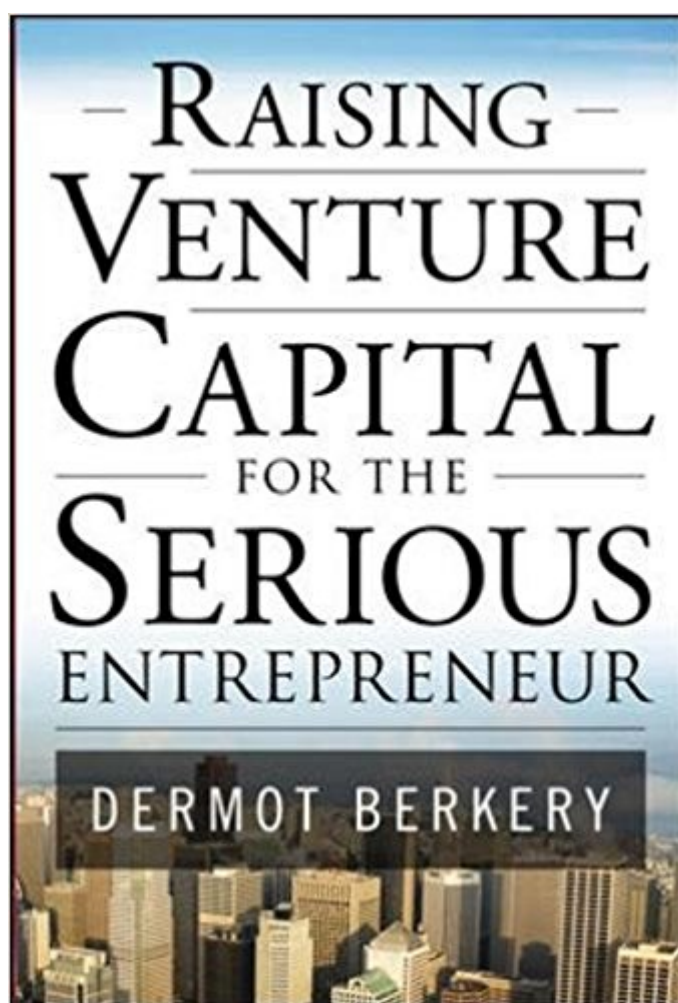


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# Raising Venture Capital For The Serious Entrepreneur (General Finance & Investing)



## Synopsis

Have the negotiating edge when getting your new business off the ground Written by Dermot Berkery, an internationally known venture capitalist with Delta Partners, this complete toolkit thoroughly details how venture capitalists arrange the financing for a company; what they look for in a business plan; how they value a business; and how they structure the terms of an agreement. Within its pages, you'll find everything you need to successfully raise new business capital with the most attractive terms possible. Using informative case studies, detailed charts, and term sheet exercises, *Raising Venture Capital for the Serious Entrepreneur* discusses the basic principles of the venture capital method, strategies for raising capital, methods of valuing the early-stage venture, and proven techniques for negotiating the deal. The author leads you step-by-step through:

Developing a Financing Map  
Getting to the First Stepping Stone  
Understanding the Unique Cash Flow and Risk Dynamics of Early Stage Ventures  
Determining the Amount of Capital to Raise and What to Spend It on  
Learning How Venture Capital Firms Think  
Creating a Winning Business Plan  
Funding Early-Stage Companies  
Agreeing on a Term Sheet with a Venture Capitalist  
Setting Terms for Splitting the Rewards  
Allocating Control between Founders/Management and Investors  
Aligning the Interests of Founders/Management and Investors

This invaluable guide also includes term sheet exercises that test your understanding of various financing situations facing companies. In addition, the book features three extensive case studies: the first covering a fictional start-up company used throughout the book, the second offering a stepping stone map, and the third presenting a term sheet used in practice by venture capitalists.

## Book Information

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## Customer Reviews

Dermot Berkery is a general partner with Delta Partners, a leading European venture capital company that invests in Ireland and the United Kingdom. He has led investments in early-stage companies in sectors such as software, electronics, mobile services, medical components, and security equipment. Mr. Berkery was formerly a Senior Manager with McKinsey & Co., where he served clients across the U.S., Europe, Australia, and Asia, focusing mainly on financial services and energy. He also lectures on entrepreneurial finance at the MBA program at University College Dublin.

I did, so I bought five books. I will review them from worst to best. "Finding an Angel Investor In a Day," by The Planning Shop (2007), told me nothing I didn't know, and I didn't know anything about business plans or angel investors. The title is ludicrous and the advice is obvious, e.g., "Your business plan should be concise, compelling, and irresistible to investors." 1 star. "The ABC's of Writing Winning Business Plans," by Garrett Sutton (2005), walks you through writing business plans for a lawn mowing business and buying a pizza restaurant. If your business is more complicated, this is not the book for you. 1 star. "The Ernst & Young Business Plan Guide," by Brian Ford, Jay Boorstein, and Patrick Pruitt (2007), is a good book but hardly inspiring or insightful. If you follow this book your business plan will be competent but won't grab investors. 3 stars. "Angel Financing for Entrepreneurs," by Susan Preston (2007). This book doesn't explain how to write a business plan, but it explains how to make a 10-minute PowerPoint presentation to investors -- a presentation that will grab investors. For example, one question is "How is your product or technology scalable?" I also learned some of the financials that angel investors look for, such as what IRR is expected. This book helped and inspired me to write an excellent presentation, that became the basis for my business plan. 5 stars. "Raising Venture Capital for the Serious Entrepreneur," by Dermot Berkery (2008). This is a textbook for a business school course about venture capital. This book is full of insights. Every few pages new ideas would compel me to go to my computer and add stuff or rewrite my business plan, for example, Berkery emphasizes the need for clear milestones. Preston mentioned milestones but didn't make it clear why they are so important. The financials that were briefly presented in Preston's book are thoroughly presented in Berkery's book, for example, what gross margin investors look for (80% or more) and why they need

such extremely profitable products or services. Plus you learn the jargon or key phrases of venture capitalists, e.g., "a large but well signaled market," the importance of "market power" and an effective "route to customers." I feel that my business plan now speaks to investors in their language, with the numbers they are looking for. 5 stars.

My review will be a bit short of words but hopefully not so much of interest to a potential buyer/reader. We were raising VC capital for the first time in our lives. The project is a software development company with an existing and well-known FOSS product. The "management" (us) all had solid engineering background and that of a technical management as well. But not that extensive business one. So we were here - fresh MBA graduates who decided to start a VC-backed company. I must say here that the book help was tremendous. Despite the fact we had our MBA lessons about VC's, it wasn't nearly as useful as this book full of wise suggestions and useful information. For those who are eager to know the end of the story - we've raised the necessary capital and really planning to be a success story. Without this book we would have missed LOTS of subtleties. While you can actually grab almost everything relevant to a VC-funding from the web, it's wouldn't be nearly as productive as reading through Mr. Berkery's book.

In Dermot Berkery's book "Raising Venture Capital for the Serious Entrepreneur" looks back with precise insights into a time when "Limited Partners" would invest millions in a VC fund. Berkery says on page 114 that LP's hopes were of getting at least 2.5 times their investment back over the (typically 10 year) life of that (LP or LLC) Venture Capital Fund. So, around the turn of this, the 21st Century, LPs invested about \$130 Billion in U.S. VC funds that, over 10 years LOST 4.2 percent. Subsequently, in 2009 and 2010 U.S. VC funding totaled about 10 times LESS, (click icon for Rock-A-Bye IP - A Dangerous Bargain for Inventors" complete with details in footnotes at [...]). Given the 90% fall-off in U.S. VC funding, these days entrepreneurs are searching for background on the "Beacon Method" in such now-pertinent books as: "Web-Based Venture Money - A Guide to Capital Formation" by John K. Romano and "Take Your Company Public!: The Entrepreneur's Guide to Alternative Capital Sources" by Drew Field

Good tips, but mostly outdated

I haven't finished it reading yet, but I learned more about business in the first thirty pages than I've learned in the rest of my entire life. This book is built to give entrepreneurs the view of people who

have money and vice versa. It covers presentations, milestones, business plans, and stock options. I had never understood what preferred stock meant until I got this book. It's very readable and not pretentious at all, even though it's talking about people giving you millions and millions of dollars. It's also focused on the point that without venture capital and people starting businesses, the economy just doesn't work. Excellent book, I'm very happy with my purchase. It's also written very recently and takes into account a lot of other companies' recent experiences. If you want to start a business that requires some capital and don't know much about business, this is the book you want.

I am a veteran of several Silicon Valley startups, having gone to raise money, and watched money being raised, and invested my own as an angel. This book is by far the best I've ever gone through, from the point of view of someone very experienced in the field, with the gift of being able to articulate not the theory, but the true practice. The author goes through the mindsets of the investors and the entrepreneurs in an uncannily accurate manner. His chapters on what makes for a successful business plan is so right on, and everyone should measure their plan against his required attributes. If you don't match up, you really need to consider another idea, or do a lot more creative thinking on your existing idea. This was by far the best \$50 I spent as a career startup type. Thanks to the author for keeping it very real and readable.

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