



## Cheat Sheet to Innovate New Products and Services

Today, as part of TechCoastAngels (TCA), I participate in pre-screens and screenings (shark tanks), mentoring teams who have new ideas they want to pitch, and judging fast pitch competitions. Before I became an angel investor I worked in the corporate world as an intrapreneur. It is quite different in many ways but similar in other ways. I have found that what I learned in both the corporate world and the angel world can be shared with future innovators and visionaries and these ideas and templates can potentially help them to get funded and be more successful. I put some of these learnings into the following checklist.

Many entrepreneurs, especially those more technical, are sometimes ill-prepared to make a pitch. They get enamored with new technology. It's interesting to note that many in the corporate world, too, have that same fixation. So, when I developed pointers for entrepreneurs as they pitch TCA, I believe that basically the same type of checklist can be used in the corporate setting as well. Whether a business model canvas is used or an opportunity template is developed, the same questions appearing on this checklist would need to be considered. In the end, the checklist is used to tell the story of why the opportunity, startup idea, new product/service concept or new business model makes sense as an investment to be funded by third party investors, or internal corporate resources.

While this checklist presents a sequence that might work for some, I understand that each entrepreneur or intrapreneur may want to tell the story of the business or service or product in a way that fits their style and personality. Therefore, it is ok to sequence the presentation story in a different manner. For example, some intrapreneurs or entrepreneurs with a very strong background, having done similar ventures before, or those with exceptionally strong teams, may want to lead with the team structure.

Realistically though, in the first few minutes of the presentation, the entrepreneur or must state the problem that is being solved so that the "investors" listening to the pitch "get it."

Recognize that not all the points below will be answered in detail and some may not be answered at all. Yet, each of the 10 elements must be covered in some manner to tell a solid story of why the product/service or business is unique, sustainable, and a good investment with the potential to increase revenue and value for the investor or company if it is internally funded.

1. Summary of what problem is being solved and why your company/product/service is different
  - a. Problem customers face. Maybe there is a lead user (a potential customer that kludges a solution that can serve as the initial customer);
  - b. Short simple 15-30 second pitch on what the product/company/service is and why you are different from the competition (and there is always some form of competition, be it direct or indirect);
  - c. What you do relative to alternatives and why your solution is better; and,

- d. The entrepreneur or intrapreneur can state the vision for a product/company/service which may be much broader but he or she must specify the initial target.
2. Market Size (Answering the questions of what is the market, its size and growth potential)
  - a. Your specific target market in the short term.
  - b. Some mechanism to determine the size of the market.
  - c. What does that market look like? I.e. what is the “ideal” customer and how do you find them?
  - d. Can you leverage existing partners, channels, relationships?
3. The company/product/service (Answers the question of how do you make the product/service or put the business together)
  - a. What is the technology to be used?
    - i. Patented or licensed?
  - b. What is the “architecture” of the company and the product/service?
  - c. How do the pieces fit together?
  - d. What is the IP behind the company or the product?
  - e. Is this an execution play, i.e. land grab or land and expand?
  - f. What is the unique differentiation of the product?
    - i. What is the brand promise?
    - ii. How do you create a moat around your business or product?
  - g. What are the strategic control points, i.e. where do you have strength and why in distribution, unique customers, brand, IP?
  - h. Is the product scalable and to what markets and with what resources?
4. The Team (Answers the question of who will be responsible for execution of the plan if approved)
  - a. Executive team and past experiences and accomplishments
  - b. Advisory or BoD that supplements exec team and how you can use the team to help your business get off the ground or grow.
  - c. Setting up the RACI (responsible, accountable, consulted and informed) of how you will get information, make decisions, and share those decisions with your constituents.
5. The Financial plan. (Answers the question relative to the goodness of the product/service or business and whether you can make money and have adequate margin.)
  - a. Growth path, i.e. product plan, partnership plan, channel plan over time
  - b. Business model including pricing for different markets
    - i. Growth plans and sequencing of new products, services, alliances, partnerships.
  - c. Metrics for determining success (Some examples follow yet may be unique to the industry)
    - i. Cost per acquisition
    - ii. Time to close sales
    - iii. Churn rate
    - iv. Inventory turns
  - d. 5-year revenue growth path, EBITDA
  - e. Different revenue paths over a five year planning horizon

- i. Routes to revenue and business model for each.
    - f. Risk impact and contingency plans. (See our earlier post by Brian Newton on risk impact analysis.)
      - i. Risk includes technical, market, regulatory, key personnel, development, operations, resources, supply chain and manufacturing risks among other categories.
- 6. Competitive analysis
  - a. What is the brand and can you sustain the brand?
    - i. Part of an existing family or new product/service family?
  - b. The basis for your idea being different
  - c. Feature differences
    - i. Use “Harvey balls” for making comparisons of features and benefits
  - d. Sustaining the differences
    - i. R&D
    - ii. Marketing
    - iii. Partnerships
    - iv. Acquisitions
- 7. The Deal (if it is an externally funded deal)
  - a. Pre-money or current valuation if known
  - b. Convertible note v. equity
  - c. Prior investments/ cap table
  - d. Capital and expense requirements (Required even if internally funded)
    - i. How long will the money last?
    - ii. Will you need additional funding and if so when?
    - iii. Organization growth plan
- 8. Use of Funds (What will you use the money for and over what period of time)
  - a. How will you spend the money and on each of the following categories:
    - i. Sales and marketing plan
    - ii. Operational plan
    - iii. Distribution plan
    - iv. Partnership plan
    - v. Development plan
  - b. What milestones will you achieve with the funding gained?
  - c. Will you need more funding, how much and in what time frame?
- 9. The Exit or Integration
  - a. What is your plan going forward?
    - i. Will this be a separate business? Product line? Merged with another entity?
  - b. Will you sell and to whom?
    - i. Why would they buy the company?
- 10. Summary
  - a. The five major take-aways from the pitch and a recap of why this makes sense to pursue

These questions make sense and are easy to ask. Yet it takes significant strategic and tactical thinking to build an executable plan. Let me know your thoughts on this and how you think it integrates with other templates such as the business model canvas. Our belief is that if you can at least address these 10 questions, whether you are an intrapreneur or entrepreneur, you will have a better chance at success. If you want to chat further, feel free to contact me at [dfriedman@clevelpartners.net](mailto:dfriedman@clevelpartners.net) or call me at 949 439-4503.