White Paper

An Essential Roadmap

Startup Idea To Your First Million

The Catalysts Guild

Contents

Section 1

Forward

First, let me introduce this series of four articles. We've titled this series "An Essential Roadmap: From Startup Idea To Your First Million." People told us there would be a risk using a series title with words like this: "Your first million."

They said it might seem too salesy or sensational, but we purposely did not say "a million *dollars*." We leave it up to you if this means "a million dollars in *sales*" or "a million *users*" or "a million dollars in *investment capital* raised." Or even "one million *employees*" like Walmart that truly has over 2 million employees.

We don't mean to sound too sensational, but if you're trying to start a business that does not have the word "million" *somewhere* as part of your dream, then stop reading right now! These four articles are *not* meant for those with low aspirations.

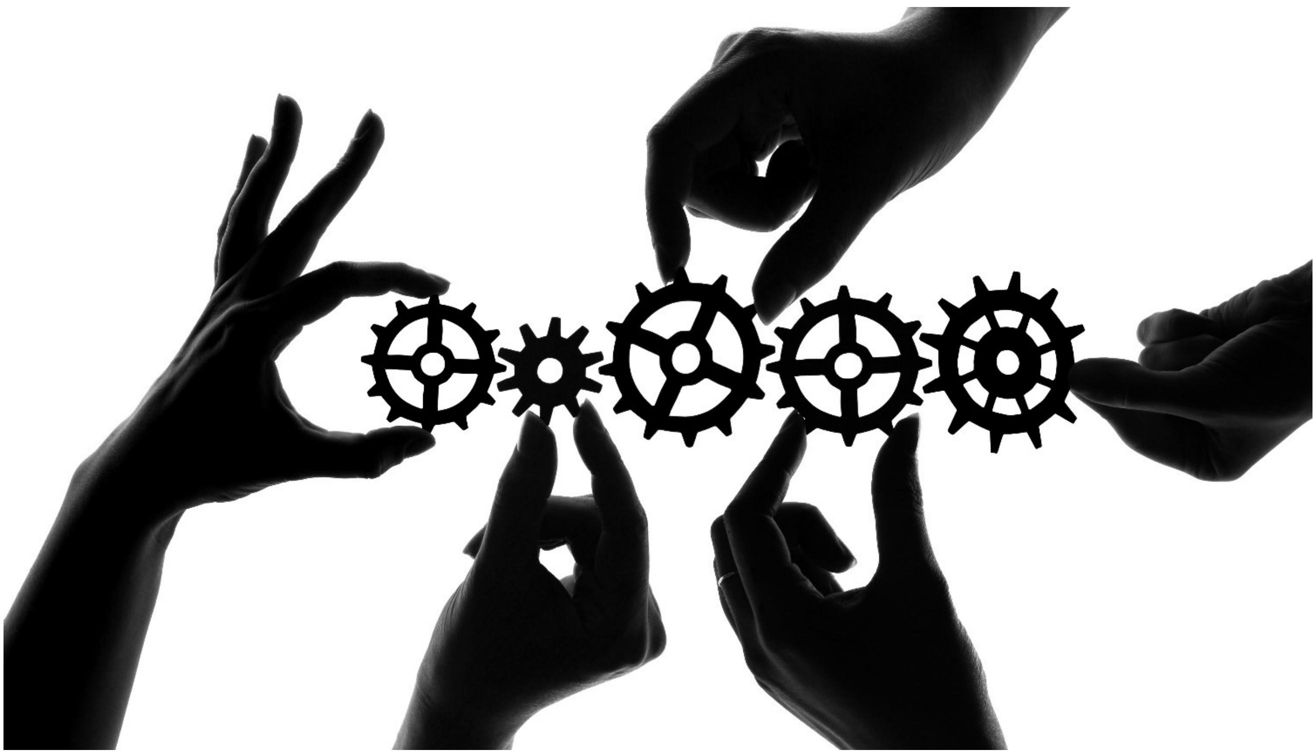
The series *is* meant for people who want to *dream* big and *do* big.

These people are called *Catalysts*. They're the ones who make things happen. They're just not satisfied with watching the world pass them by while keeping their dream startups a secret.

We'll talk more about Catalysts later, but if you think you might qualify as one, then read on…

Section 2

What Are The Simple Steps To Go From Startup Dream To Reality?... Before It's Too Late!



Let's assume that you've been kicking around the business world for a while—maybe more than twenty years. And in that time, you've seen plenty of things people might refer to as *pain points*—problems that, if solved correctly, could turn into a big business.

If you could solve *one* of these problems, it could even be *your* big business.

A Catalyst sees a pain point and formulates a vision for how to make a business out of it. Then a Catalyst *does* something, because a Catalyst is more about the *doing* than the talking.

One evening a few years back, a guy went into his local video rental store looking for a movie to enjoy with his family. But he was hit with a surprise $50 late fee for an old rental. This made him furious. Furious enough to create a company with *no* late fees for DVDs *ever*, and in fact, the company would *deliver* those DVDs right to your mailbox.

If you haven't guessed yet, the guy with the overdue video rental charge was Reed Hastings, the CEO of Netflix. He's currently worth $4.3 *billion* dollars. But for this guy, it wasn't about the money. It was about *alleviating* a *pain point*. Not only did Hastings get rid of rental DVD late charges, he also got rid of Blockbuster, the company that initially charged him the $50! (I wonder if he ever sent them a thank you note?)

Reed Hastings turned a personal pain point into a multibillion-dollar business. Could you do the same?

Anyone with a few gray hairs can probably list a handful of pain points they've seen over the years. Just watch people, businesses, and yourself long enough, and you just might see a few howling pain points surface—pain points worth taking a closer look.

Once you've identified a pain point, the quickest way to determine if your business idea might have actual paying customers is to talk to a few people. See if your concept gets them even a little bit excited.

What they *say* is important, but also watch their *eyes*. That's where, if it exists, you'll see real excitement. Then pivot—meaning change or modify—your concept until your test group gets *really* excited. You do *not* need a ten-thousand-person statistical study. With a few good test subjects, you can get what you need to move your idea to the next stage.

Imagine how the conversation went when Reed Hastings first described his Netflix idea: "Rental DVDs you choose online are delivered right to your mailbox, and there are no late fees ever."

An idea locked up in your head is no good to you or to anyone else. Let it see the light of day by asking yourself this question:

"If not *now*, then *when*?"

So many people keep their startup business ideas hidden away until somebody else takes a chance and builds a company.

I'll tell you a little secret about Reed Hastings: He's what is known as a *Catalyst*. Among other Catalyst skills, talents, and abilities, he makes things happen. If you can develop your personal catalysts toolkit, you'll be well on your way to turning your startup dream into a reality.

Once you have an idea that looks like it gets people excited, it's time to start building your initial startup team. This is the most important thing you'll do. The right team with even a so-so idea can be successful. But a *bad* team, even with a *fabulous* idea, usually ends in disappointment and failure.

This is such a significant element that it deserves its own article…

Read on for the next article in this series: What Are The Three Secrets to Building An Unbeatable Startup Team?

Section 3

What Are The Three Secrets To Building An Unbeatable Startup Team?

I want to apologize upfront for this article running a little long. This is because building a startup team is *the most important thing* you'll do. If you get this right, most of the other elements of your startup will easily fall into place.

Now that your startup idea is out in the open and you've pivoted it a bit (see article 1 of this series) to make it even better, you need to start assembling your startup team. You can *not* build and run a company on your own. There just aren't enough hours in the day. A good team can make even a shaky idea work while you take the time to make it better.

But the wrong team will never turn even the best idea into a real company.

Your startup team could be only two people or as many as five. Bring in more than five team members, and things can get overly complicated. When it comes to team size at Amazon.com, Jeff Bezos has a two-pizza rule: if you can't feed your team with two large pizzas, your team is too big.

There are a lot of moving parts when it comes to building your startup team, but let me boil them down to the three basics. If you don't get these three right, nothing else will really matter:

Who do you need?

When you make the list of people for your startup dream team, keep a few things in mind:

1) **You need to understand your own personal strengths and weaknesses.** Select team members to fill in your personal weak point gaps. If you think you don't have any, then stop everything right now and ask your spouse, or your significant other, or your mom, or someone else who knows you and will be honest with you, and ask that person to make a list of your weaknesses.

   This list is the foundation of the job descriptions you'll formulate for the people on your startup dream team. If you're a technical person, then you don't need another technical person. If you have a tough time finding and signing up business partners, then that should be a key trait for one of your startup team members.

   Alternatively, you should also make a list of the things you're really good at. These are qualities that should *not* be on any of your other startup team members' job descriptions.

   Ideally, for most startups, you'll have a Leader/CEO, a Marketing Lead, and a Technical Lead. Any other people on the startup team may be to head up uniquely critical areas the business will need covered from day one. If you're shipping a physical product, you may need someone with experience in manufacturing and warehouse operations. If you're making men's designer work gloves, you'll need a designer. These team members will be very specific to your startup idea.

2) **Your best friend or relative or lead investor may not be the best team member.** As a general rule, it's smart to stay away from team members that are also your friend, spouse, significant other, or relative. You don't want any of your investors on your team, either.

   A team that includes any of these people is like a ticking time bomb. It's not about *if* something goes wrong—it's *when* something goes wrong. Especially when it comes to anyone you plan to have a relationship with for a long time, companies come and go (most go), but some people you'll want in your life forever. Layering on the hyper-stress associated with running a business can doom a relationship quickly and permanently.

3) **Your team members do not necessarily need to be located within one mile of your home**. The wonders of the internet, phone, and Skype have created the possibility of a virtual team. If the best possible people for your team happen to live in different cities, states, or countries—why *not* have them all on your team? Later, once you hit your first $10 million in monthly revenue, you can all decide to move to the same city. Better yet, everybody relocates to a Caribbean island rented by the year... as a *business expense!*

   This team location factor can be partially budget-driven. A company wholly operated out of a city like New York, Chicago, or San Jose, CA can cost much more than many other places in the US or the world.

   It's not uncommon for companies to use technology teams in lower-cost countries. They do just as good a job as a local company, but sometimes for twenty percent of the cost. This can make your seed financing go much farther. Even if your lead technical person is working out of your garage, having twenty top coders at his disposal eight time zones away at a fraction of the local cost can spell the difference between success and failure.

How to add names to your dream team:

- Wish-list network with your business contacts
- Use LinkedIn
- Hang around your local co-working spaces
- Get in touch with professional organizations like the American Marketing Association (AMA)

And don't be afraid to approach founders of other startups. They might just be in the wind-down phase and looking for their next entrepreneurial adventure.

At the end of the "What do you need" exercise, you should have a prioritized wish list of names of your dream people for each position.

Next…

What should you offer each team member?

There are basically three things you can offer your startup team members:

- Money now (salary)
- Money later (partial company ownership/equity)
- A great ride

Only you can decide the right mix of money now, money later, and great ride to get the people you want. But if *all* of your potential founding team members focus on money today, you may have a problem. If they believe in the company and are financially able to live *without* a big salary, they'll jump at equity in the company. This is always a better situation. If the company succeeds, they should do well.

I've seen startups that try to keep things simple and evenly split the company shares (ownership) between all the founders. An even ownership split is usually not a good idea unless all the founders have about the same amount of experience and motivation, and this is seldom the case.

If you're the lead person and Catalyst who came up with the idea and are driving things forward, if at all possible, you should hold onto a majority of the company ownership. And don't forget: When your follow-on investment rounds happen, you'll be diluted along with your entire founding team. That equity to entice your investors has to come from somewhere.

The pay level for founders is usually zero until some investment capital comes in. Even then, it'll be just enough to keep the lights on and groceries in the fridge. Once the company is raking in some revenue, *then* founder pay levels can rise.

Most people get into startups because of the equity. That's where the real payoff happens. If a team member wants to just collect a paycheck, tell them to go to work for IBM, Verizon, or the Post Office.

How to close the deal for a new team member: The pitch!

Now that you have your startup dream team list, it's time to reel people in and sign them up. The first thing you need is a solid "downstream" pitch for your company concept.

There are two types of company pitches: Upstream and Downstream.

An Upstream pitch is one you use to attract investors and to introduce your company to customers.

A Downstream pitch is one you'll use to entice your team and to present your company to vendors, strategic partners, and other people you'll need to supply your startup with materials or services. In other words, you'll downstream-pitch the people and organizations you'll pay.

The difference is that Upstream entities are those that will send money *to* you where Downstream entities are people to whom *you'll* pay money or some other form of compensation. These two types of pitches are slightly different.

Your company pitch should be tight—five to seven words to start, then roll into your one-minute version. Too much longer than that and you'll lose people. Take time to get this pitch right. Test it out on people.

If you use slides—use no more than seven. *And* expect questions from your team candidates.

Here's something that will make it worth your time reading this far:
Sign up the person you can get the *quickest* and then take that person to all your *future* team recruitment pitch meetings. When the potential candidate sees that someone else is already on board, your job will be much easier. Everyone likes to join in when there's a party!

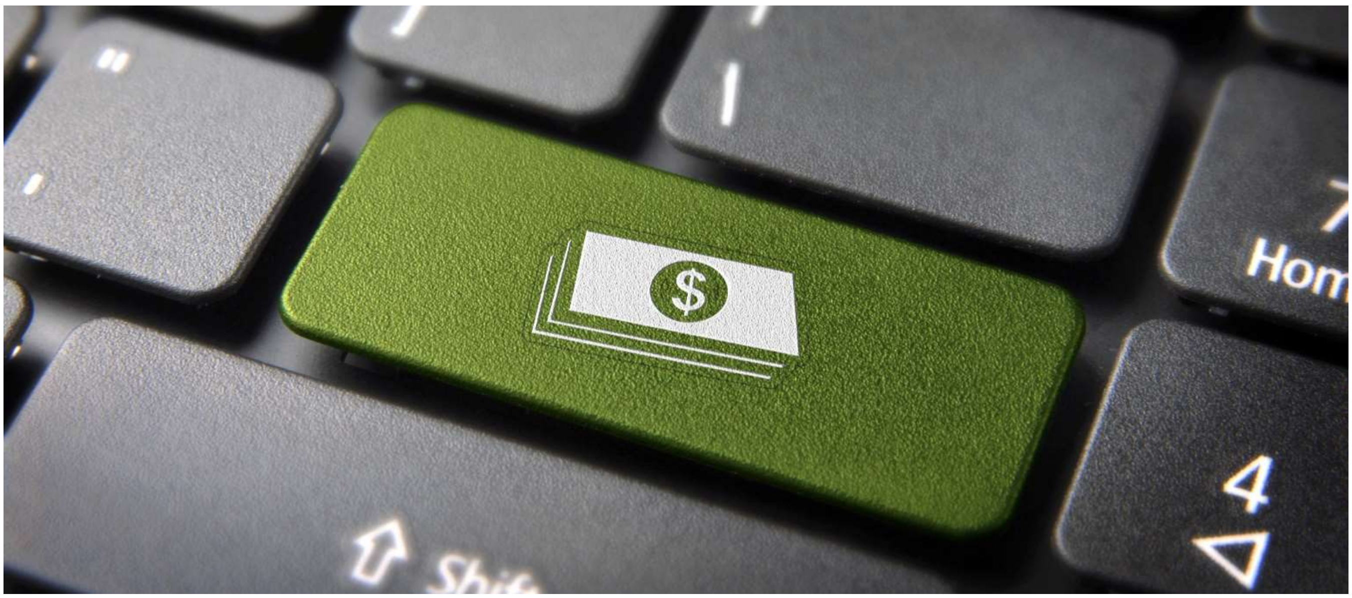
Once you've locked in your initial team members, do at least a short agreement with them—a few pages in which you spell out *exactly* what they get and what you expect them to do. This is called "closing the deal." As long as the essential elements are on paper and signed by both of you, a formal agreement can be drawn up later.

By *later* I mean after you've attracted a round or two of investment capital. But where *do* you get your first round of seed money?

Read on: Where Does Startup Seed Money Come From Anyway? Finding The Right Money Tree at The Right Time

Section 4

Where Does Startup Seed Money Come From Anyway? Finding The Right Money Tree At The Right Time...



Raising money for your startup company is all about deciding *how* much money you need and *when* you need it. The stage of your company will determine how much your company is worth—its *valuation*—and this defines how much of your company you'll transfer to investors in exchange for their investment.

First a quick story:

I've sat through thousands of startup pitches, everywhere from Silicon Valley to Eastern Europe with Chicago, New York City, Singapore, Washington D.C. (just to name a few) in between. It seems that many startup founders have one complaint:

"There just doesn't seem to be enough investment capital available. How do I find investors?"

You might also have heard or experienced this yourself.

In reality, the exact opposite is true. There's an avalanche of money looking for startups to fund. These include seed investors, Angel Groups, Private Equity companies, early-stage VCs, and large operating companies looking to invest in the next innovative *startup* that could transform *their* business.

The problem is that many, if not most, startups try to raise capital at the wrong point on their company roadmap. The earlier a founding team works to raise money, the lower their company valuation. This will force them to give away a larger chunk of the company.

Investors are all about "risk-adjusted" potential returns. This is why, when a large company with many risk factors (which shall remain nameless) issues a bond, they might pay 20% interest. But a company like Goldman Sacks—that has a lower risk rating—will only pay around 2%. Lower risk = lower cost of money.

Why would startups be any different?

Your team may be the greatest, and your pitch may be perfect, but if you ask investors for money too soon, you may be asked to forfeit *over 50%* of your company just to secure the capital. Also, there will probably be terms in the deal wherein, if you miss certain milestones, those investors may get the *rest* of the company, and you'll own *nothing*. Harsh but true.

The key is to remove as much risk as possible from your startup *before* looking for investors.

That's right: I've seen bright, capable startup teams pitch a fabulously innovative idea, but the concept is loaded with risk. Even investors who have an appetite for this kind of risk will demand a huge percentage of the company for that first $25,000, $50,000 or $100,000.

What do I mean when I talk about startup risk factors?
(NOTE: These are the things you need to eliminate or minimize BEFORE you approach investors)

There are many, but let me touch on a few top ones.
(Again, if you don't get these right, anything else probably won't matter.)

Startup Risk Factors

1) **Competition:** Who are your competitors and what will you do to keep them from crushing your company? If you're going to create the next easy-to-use small business accounting system, why would someone choose *your* product instead of Quickbooks with its over two million *existing* users? If there are no *current* competitors, how will you defend your company when others see *you* succeed in the market? Things can get crowded quickly. The Blue Apron meal kit company is an example of this phenomena.

2) **More Than Just An Idea:** Even if you're pitching a revolutionary, industry-disrupting idea, if you don't have product/service sketches to show, your valuation will be extremely low. Investors like to listen and dream about ideas, but if you're looking for any money right now, they *will* ask you to wait and come back in a few months. Sketches are okay. Prototypes on a computer screen are better. But the best thing is a fully functioning Minimum Viable Product (MVP) with a roadmap for how you'll improve it over the next year. This MVP also shows that your team can do more than just *talk* about an idea. They can work with a technical team to *make* it happen. This MVP is very important. Non-Catalysts are good at talking but bad at doing.

3) **Product/Service Market Fit:** With a solid MVP, you can see how both potential and real paying customers react to your offering. Not everything you test will perfectly connect with people, so this is how you learn to do more of what people like and will pay for, and get rid of the junk no one cares about. The better your proven product/service market fit, the higher your valuation.

4) **Actual Traction/Revenues:** It's always best if you can show that people are actually using and paying for your product/service. It's okay if it's just a few people as long as it's clear how you can scale your company based on what you've learned from your early users.

Once Your Risk Factors Are Under Control… What's next?

If you've made substantial progress on the four items above, you'll have investors breaking down your door. Like I said, there are more cash chasing startups than you can imagine.

I'll say this one more time because it's really important: You *need* to *wait* until you're as ready as possible *before* you start looking for investors. If you try to raise an investment round too early, you'll give away too much of your company for far too little money. Worst of all, you may wake up one morning and not own any of the company you personally started.

You might be thinking, *How do I get*:

1. A better understanding of my competition
2. An MVP
3. A solid product/service market fit
4. Actual traction/revenues without any money to even fund my company on day one?

In most cases, the four items I listed above should take no longer than three to six months to complete. If you can't complete these critical items, investors will be skeptical about your overall capability to successfully build and run a business. Translated, this means that the risk factor attached to your company will be very high, so even if they do decide to invest, you'll end up giving away a large part of your company.

You might think, "So what if I give away a lot of my company for a small amount of investment capital?"

The problem is that, when you sell your company someday down the road, you'll get a much lower payout. And if for whatever reason you never sell the company, you'll have hungry investors who own a big chunk of your stock telling you what to do. Every day. And that is probably *not* the reason you wanted to start your own company in the first place.

There’s another big reason why it’s not a good idea to try and raise money too soon:

What does this say about your faith in your own company?

One time I sat in on a pitch from a startup that was actually pretty far along. They had a working product, minimal competition, a possible though not-so-proven market fit, and a little traction.

They’d already sold a few hundred units, but they were only asking for $100,000, and they weren’t ready to give up very much of their company. The red flag for me was that they had ten people on their team including advisors.

Why wouldn’t these ten people each pitch in $10,000 and keep the company equity *to themselves*?

“Danger, Will Robinson! Danger!”

It's always a warning sign when the people closest to the company don’t want to invest in their own startup. Who knows their business better?

Catalysts have no problem investing in their own ideas even if they need to mortgage their homes. That’s because they have 100% confidence in their ability to make things happen—on time—even if they need to take out a second mortgage.

So what’s the best and fastest way to get your company as ready as possible to approach investors?

The key is to find a Pre-Accelerator or Accelerator to help you quickly maximize the value of your company before going to the broader investment community and getting multiple investors chasing you down.

But how do you know which accelerator is right for you?

Read on for… What The Right Accelerator Can *Really* Do For You: How It Transforms Your Startup... In 90 days!

Section 5

What The Right Accelerator Can *Really* Do For You: How It Transforms Your Startup… In 90 days!

If you look at any great athlete or winning sports team, you'll most certainly see a great coach somewhere in the picture. A coach is someone with the experience and patience to guide the athlete or team through the rigorous process of preparing for the big competition, race, or game.

Without a coach, athletes and teams would get lost in endless, unimportant, irrelevant details. The coach helps identify the most important things to work on each day—the things that will make the *most* difference at any given point.

Think of a startup accelerator as a coach—the coach that will take your startup from a rough/raw idea to something more polished and professional. And most importantly, make it "investor-ready."

The previous article in our "Idea to First Million" series covered what you need to maximize the value of your startup company so that, when you raise capital for your company, you can get the *most money* while giving up the *least* amount of *equity*.

This is precisely what an accelerator does.

A startup accelerator works closely with the startup founders by coaching them to identify and fix weaknesses while amplifying strong areas. The goal is to help the company attract a round of investment capital that can catapult the company upward.

Think of an accelerator as the place you go to get ready for the big game. You'll work hard, learn a lot, and in the end, your company will be "investor-ready."

An accelerator is where you go to turn your startup dream into an investable reality.

There are thousands of accelerators worldwide and hundreds of thousands of startups fighting for seats in those accelerators. Many apply, and few are chosen. Most accelerators have acceptance rates around 1%. That's lower than Harvard, MIT, or Stanford. Yes, this is *very* competitive, but the stakes are high.

There are broad accelerators that look at all types of companies at different stages of growth, and there are very focused accelerators that might be as specific as just looking at companies that create products or services that leverage a large company's current offerings. Companies like Target, Microsoft, Verizon, and SAP run accelerators like this.

There are also regional accelerators that require startups to move to places like Chile, Berlin, or Puerto Rico to develop their companies.

Accelerators typically invest from $20,000 to $250,000 in your startup. Plus, many have real benefits that could add up to over $500,000 more.

What accelerator is right for your startup at this stage in your company's growth?

To answer this question, start by listing what you think your company needs in order to get to the next level. If your list is long and includes things like better branding, creating a prototype product/service, building-out your team, acquire your first 1,000 customers, or identify your target users, then you may not be ready for an accelerator quite yet.

Unfortunately, many of the accelerators that have been around for a few years are reducing their risk by only accepting companies that already have significant traction. This means that the startup *must* be collecting money from paying customers and might also have to be close to profitable. Even if the accelerator ends up paying more for less equity in the startups they support, it's that risk-adjusted return thing again. People will pay more and expect less equity when the risk is lower.

If your company is still in the risky zone and appears a little rough around the edges, and if you're struggling with things like Branding, Product/service market fit, and getting an MVP (Minimum Viable Product) live, then you may actually need a *Pre*-Accelerator.

Using the sports analogy again, these pre-accelerators are like the development team or baseball "farm team." They give your startup a place to work out the kinks so that when you apply to a full-blown accelerator, or decide to go straight to investors and raise capital yourself, you'll be ready and able to attract the cash you need at a valuation that makes sense for you.

Typically, pre-accelerators will not invest a lot of money in your startup, but they also won't ask for a big chunk of your company. At this early stage, your company valuation is pretty low, so if the pre-accelerator puts $50,000 into your company, you'll surrender more than you want.

That's why most of these pre-accelerators look for diamonds in the rough that they can cut and polish into more valuable gems. They may not invest any hard cash in your startup, but they *will* invest their time, expertise, and contacts in exchange for a small equity position.

Warning: You may need to cover some out-of-pocket costs. But this is better than handing over a large chunk of your company at this point. Or even worse: What does it say about your faith in the company if you're ready to hand over a *large* equity percentage for a *little* cash?

If you turn down the Pre-Accelerator offer just because you may be expected to pay a few thousand dollars more to get your company to a better valuation, maybe you should re-examine if you're really cut out for the entrepreneurial world.

A true Catalyst takes a few calculated risks when the return can be high.

Here's a quick example of just how it all can go terribly wrong if you try to do things without the help of a coach who's dealt with this stuff before:

A few years back, I was asked to take a look at a company that seemed to be getting some traction. In a world where Amazon.com was growing exponentially, this company had a new approach to helping brick and mortar retailers connect with their customers. It was fairly brilliant. They had a few investors who showed interest in funding their next round and they wanted to know if I was interested. (Did I mention that the management team was great?) They were *very* smart and really knew their target market. They had an operating product/service and a few potential deals in the pipeline that could help the company get closer to break-even a few months out.

What could possibly go wrong?

Well… As I dug into the company's technology, I noticed that, although at first glance, the internet service *looked* okay, I identified certain instabilities that would need to be addressed before this company could scale up and take on those larger pending deals.

The platform worked okay with 1,000 users, but once they expanded above 10,000 users, problems could surface that would result in a system collapse.

The more I learned, the clearer it became that the company had seriously overspent for their technology to date. In fact, of the $2 million funding they were trying to raise, more than one-third would go to pay deferred fees for an outside software development company.

Although the team had some great business people and marketers, they did *not* spend their software development dollars wisely. Not a good sign for the future.

As other investors learned what I had, the funding round stalled. The company spent a painful twelve-month period on "life support" before the founders finally admitted that the patient could not be saved.

This mistake would not have happened if the company had the benefit of an experienced coach. Their concept was truly great with a customer base hungry for their service. They also had a solid team. But they missed a few essential details, and it cost them their dream.

The one thing about startups:. Many people think it all looks *so* easy. But the only thing that really *is* easy is the strong possibility that you'll miss an essential detail that could mean an early end for your startup.

A Pre-Accelerator could be an excellent place for you to remove some of the risk from your startup and increase your valuation in the eyes of investors and full accelerators. The time you'll take to de-risk your startup should increase the value of your company and save you trouble in the future.

If you have a startup idea in mind and you're a Catalyst, this may be a good pre-accelerator to contact. In a few minutes or less, the next step to getting your company going could be easier than you think.

And just in case you're wondering if you're a Catalyst, try this simple ten question quiz at www.TheCatalystTest.com. Knowing you're not a Catalyst will save you time, potential pain, and frustration.

Keep your day job. The world will always need people to deliver the mail.

Section 6

What Is The Catalysts Guild?

The Catalysts Guild is a Registered Benefit Corporation, a type of business entity that focuses on making a material difference in the world at every step of the decision-making process. We differ from traditional corporations in our persistent pursuit of higher standards of purpose, accountability, and transparency.

Our Mission: *What We Believe*

If your dream is to start and run a company, then you know it won't be easy. Getting the best team together, finding the right idea, identifying a viable business model, building your product or service, bringing it to market, and then sustaining your company's growth—the process is filled with challenges, unknowns, risks, and surprises.

Running a company can be a lonely endeavor. Believers are scarce while criticism, empty ideas, and detractors are plentiful. Operating a business is more rewarding when there is meaningful forward momentum.

All businesses, new and established, experience roadblocks, setbacks, and unique challenges. Addressing issues early, quickly, and effectively will exponentially raise the probability of success. The right Catalyst at the right time makes all the difference. A Catalyst can be a business connection, a mentor, an additional team member, an effective distribution channel or a revised strategy.

So now you have a great business idea and a great team, but what catalysts are required for you to scale the way you want?

The Catalysts Guild helps you think Operationally and focus on Distribution to get things done.

Qualified, dedicated, and compelling business ideas, founders and company teams are not just in Silicon Valley. They're all over the world. Thriving markets, customers, opportunities, and business partners are all over the world, too.

That's why The Catalysts Guild works with companies no matter where they're located.

Capital to fund companies is *always* available. There's an abundant sum of money chasing just a few innovative ideas. What is *difficult* to find is a great team and a solid leader.

You supply the team, the leadership, and the promising business model. The Catalysts Guild will help you find the money to fund your company.

Our Method: *What Makes Us Different*

Starting and operating a successful company is like creating a hit song: The music, lyrics, and performance all need to be perfect and in sync. You might have a great company team, but not the right business idea. That's why The Catalysts Guild has a Startup Idea Bank with business idea seeds provided by potential investors. This allows the right quality team to focus their efforts on a company concept with a potentially higher success probability.

The business concepts in The Startup Idea Bank range from the detailed to the more general. Some ideas are "paint-by-numbers" with website URLs and Intellectual Property already reserved. Others are basic customer problem statements designed to serve as idea generators for the right company team.

Your partnership with The Catalysts Guild could be the most important factor in the development, launch, and growth of your business. We'll work with your team and spend many hours together to help make your business the best it can be.

That's why *before* you make your final decision to be part of our pre-accelerator program, you and your team will go through a rigorous, thirty-day, multi-phase qualification process designed to help us *all* decide if we want to work together.

No matter where your company team is located, you can be a candidate for The Catalysts Guild Business Pre-Accelerator. The Catalysts Guild has no desire to disrupt your team's current working environment, lifestyle, or personal support system. We live in a connected world with a variety of ways to communicate. The Catalysts Guild will leverage all communication methods available.

The Catalysts Guild has a Global point-of-view. There are many viable markets all over the world, so we look for businesses offering services, products, and solutions designed to address the needs of customers wherever they're located and help them make the jump to the best markets possible.

The Catalysts Guild pre-acceleration process works with company teams to identify and fix business elements needed (catalysts) to maximize the potential for a successful outcome. Distribution, accounting, legal, web server hosting, software development, manufacturing, and more—all can be sourced from all over the world to develop and incubate your company in the most efficient, economical, and high-quality way possible.

We call on essential resources wherever they're located with the goal of identifying the best catalyst to accelerate your company quickly and economically.

The Catalysts Guild is Operationally focused. We help build your organization while generating revenues through effective distribution, Business-to-Business product/service synergies, global sourcing, and strategic alliances. Great logos, T-shirts, and demo day presentations are important, but The Catalysts Guild focuses on getting each company on the road to sustainable and profitable growth.

The Catalysts Guild does *not* use a one-size-fits-all model. Each company's needs are different. We use various funding models to match each company's requirements in order to determine what type of catalysts are needed and when, and base the decisions on the individual and unique stage the company is navigating. We use consistent guidelines to select companies, and then use a flexible funding/valuation criterion along with a flexible development plan tailored to each company.

Ideally, every company will be self-sustaining after the initial Catalysts Guild pre-acceleration period. But for those that may need to seek additional financing rounds, strategic partners, or acquisition, we'll use The Global Startup Marketplace to ensure that the maximum number of potential investors, partners, and possible acquirers are made aware of your company when the time is right.

Most important of all: We *only* work with company leaders and founders who are Catalysts themselves. Both our experience and extensive scholarly research have shown that a company with a Catalyst in the lead will always succeed.

The key traits of a Catalyst are:

- Many years of experience
- The ability to think outside the box and look for new solutions
- An open attitude about working with others to solve problems
- Unique insights into market needs
- An ability to get things done quickly…

And those are just a few.

If your dream is to start and run a company, then you already know it won't be easy. Gathering the best team, finding the right idea, identifying a viable business model, building your product or service, bringing it to market, then sustaining your company's growth—the entire process is filled with challenges, unknowns, risks, and surprises.

Our Process: *What We Do*

Since we don't use a one-size-fits-all approach, what we do will be tailored to each company team. That said, we start with three key priorities when considering founders and companies to include in our pre-accelerator program:

1) **The Team:** Your team is the most important contributor to the success of your business. We help you assemble, nurture, and manage your team of diverse individuals with a variety of skills, attitudes, and points of view.

2) **The Leader:** Your team needs a solid leader—a Catalyst. The leader will be someone the team will trust and follow throughout the trying business phases that will unfold over the coming weeks, months, and years.

3) **The Idea:** Your business service or product idea should be tailored to a viable group of target customers. Your desired customers may be individuals, other businesses, or government agencies, but your idea should solve a problem that *makes* them money, *saves* them money, or is just plain fun.

After the initial 30-day prequalification, each company team should have a solid product/service idea and team structure, a leader, a potential customer shortlist, a lead mentor, and a basic business model concept that shows how the company will generate revenue.

Since The Catalysts Guild takes no fees, we make money based on a small ownership of your company. The exact ownership percentage we receive is entirely dependent upon your company valuation and the amount of effort and resources we'll need to devote to developing your company concept. *We* only make money if *you* make money!

For the next three to six months, The Catalysts Guild will work with your company to systematically identify and repair any business elements needed to maximize the potential for a successful outcome. You'll start with an initial plan of action, but the *real* difference is how you'll work with The Catalysts Guild to modify and improve that plan on a daily basis to better address target customer needs and the realities of the desired market.

The Catalysts Guild will match your team with a lead mentor with many years of experience related to *your* business. Your lead mentor will help you during your period in our program and call on other mentors when additional specific talents and experience are needed.

The Catalysts Guild will work with you to identify which of your business processes elements can be outsourced so your team can focus on the unique items that you bring the most value. Why spend time and money on tasks that don't leverage your true value proposition when those tasks can be easily done by others faster and at a fraction of the cost?

Your business idea will be put through a thorough intellectual property audit. If you have important business components that can be trademarked or patented, those legal wheels will be put in motion so that your business will have the best protection possible *and* a higher valuation.

At The Catalysts Guild, we Think Operationally. That means we'll work with you to strategically focus your priorities, time, and efforts on tasks that will get your product or service to market as quickly as possible. We do this by identifying the timing and type of catalysts required to push companies to the next level.

The simplified Operational Thinking formula is this:

Team Synergy+ Great Technology + Solid Business Model +
Provable Cash Generation Potential + Viable Distribution Channel +
Clear Future Growth Plan = Success

When your initial Catalysts Guild pre-acceleration period ends, if your company is *not* self-sufficient and able to fund the next growth phase with its own revenues, we can still help. We'll use one of our funding kits along with the The Global Startup Marketplace to notify the maximum number of potential investors, partners, and possible acquirers in order to help you negotiate the arrangements for the next phase of your company's growth.

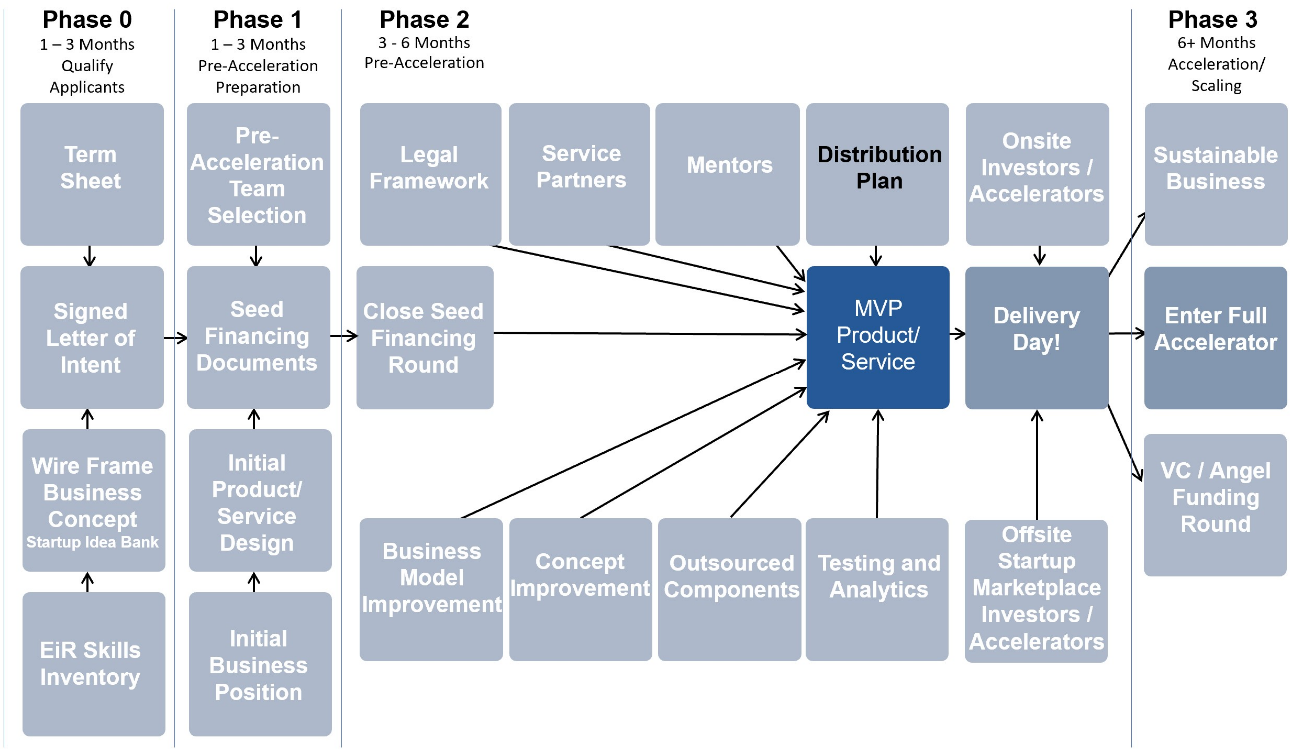
Maybe your company *will* be right for one of the many dedicated full accelerators like TechStars, Y-Combinator, Entrepreneurs Roundtable Accelerator, DreamIt, and Capital Innovators. These programs put a high value on more developed companies with unique offerings that show traction. We can help with your full accelerator application to be sure your acceptance probability is as high as possible.

After you've completed your term with The Catalysts Guild, we offer post-participation support and guidance tailored to your company's unique needs. Our goal is for you to have whatever is required to achieve the goals you've established for your business.

Section 7

The Catalysts Guild Roadmap

We use strict guidelines to select companies then use a flexible funding/valuation criterion along with a flexible pre-acceleration plan tailored to each company.



Flexible, Focused, Effective!

From the first day to "delivery day" and beyond, we use a flexible process focused on company growth in order to equip companies for a successful future.

We work with each team to provide the needed tools, documents, and resources to raise the money they need at the best valuation possible.

The key is to tailor the company development process to the company team's needs and capabilities.

Why Is A Catalyst So Important?

We only work with company leaders and founders who are Catalysts themselves. Both our experience as well as much scholarly research has shown that companies with Catalysts in the lead will always succeed. We like to leverage our hard work and contacts by working with founders that are Catalysts.

The Key Traits Of A Catalyst

Catalysts have a broad range of skills, talents, abilities, and attitudes, but these ten key traits are the most important:

1) **Experience:** A Catalyst will have many years of experience in a particular industry or in a range of company functional areas. They will have made mistakes and enjoyed successes, learned from both, and built a knowledge base to call on when needed.

2) **Thinking Outside The Box:** A Catalyst doesn't just talk about new ideas and innovation. They live it every day. If something was done a certain way last year, a Catalyst automatically looks for a better way to do it this year. New, faster, and more efficient ways of doing things are always worth exploring.

3) **An Open Attitude:** A Catalyst *never* suffers from NIH Syndrome (*Not Invented Here*). They embrace new ideas and will always look for people who are experts in an area to help solve problems and keep things on track. They're all about working with others and leveraging the team's talents.

4) **Unique Market Insights:** Some people try to *start* with a solution, product, or service and *impose* it upon a market. Through observation, prototyping, testing, and research, a Catalyst creates a *new* business *based on* unique market insights and perceptions. A Catalyst's solution, product, or service is always based on what they learn from potential users.

5) **Getting Things Done/ Bias to Action:** A Catalyst always looks for the fastest way to get the task done with the highest quality possible. A Catalyst always has a "Bias to Action." They know when the talking stops and the doing starts. Actions always speak louder than words. Or said more directly, "Talk is cheap."

6) **Builds and Nurtures Their Team:** A Catalyst builds the best team possible and then nurtures that team for the best outcomes in the short *and* long term.

7) **Focus on Meetings with Results:** A Catalyst focuses on *real* deliverables especially when it comes to meetings. Every meeting is designed with an actual deliverable in mind. People invited to the meeting are held accountable for those deliverables. Meetings should be productivity boosters, not time wasters.

8) **Looks Beyond the Neighborhood:** A Catalyst knows that the best solution to a problem may not be located in his or her own backyard. They may need to call on resources across the country or across the globe to get the job done correctly at a reasonable cost. Different time-zones, cultures, and/or business practices don't intimidate a Catalyst.

9) **Making Money:** A Catalyst always has an eye on revenues and profitability, but money is not a Catalyst's first priority. They know that when customers both need and are delighted by their product/service, the money *will* come at some point.

10) **Confidence:** Catalysts are confident about their skills, talents, and abilities. They know that they will find a way to get things done and that success in some form is inevitable. They show this every day by their deep commitment to their business and team, and by taking on the required personal and financial risks as needed to support the business.

The unfortunate reality is that some businesspeople *think* they're Catalysts, but they lack too many of these critical traits. These non-Catalysts may be doomed to mediocrity. But the good news is that they can *learn* how to be Catalysts and watch the magic happen.

Are you a Catalyst or not? Find out here: www.TheCatalystTest.com

Section 9

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