

FUND AND DONE

Knowing how to woo investors can turn a great idea into a well-funded company

BY ETHAN CHUNG

Want to create a startup company that will change the world? Excellent. But no matter how solid you think your idea is, your company surely will struggle without funding.

Obtaining that funding isn't easy, and the type of funding and who provides it can make a big difference in how your startup is going to operate and grow. There is no magical formula for successfully funding a startup — the financial climate and market competition can stymie the most well-prepared pitches and functional products. That's why we found some local experts to help you set your startup on the path to financial enlightenment.



MATT MCILWAIN
Managing director,
Madrona Venture Group

WHERE WERE YOU BORN?

Utica, New York

WHERE DO YOU LIVE?

Seattle

EDUCATION

Dartmouth College; MBA from Harvard Business School; Master's in Public Policy from Harvard's Kennedy School of Government

FAVORITE PLACE ON THE EASTSIDE?

Eating outside at Carillon Point

NAME ONE BUSINESS LEADER YOU ADMIRE.

John Stanton, former wireless executive

NAME ONE MUST-READ BOOK FOR ENTREPRENEURS.

The Boys in the Boat by Daniel James Brown

WHAT'S YOUR FAVORITE PIECE OF ADVICE YOU'VE EVER RECEIVED?

"People don't care how much you know until they know how much you care."

-Teddy Roosevelt

THE FUTURE OF BUSINESS IN THE NORTHWEST IS...

Dataware and cloud computing

Madrona Venture Group is a local venture capital firm that focuses on regional tech companies. Visit madrona.com to learn about its portfolio, submit a business plan, or to connect with someone from the Madrona team.

DEFINE THE PROBLEM

Matt McIlwain, managing director at Madrona Venture Group, stresses the importance of startups understanding a customer-defined problem.

“Customers have problem X, and the key is to understand what is going on in the market from a technology perspective,” McIlwain says, “from the types of business models that are emerging that would allow them to believe there is an opportunity to solve problem X in a new and better way than has ever been done before.”

McIlwain — whose tech-focused company’s portfolio includes newer standouts like Cheez-burger and Redfin and early investments in powerhouses like amazon.com and ShareBuilder — cites Smartsheet as a shining local example. McIlwain says that before Smartsheet entered the market, spreadsheets, email, and older project collaboration tools were limiting the mobile workforce. “Smartsheet sought to utilize the

cloud to create a product that would help solve the problem of collaboration, and now it boasts millions of users and tens of thousands of paid customers that generate millions in revenue.”

TELL YOUR STORY

Connie Bourassa-Shaw, director of the Buerk Center for Entrepreneurship at the University of Washington’s Foster School of Business, explains that being a good storyteller is essential in securing the attention and trust of potential investors.

“It’s not enough to just be able to talk about a technology. It’s the full-meal deal. Who are the customers, who is your competition, why are you so much better? And all of that needs to be told in a story. ‘This is Mary. She has three kids under 4. She has no time.’ Make it personal. Make it relate.”

McIlwain agrees. “Learn the art of your narrative. Use analogies effectively. How do you talk about the macro trends that make your solution possible today where it couldn’t have been possible five or 10 years ago? Chances are someone had that idea then, but it failed,” he says. “If you don’t get an investor engaged in the first five minutes, you’re probably going to lose. One of the things that I like to tell CEOs who are going out and seeking future funding is to tell your story as a screenplay versus a novel. Usually it takes some time to get into a



CONNIE BOURASSA-SHAW

Director,
Buerk Center for
Entrepreneurship

WHERE WERE YOU BORN?

Polson, Montana

WHERE DO YOU LIVE?

Seattle

EDUCATION

B.A. University of Montana; University of Washington Executive Development Program

FAVORITE PLACE ON THE EASTSIDE?

Bellevue Botanical Garden

NAME ONE BUSINESS LEADER YOU ADMIRE.

Howard Schultz

NAME ONE MUST-READ BOOK FOR ENTREPRENEURS.

The Founder’s Dilemmas by Noam Wasserman

WHAT’S YOUR FAVORITE PIECE OF ADVICE YOU’VE EVER RECEIVED?

“Never, never give up.” — my dad

THE FUTURE OF BUSINESS IN THE NORTHWEST IS ...

Whatever we make it

The Buerk Center for Entrepreneurship promotes entrepreneurship and provides resources for future business leaders such as mentorship, the Jones + Foster Accelerator, and multiple competitions. Visit foster.washington.edu/centers/entrepreneurship for a full list of resources.



STEVEN YEE

COO, EDUonGo

WHERE WERE YOU BORN?

Hong Kong

WHERE DO YOU LIVE?

Renton

EDUCATION

University of Washington

FAVORITE PLACE ON THE EASTSIDE?

Gene Coulon Memorial Beach Park — it has a bit of everything

NAME ONE BUSINESS LEADER YOU ADMIRE.

Bill Gates. OK, I live in the Seattle area and worked at Microsoft. But I truly admire what he is doing with the Bill & Melinda Gates Foundation.

NAME ONE MUST-READ BOOK FOR ENTREPRENEURS.

Built to Last by Jim Collins

WHAT'S YOUR FAVORITE PIECE OF ADVICE YOU'VE EVER RECEIVED?

“Do what you like, like what you do.” — from a Life is Good T-shirt that I got from my wife

THE FUTURE OF BUSINESS IN THE NORTHWEST IS ...

High tech

EDUonGo is a Bellevue-based startup that allows you to create your own cloud-based academy, school, or learning program.

To see more, visit eduongo.com

novel, but a screenplay grabs you early on and it's catching the best moments of the narrative.”

Those who have been through the motions and are on their third or fourth startup have resources and contacts available to them first-time entrepreneurs don't. Those resources and contacts will give you an edge, but the storytelling advice is relevant for both newcomers and seasoned veterans of the startup game.

BE PASSIONATE, SEEK PASSION, AND BE OPEN

Bellevue startup EDUonGo offers a platform to launch an online school or academy in minutes. The premise came to CEO and founder Ridvan Aliu when he was consulting in Kosovo in 2006. He needed to build a platform that could train his engineers. Aliu has a software engineering background but found that even he had difficulty navigating many of the training platforms available. For educators without Aliu's backgrounds, many of those training platforms proved difficult to master. That's when the idea for EDUonGo was born.

EDUonGo initially was bootstrapped by Aliu. But a coffee meeting with Steven Yee, who was Aliu's boss at software consulting company Bsquare, turned into something more for EDUonGo. Yee loved Aliu's

idea, signed on to be the first angel investor, and helped raise about \$150,000 in seed money. EDUonGo launched in January 2013 and found more money in a place Aliu and Yee never imagined. The company's second, \$500,000 round of funding came from an early customer.

“An educational consultant in Australia had been looking for a system like this, tried it out and they reached out to us,” Yee says. “Ridvan closed the deal, and after he did that I decided to come on board full time and give him more help.”

EDUonGo's path to funding is an uncommon one. Yee says a lot of companies focus much of their energy on fundraising. That is important, he says, but he cautions that making it the only priority can deplete passion for your business. Yee admits they didn't build the same relationships with venture capitalists as other companies that focus more on fundraising.

“You need investors. But find someone that's passionate and interested in your business rather than seeking pure capital investment,” Yee says. He invested in EDUonGo not just because he was seeking a return, but because he believed in the product. “Focus on finding people who share your vision, your passion,” he says. “Those partnerships will be much more helpful in the long run.” ■