funded by Angels and VCs. The exceptions turn $1 million into $100 million.

So what is different about the 20,000-30,000 startups that are funded by Angels and VCs? Why do they receive funding while hundreds of thousands of others do not? The reality is that successful funding often comes down to networking, know-how, and avoiding the common pitfalls most entrepreneurs face.

For the venture capital investments, many of the startups are founded by second- or third-time entrepreneurs. These are people who have previously raised money from venture capitalists. In nearly all cases, the venture capitalists are investing in teams that are recommended by people the venture capitalists know and trust.

Ultimately, investors are trusting the entrepreneur with their money, and, thus, underneath the whole process, a relationship needs to be created. With the Newchip Accelerator Program, not only do you keep 100% of your company (we take no equity) we will show you proven strategies that has allowed us to raise millions for businesses.

Building the RIGHT Network to Succeed

Having worked at startups for more than a decade, it has become clear that the defining characteristic of success is **who you know**. How much do those individuals trust and respect you and how much access do you have to them?

We've spent years studying what causes people to connect and have tested the results. These simple tips will accelerate the growth of your network by 5 or 10 years.

Know Your Buckets

When you are talking about building a great network as a startup, you want to fill key buckets and understand their role over the course of a startup's lifecycle. This includes potential customers, partners, investors, and media contacts.

Ask People for Opinions and Insights

Especially if you are new to an industry, it is important to know the players involved and the lay of the land. Taking meetings or grabbing a cup of coffee and asking people for their opinions and thoughts will lead people to invest into your relationship.

Provide Value

Keep in mind that every relationship is an exchange of value, even in friendships. We exchange my trust and time for yours and hopefully, we both come out better for the experience.

Consider Event-To-Event Relationships

As your community grows, it will become impossible to maintain significant one-on-one relationships with everybody. Instead, you may want to consider event-to-event relationships, which focus on meeting a larger number of people by constantly having something to invite them to.

Communicate Clearly

Always know what you're asking from people and what they are getting in return. When the team at Newchip communicates with people in the Accelerator, we are completely transparent. They get access to an extensive network of influential and unique people. What we’re asking is whether or not they want to be part of it. There is no grey area.

ACCELERATOR F.A.Q.

What kind of success have you and your team had?

We've built a community of 100,000+ investors and entrepreneurs, helped fund over $20,000,000+ into startups in 2018, and raised 10's of millions for the companies we've built and sold over the last two decades.

When is the next cohort going live?

We launch new cohorts the 1st of each month, with applications due the 15th of the previous month. As soon as you apply, if you are accepted, we'll give you information on your cohort based on seats available.

What stage of funding do I need to be to apply?

Companies in our cohorts have raised seed capital from anywhere between $10k to $3m. What matters most to us is the team and revenue and we'll work with any startup that hasn't already raised a series A round from VCs.

Do you only work with tech companies?

We consider startups and businesses in any field. We've worked with companies that make everything from microbes, to reactors, to coffee shops. This is not likely to be your only, let alone your last startup, and it may not succeed. We're here to give you the skills to help you throughout your career.

Can a single person/solo founder apply?

Yes. We regularly accept solo founders. That said, our advice remains that one-person startups are tough and you're more likely to succeed with a co-founder. Maybe you'll find one in the program.

I have a great idea for a startup but I'm not technical?

It's important for the founding team to have the skills to build their product themselves, rather than outsourcing it to someone else. For most businesses, that usually means you need a technical co-founder. However, in some businesses and locations, this just isn't possible. For these companies, we recommend outsourcing until you can bring it in-house.

Does Newchip invest in every company in the accelerator programs?

Because we wanted to make the accelerator open to as many great companies as possible, we don't "automatically" invest in every company we accept, we only invest in the top companies to graduate the program.

Do we need to incorporate before applying?

Nope. We don't take equity so it doesn't matter. We do recommend you and your team have some kind of legal operating agreement so that there are no founder issues later when inevitably there is some disagreement.

Just how difficult is the program to complete?

Everything worthwhile takes work, and so will this program. Just because you have an idea, that doesn't equal free money- you have to learn, apply it, hustle, and most importantly have grit. Then again, you also could join, and come in and complete it at the pace of your company so it could take you a few years to complete the course and we'll update it as you go. We're here to serve you for the life of your company and hope you will pay it forward on your end too.

What if we're doing/building something capital intensive like a rocket to the moon?

We'll still work with you and instead of trying to build something launchable in three months or that can scale that quickly, the goal becomes building an impressive proof of concept to take to later stage investors to raise more money. We rarely take on these types of deals but we're happy to review!

What are some common misconceptions about accelerators?

The worst are: it's easy, the accelerator will do all the work for you, and we'll magically get you money. The reality is, we're going to work you to the bone and show you what it takes to succeed, but it's still in your hands to close deals and succeed. If you learn one thing in the program, remember that it's okay to pivot and it's best to FAIL HARD and FAIL FAST because some of the companies on your left and right by the end of the program won't be in business, founders will have had a fallout, and some will pivot entirely.

What should I expect from the program as an international founder?

It's basically the same and while we may not have as many resources in your country, you'll be connected to our resources around the globe.

Do I need to know someone at Newchip to get in?

No. One of our core principles is to consider all applications equally. We don't rely on introductions the way many investors do and our founders actually hate it if you spam them online. We've got a great team to source companies and you should respect that we respect them and their decisions.

If we participated in another accelerator, can we join yours?

Yes. We often get companies that have graduated other accelerators that are coming to us because they didn't learn anything about fundraising at their previous program.

However, if you've done another accelerator already, we may expect that you've reached a higher level of progress in your application.

If you don't take equity in the company, what's the catch?

Along with connecting you to our investors and helping you build a fundraising plan, we have a fund to invest in the top graduates. The goal of a cohort is to work together to succeed, but also it's also to motivate you to compete with each other over who grows the most throughout the program. Remember, being the biggest and baddest, doesn't always = investment. Grit does. When we invest, it depends on the stage and valuation of the company at the end of the program- so it can be anywhere from $10k to $100k.

Are there other equity free accelerators out there?

We are the only program like ours that is specifically tailored to funding your startup. Other similar programs focus on building an MVP or getting off the ground, examples are Wharton's Entrepreneur Accelerator (Pre-Accelerator) for $2,600, Draper University (Pre-Accelerator) for $12,000, Founder Institute (Pre-Accelerator) for $999 + equity as well as a few other hybrids. We're proud to offer a full accelerator that is equity free, that invest in the top graduates, and has a world-renowned team of "real entrepreneurs"- not just consultants.

Do you have merit scholarships for the pre-accelerator programs?

Yes, but they are merit and financial need-based (largely on the stage of your company . If accepted into the program, please message your program director and have a conversation with them.

We only need more money, does this make sense for us?

Money is important to a startup, and while we don't give away money, we're here to help you accelerate your growth to reach your funding goals, needs, and connect you to investors to close more funding. If you don't have a track record or the network to raise millions, then yes, the program will help you.

We were denied. Can we apply more than once?

Yes. If you've applied before and didn't get in, we strongly encourage you to apply again. Having made progress since your last application is a strong signal to us that you're ready for a startup accelerator.

Congratulations on finishing the guide!

My name is Keagan Wernicke, Chief Operating Officer at Newchip. The number one problem I see with most entrepreneurs today is that they cannot get out of their own way. Number two is they are very confused about their path - they simply don't know the path they're on.

But what entrepreneurs all have in common is they are all willing to die going for that marathon run even if they are running in the wrong direction - they're never going to stop pushing. The Newchip Accelerator is here to show them the path to growth and ultimate success.

I've personally helped hundreds of entrepreneurs in just the last year and a half. They were talented, creative entrepreneurs with big ideas but whose pitch decks sucked, and many had spent three months building their presentations. However, I helped them build a new deck in a single weekend and that landed an investment check the next day.

We built the Newchip Accelerator with that same vision in mind: to short-cut the fundraising process by guiding entrepreneurs and empowering them to get to where they need to be without wasting their time and money.

There are so many scams out there luring in desperate entrepreneurs trying to raise money. And so many, many people out there in the ecosystem will waste your time telling you how to run a startup even though they have zero experience running a startup. I've been through that before and I am eager to change this reality.

The Newchip team is serious about helping entrepreneurs find the funding or strategy they need to scale their company. I hope the content in this book provided you with valuable insight and encouraged you to reach out and make Newchip a part of your journey to growth and success.

I wish you luck in your venture and look forward to working with you in the New chip Accelerator, should you choose to take the leap and apply, and should you have the grit to be accepted!

Keagan Wernicke,
Chief Operating Officer

READY TO ACCELERATE YOUR STARTUP?
GO TO WWW.NEWCHIP.COM/ACCELERATE


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ONLINE ACCELERATOR PROGRAM
Ready to Accelerate Your Success?
www.newchip.com/accelerate

ABOUT NEWCHIP

Ryan Rafols
Founder, Newchip
Chief Executive Officer

CEO and Founder of multiple startups- raised over $10M+ in venture capital and one acquisition to date. Over 10 years experience in public and private sector fundraising, corporate boards, and lobbying. 5 year Army Veteran with awards and recognitions by U.S. Presidents, Congressmen and multiple non-profits.

OUR PROGRAMS

Seed Accelerator Program:

Program Length - 6 months & 120+ Hour Curriculum (12+ hours live class, 12 hours masterminds, 12 hours mentor sessions, & 85 hours of content and exercises)

Equipping you with everything you need to know to *quickly and efficiently* raise funding rounds of up to $10M, iterate your MVP into a real product, build and scale your team, and growth hack to grow your revenue to seven figures.

Pre-Seed Accelerator Program:

Program Length - 6 months & 50+ Hour Curriculum (12 hours masterminds & 40 hours of online content and exercises) + Demo Days

Equipping you with everything you need to know to *quickly and efficiently* raise your first funding round of up to $250K, build an investable prototype, launch a revenue generating MVP, and growth hack your revenue to six figures.

PROGRAM BENEFITS

The Newchip Accelerator is designed to serve the entrepreneur - not the other way around. Our focus is to provide you a robust learning experience that is 100% online, equity-free, and geared to preparing you to connect with thousands of investors who may be interested in your startup.

Investor Access

Upon graduation, accelerator founders get to pitch and receive access to our community of over 100,000+ investors from around the world- in addition to curated VC and angel investor introductions from our team.

100% Online

Our cohorts and classes are accessible from anywhere in the world and feature a wealth of video and written content by founders for founders for easy learning, enjoyment, and interaction.

Equity-Free

Unlike accelerators that require you give up 5-10% of your company, we're equity-free and you can participate from anywhere in the world.

Advisors & Mentors

We'll work with you to identify your stage and company specific challenges, connecting you to experts that have already overcome them. You'll be assigned a designated mentor and will meet with them throughout your entire program experience.

Advisory & Services

We provide mentorship and guidance on the following topics: marketing, design, prototyping, MVP and product development, talent acquisition, vendor vetting, business strategy, and project based advisory
.

Weekly Classes & Masterminds

Each week you'll take part in our online classrooms, modules, and exercises, followed right after by stage and traction specific group mastermind sessions to take you and your startup to the next level.

Newchip Accelerator

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