

Business Boot Camp II Valuation

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Dean Capital
DC Angel Equity Fund
Louisiana Angel Network

Dean Capital

- \$8 million in managed capital
- 8 portfolio companies, one publicly traded
- Debt and equity investments
- Have reviewed \$180 million in business plan requests in past 3 years
- Raising Canes is most successful start-up to date

- Currently raising a new Angel Equity Fund, target of \$10 - \$20 million

Louisiana Angel Network

- Dean Capital recently brought in to manage
- Network of angel investors
- 1st line of funding after F, F, & F
- Typically concept through early stage
- Will provide educational opportunities for entrepreneurs and angels

Valuation

- What is it?
 - It is what your company is “worth”
 - From a Founder’s view point
 - From an Investor’s view point

Valuation

- What is it?
 - It is more an art, rather than science
 - It is business, not personal
 - In the end, it is simply what Founder and Investor agree to

Valuation

- When do you use it?
 - Throughout the life of your company
 - At every capital raise
 - When you buy (using stock), sell, merge, go public

Valuation

- A quote from the final slide of a valuation presentation by a law firm

“Now you’re ready to do battle with the investors....
with the help of your legal counsel!”

- Don’t fall into that trap
- Your goal is to work WITH, not against the investors, now and for the long term

Valuation

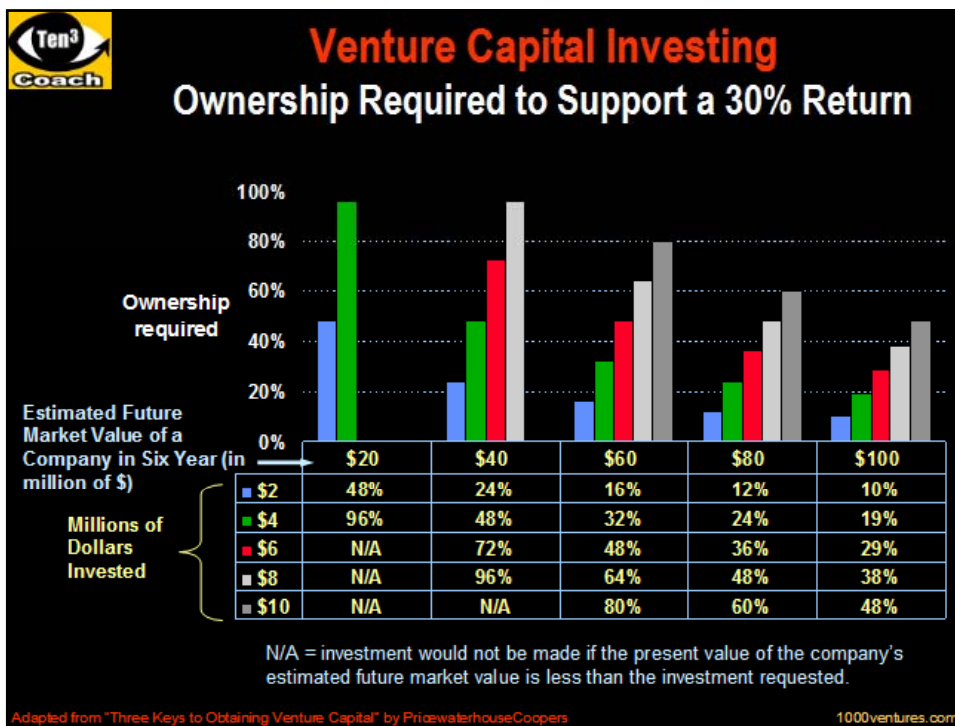
- How do you determine it?
 - Quantitative
 - Driven by your projections
 - Confidence/stability of the projections
 - Are the investors able to poke holes in your assumptions and “facts”

Valuation

- How do you determine it? (Methodology)
 - Sales multiple
 - Price-earning ratio
 - Free cash flow model
 - Book value
 - Liquidation value
 - Replacement value
 - Similar company transaction (comparable)
 - Internal transaction price
 - Discounted cash flow

Valuation

- How do you determine it?
 - Non-Quantitative
 - Taking into account all other factors
 - Every entrepreneur believes there venture will be successful, that it will not fall short or fail
 - the majority do fall short or fail
 - Valuation Worksheet (from Kaufmann)



Valuation

- Thank you for your time!