

How can portfolio companies update investors?

Why do existing investors want monthly updates?

- 1) Meets any contractual requirements for specific reporting.
- 2) Offers regular confirmation of investors' confidence and trust in the CEO and management team.
- 3) Ensures transparency from the CEO. No lies, misrepresentations, or embellishments. Assess whether the CEO has the courage, values, morals, and ethics to admit problems and mistakes.
- 4) Keeps the CEO accountable.
- 5) Demonstrates to investors the CEO's ability to achieve results and milestones. The CEO made a commitment to achieve certain milestones and results with the investors funds.
- 6) Sees regular growth in customer traction. If customers are not growing, there is a major problem.
- 7) Reflects growth trends e.g., % monthly growth in paying customers, along with an explanation of why the growth trends have changed.
- 8) Documents which actions taken, and results and milestones achieved.
- 9) Forecasts what actions, and milestones to be taken, and impacts on customer traction.
- 10) Allows for investors to understand how their help is needed.
- 11) Reduces investor worries i.e., if there's no news, perhaps there are big problems.

What is the value to the CEO and management team of monthly updates to existing investors?

- 1) Builds a stronger relationship with investors, deepening their trust and confidence.
- 2) Helps focus the startup on a rhythm of monthly achievements and results.
- 3) Helps keep the CEO and startup top-of-mind with investors.
- 4) May reduce any ad-hoc time the CEO devotes to responding to investor questions.
- 5) Helps the CEO and management team look at the company from an outside perspective.
- 6) Can support a monthly discussion among the CEO and leadership team.
- 7) Monthly updates may be distributed to management, staff, advisors, and the advisory board thus establishing a common set of understandings.
- 8) Provides a means to ask investors for help.

What might a monthly investor update template look like?

This template should be customized for your specific situation.

- 1) The sentences comprising the current 20-30 second elevator pitch. This reminds investors about the startup. The pitch may be changing over time.
- 2) Key customer traction trends. A pre-revenue company may show interviews done, website engagement, other potential customer engagements. Later on, growth trends for the number of cash paying customers, revenue, etc.
- 3) Milestones achieved. E.g., product/service launches, hires, new partners.
- 4) Challenges and problems. A startup always has challenges and problems.
- 5) Future milestones and expected impact on customer traction. Next month, there will be comments on these.
- 6) Finances:
 - a) Cash balance;
 - b) Monthly burn rate; and
 - c) Project runway – number of months before cash runs out.
- 7) Investor ask. This may be unique to different investors or shared with all. An ask could be: serving on the board of directors or introductions to potential directors; serving on the advisory board or recommending advisory board members; introductions to potential investors; supporting meetings with potential investors; introductions to potential customers, partners, distribution channels, and suppliers; strategic advice; operations advice; introductions to coaches and mentors; etc. This assumes you have selected investors who can provide more value than just money.
- 8) Acknowledgements and thank you.

Your next steps

- 1) Create a custom template for a brief monthly email. Many investors will read this on their phone and will have limited time.
- 2) Re-use existing information, content, and reporting, to reduce the effort.
- 3) Start the monthly process as soon as you have one investor, even if that investor is a friend or family member.
- 4) Email the current investor update on the same day and time each month, along with the monthly update to potential investors. The potential investor update will contain a subset of the information that's in the existing investor update.
- 5) Consider using a service such as Mailchimp to distribute and track your monthly investor updates.
- 6) Determine if the investor update can also be shared with your advisors and advisory board, who will all have signed confidentiality agreements.
- 7) Determine the quarterly and yearly reporting requirements for investors. These will include more information.