



# Key Insights: What to Include in Your Investor Pitch



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Nutrition Capital Network



# The NCN Funding Forum

*Key Insights: What to Include in Your Investor Pitch*

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Thursday, March 7, 2019  
Marriott, Grand Ballroom F



# Nutrition Capital Network Mission Statement

## **The Mission of Nutrition Capital Network (NCN) is to:**

- Facilitate the financing process for small to mid-size companies
- Introduce investors to the next generation of successful brands and technology in the nutrition, health & wellness, and natural/organic product industries.
- Create a vibrant network for collaboration and partnerships

## **NCN (Founded in 2007) will accomplish this mission by:**

- Creating a series of meetings, events, and virtual tools to connect companies and investors
- Facilitating capital flow for the betterment of business and society

# NCN's Place in the Informa H&N Ecosystem

Behold the Power of New Hope





# Nutrition Capital Network Database

## NCN Transaction Database

(942 in 2018; 4,680 since 2009)

## NCN Deal Flow Database

(3,720 since 2007)

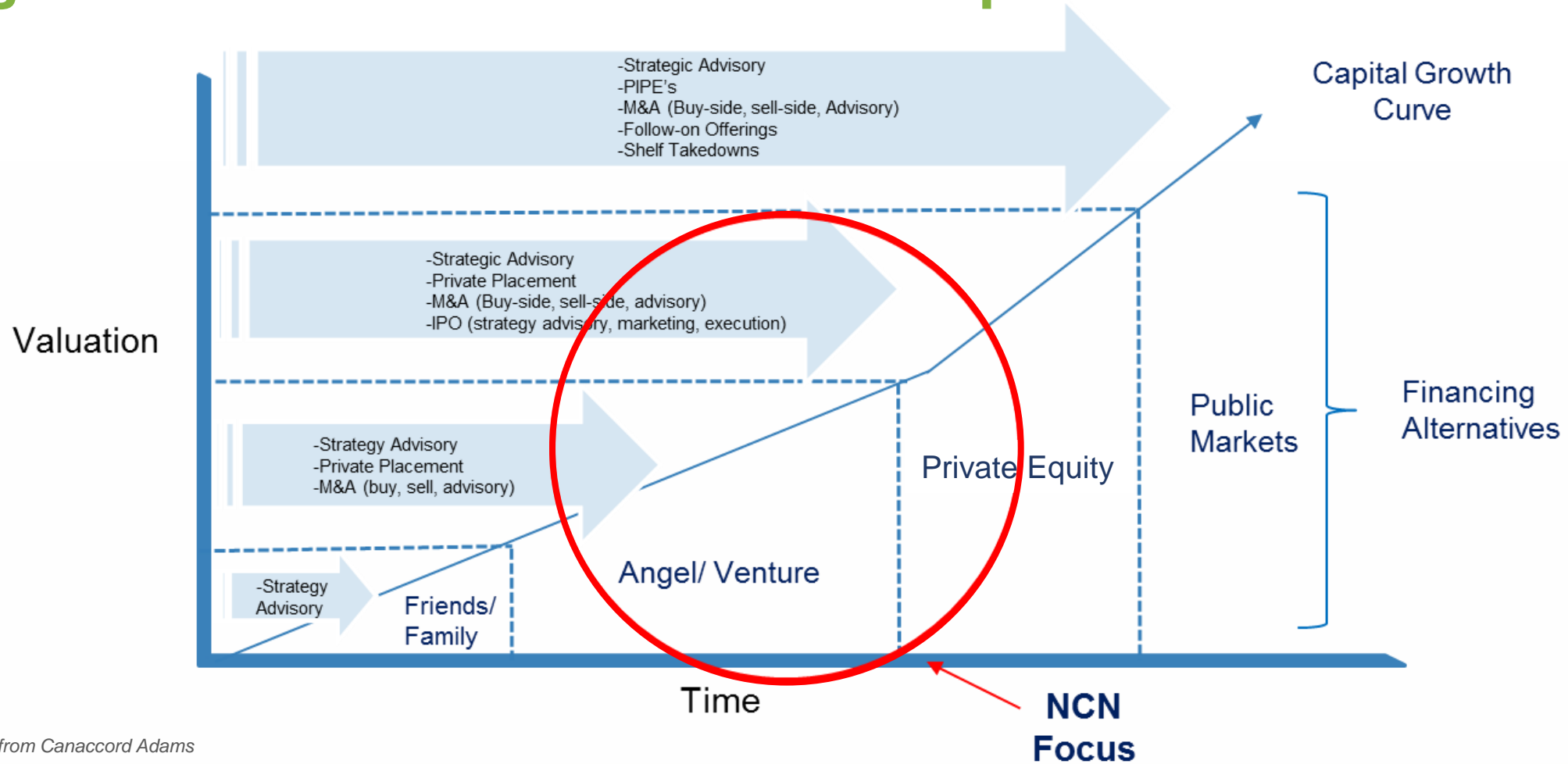
## NCN Presenter Tracking

(720 since 2007)

# The Nutrition Capital Network 'Ecosystem'



# Stages of Investment in Growth Companies



Source: Adapted from Canaccord Adams

# What are Investors Looking For?

<b>Tangibles</b>	<b>Novel Position</b>	<b>Economic Potential</b>
<ul style="list-style-type: none"><li>• Brand</li><li>• Quality</li><li>• Taste</li><li>• Packaging</li></ul>	<ul style="list-style-type: none"><li>• Differentiation</li><li>• New company or concept</li><li>• Potential for category leadership</li></ul>	<ul style="list-style-type: none"><li>• Size and growth rate</li><li>• Scalability</li><li>• Profitability</li><li>• Exit potential</li></ul>
<b>Insulation</b>	<b>Management</b>	<b>Intangibles</b>
<ul style="list-style-type: none"><li>• “Protectability” of product or service or technology</li><li>• Intellectual property</li></ul>	<ul style="list-style-type: none"><li>• Experience &amp; track record</li><li>• Starpower/connections</li><li>• Team</li></ul>	<ul style="list-style-type: none"><li>• “Wow factor”</li></ul>

Source: Aarts & NCN Experience



# NCN Keys to Success for the Pitch/ Presentation

## Process:

- Make sure presentation covers what investors are looking for (previous slide)
- Start strong and remember to grab the audience – the 3 minute rule: brief personal/product stories are good
- Less is more when it comes to slides – less words and more stories, video etc.
- Practice in front of investors and listen to all feedback

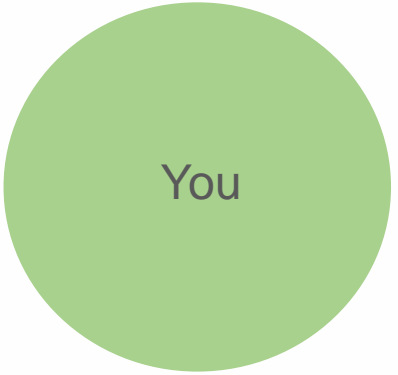
## Content:

- Differentiation and Insulation are critical
- Sales Velocity (eg. some store sales) and Gross Margin are key metrics investors look for
- Show detailed track record with management team and advisors
- “Ask for the order” – How much are you raising and how will you use the capital

Source: Aarts & NCN Experience

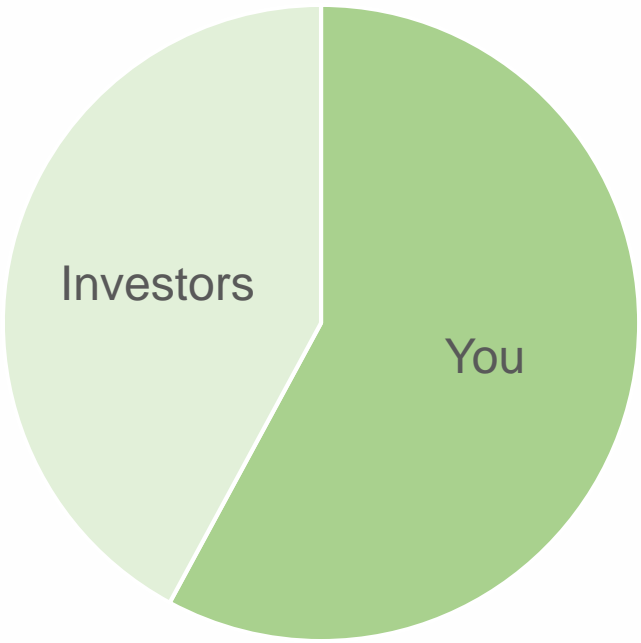
# Classic Investment Pie Analogy

100% Ownership of a Smaller Company

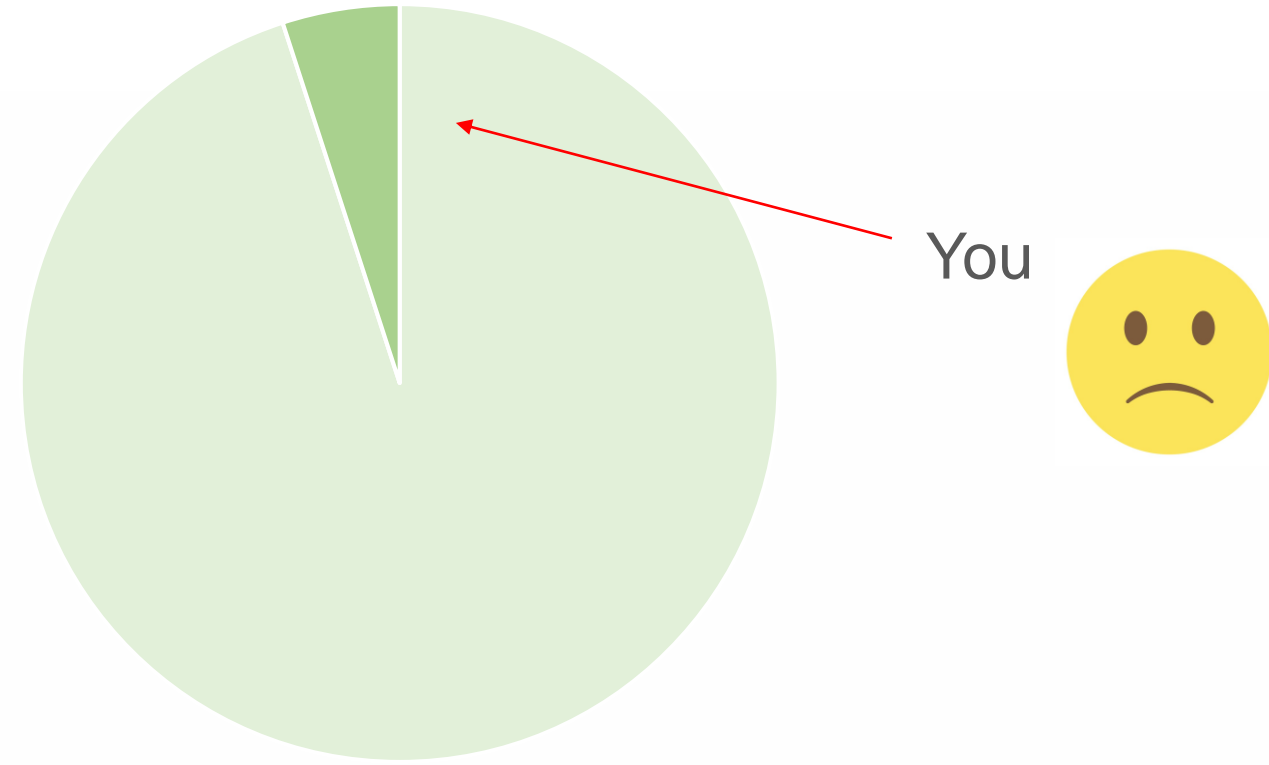


VS.

Smaller Percentage Ownership of a Larger Company



# Keep in Mind the Pie May End Up Looking Like This



# But It's not Only About Ownership

*People get caught up in ownership percentage and valuations*

## Things to care about in addition to valuation:

1. Terms
2. Terms
3. People

## What about terms?:

- Preferred returns
- Blocking rights of any kind
- Control over running the company (directly or indirectly)

Source: Burke, Financing Your Consumer/ Natural or Specialty Products Company

# Other Learnings from Presenters & Investors

- Investors view the world differently than entrepreneurs. **Think from their perspective!**
- Do not raise money just because you have to. Only raise money if you see a true, massive opportunity.
- Honestly assess the investment for yourself before raising externally. Is the opportunity what you thought it was? Why or why not?
- Raise more money than you need
- Keep your terms and operating agreement as “Vanilla” as possible for as long as possible; investors in future series will want more and better terms
  - Convertible Note vs. Priced Round
- Do not skimp on legal fees when it comes to fundraising

*Source: Adapted from NCN & Burke, Financing Your Consumer/ Natural or Specialty Products Company*

# Top Financing Transactions in 2018:

## NCN Presenting Companies

Company	Investor	Company	Investor
<b>Rustic Crust</b>	Advantage Capital	<b>Shaka Tea</b>	Diverse Investor Group
<b>Vive Organic</b>	Powerplant Ventures, Blueberry Ventures and individual investors including Bill Moses (Co-Founder of KeVita), Chris Hunter (CEO of Koia)	<b>Sunniva</b>	Diverse Investor Group
<b>Rethink Brands</b>	Accel Foods and Diverse Investor Group	<b>Dahlicious</b>	Keen Capital
<b>Farmwise (Veggie Fries)</b>	Cleveland Avenue LLC	<b>Persona (Vitamin Packs)</b>	Emil Capital, L Catterton
<b>Wild Friends Foods</b>	Cambridge Companies SPG led the round with participation from other investors that included Katjesgreenfood, Echo Capital, the CircleUp Growth Fund and Portland Seed Fund.	<b>Gloe Brands</b>	Everplus
<b>Regrained</b>	Griffith Foods	<b>Chinova Bioworks</b>	DSM Venturing, AgFunder, Rhapsody Venture Partners, NP Canada
<b>Your Super</b>	Diverse Investor Group	<b>Feel Good Foods</b>	City Capital Ventures
<b>Siren Snacks</b>	Pear Ventures	<b>Novolyze</b>	Diverse Investor Group
<b>Tosi Health</b>	Cambridge Special Projects Group	<b>Enterome</b>	Seventure, Health for Life Capital, LundbeckFonden Ventures, Omnes Capital, Nestlé Health Science, Principia SGR and Bristol-Myers Squibb.

Source: NCN Transaction Database, 2018

# NCN Success Story Highlights:

## *Notable Investments*

### Barnana

NCN XIII in November 2013. Investment from NCN attendees followed by a round of financing led by Blueberry Ventures, Boulder Food Group and Finn Capital Partners

### Health Warrior

NCN XIII in November 2013. Investment from NCN attendees followed by a round of financing from VMG.

### Red's

NCN XII in May 2012. Investment by an NCN attendee.

### Mycotechnology

NCN at SSW 2014. Secured a lead investor, NCN member – Seventure Partners as a result of the meeting. Subsequent investment rounds include participation from Ajinomoto, S2G Ventures, Middleland, Capital, 1894 and Others.

Source: NCN Transaction Database, 2018

# NCN Success Story Highlights:

## Key Acquisitions

### Angie's Boomchickapop

NCN XIII in November 2013.  
Investment by TPG in 2014  
and sold to ConAgra for \$250  
million in 2017

### ZICO Pure Coconut Water

NCN III in October 2008 raising  
\$2-3 million: NCN Cornerstone  
Investor member Coca-Cola  
invested \$15 million in 2009

### Happy Family

NCN III in October 2008 raised  
\$500,000 in 2009: Sold to  
Danone in 2013 for \$100 million  
plus when with sales at \$63  
million.

### Food Should Taste Good

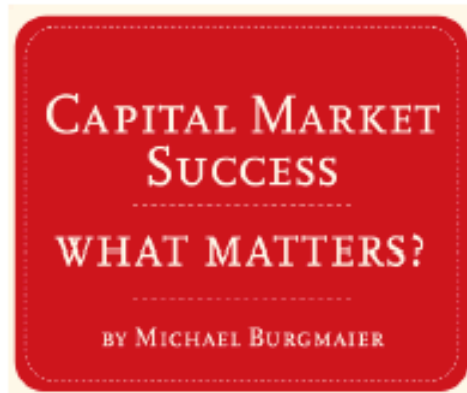
NCN VI in May 2010 as  
portfolio company of NCN  
member Sherbrooke; acquired  
by NCN member General Mills  
in 2012.

Source: NCN Transaction Database, 2018



# Thought Leadership:

## *Identifying the Common Traits that Lead to Capital Market Success*



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**Thesis:** Raising capital is never easy; but there are eight common traits of companies that have successfully raised capital or sold to strategics.

1. Go Deep, Not Wide: Build a regional success first, then show it can be replicated
2. White Space: Show where the investor or acquire has room to grow
3. Capital Efficiency: Create a business that requires less cash to grow and prove it
4. Had One, Want Another: Products that can be quickly consumed often lead to better velocity
5. Making Money Counts: EBITDA and gross margins matter
6. Fuel Growth, Don't Fill Holes: Show how new cash enhances growth, not cover losses
7. Create Permission: Many of the best brands can span multiple categories (Honest, Evol, Plum, Happy Family)
8. Been There, Done That: A team with success in the past is easier to fund

Source: Whipstich Capital Presentation at NCN, Fall 2018

# NCN Key Takeaways on Raising Capital:

- Provide a clear perspective on the size of the prize and growth
- Find effective ways to demonstrate proof of concept and opportunity (e.g., retailer case studies, consumer loyalty, consumer passion, etc.)
- Develop a solid investor presentation
- Raise the right amount of capital – what runway do you need and where does that get the company
- Consider a tight capital raise process and timing: remember the rule of 2
- Do not discuss valuation expectations too early and succumb to “Multiple Syndrome”
- Do due diligence on your partner “nothing is more important than who you partner with”

*Source: Prelude Growth Partners, Financing Your Consumer/ Natural or Specialty Products Company*