

# CLIMATE TECH & ENERGY PRIZE

*at MIT*



## **Teams Handbook**

A guide for launching your climate startup with success

Spring 2021



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# Introduction & Objectives



# Introduction

This document is meant to explore **the most important elements of running an early stage climate-tech venture**. We believe all of these topics should be considered and covered by all teams in order to succeed in the competition and beyond.

This document is meant to touch on the different aspects of running a climate-tech startup without diving in too deep. **We view this handbook as a *checklist* for each team**. Use it to ensure all basic startup business elements are understood and addressed by your team.

We highly encourage **diving deeper into issues your team finds important**. Ask your CEP@MIT mentors and the MIT team to share more materials..

# Handbook Objectives

- Help teams achieve strong stand in both the business and the technology perspectives
- Offer framework for how to assess and achieve business viability
- Provide knowledge on funding options for a climate-tech venture
- Give tools to build an effective pitch deck
- Help understand which advisors are required and how to work with them



# **Viability**



# Technology is rarely the reason for a failure.

So why do  
**90%**  
of startups fail?

*It's usually not for a specific reason, but a mix of these reasons.*

Reasons for failure might include...

- A product was developed without considering its market or customer base
- Financial failure
- Team
- External changes (regulation, gov. funding, competitors with better product)

We'll dive more into each of these topics as we go on.

# Make sure your venture is viable

## Technology

*Potential investors will likely hire professional consultants to examine your technology and determine if it's viable as part of a due diligence process.*

- Can you do what you claim?
- Do you own or have exclusive rights to the IP and other barriers to entry?

## Products and Services

- What adjacent markets, products or services, might your product be valuable for?
- Think of several uses for your product. Develop features that address most of them first.
- Don't *plan* to "fail fast". Don't plan to fail at all!

## Scalability

- How big are your target markets?
- Can you grow your market and operations?
- Do you enjoy economies of scale?

## Profitability

*Estimate financial performance for 3-5 years.*

- What is the cost of one unit sold?
- How expensive is it to acquire a customer?
- How much money can you make from a single customer, and how long will they be your customer?
- Does it make financial sense? On what scale?





# Funding



# Potential investors want to see a financial plan showing how funding is expected to be used

How much money do you need? ↔ What do you plan to do with it?

Possible sources of funding include:

- **Non-dilutive:** Self, family and friends, Competitions (e.g. CEP@MIT!, grants)
- **Dilutive:** Angels, Venture Capital, Private Equity
- **Other:** Crowdfunding (usually requires a future service or product to be provided)

Ultimately, VC is usually the significant source of funding for growing early stage startups. [Read about VC mechanics in this handbook appendix.](#)

*Which source would you choose, and when?*



# Strategy



# What is the strategy to deliver your value proposition?

## Business/Company Structure

- How will this company eventually make money? What is the process?
- Who is doing what? Where will you be located? Incorporated?
- How will you organize your company once it grows? What departments/divisions do you expect to have?
- Which portions of the business will be in-house? External?

## Competitors

- Who are your competitors?
- What do your customers care about, and how do you outperform your customers on these metrics?

## Marketing & Sales Plan

- What is your beachhead market? Why? How do you plan on getting in?

## Timeframe

*When do you plan on doing things?*

## Team Building

- What skills do you need in your founders team? Do you have them all?

*For example...*

- *A team of 3 PhDs might want to recruit another founder with business experience*
- *A team working on a deep-tech product needs an experienced scientist*



# **Building & Delivering a Winning Pitch Deck**



# Slide Structure and Content

- **Tell a story.** Use your slides to support the story you are telling
- Deliver **important information with your opening slide.** It will be there longer than others
- Include **only essential information** that's important to your audience
  - For example, deep technical details of how a technology works are usually not important, the fact you own a patent is very important
- Have **backup slides for Q&A** in case you are asked to dive deeper
- Have a 5 and a 10 minutes version; Limit to 10-13 slides; Use large fonts - write only main points
- Use limited amount of graphics.
  - We recommend no animations
  - Short video GIFs are a big no!
- Have your **contact information written clearly on your last slide**
- Look at other companies slide decks for inspiration: [Uber](#), [AirBnb](#), more on Slideshare

# Deliver your story with passion and personality

## Tell a story!

- **Open** with a hook, make it personal; **close** with what you want, what's next?
- Be **passionate**
- Talk slowly and clearly; be concise and emphasize key takeaways

And don't forget to...

# PRACTICE!

A Lot. In front of a live audience, or at least a camera.

A handwritten signature in blue ink, consisting of three stylized, overlapping loops followed by a horizontal line.

# Optional Pitch Deck Template

1. Company logo, name and slogan - include a key message!
2. Business overview ("Elevator Pitch")
3. Technology/Product/Service - who sells what to who for what price?
4. Market opportunity - Who are the target customers?
5. Business model - how you market and sell your product
6. Value proposition - how are you better than the competition?
7. Strategic relationships or partnerships (if you have any)
8. Barriers to entry (e.g. patents, infrastructure, technical expertise)
9. Financial plan (for the next 3-5 years)
10. Capital request (if applicable) - how much money do you need?
11. Team and advisory board
12. **Contact information** and close - include key message!





# Working with Mentors & Advisors



# Mentors and Advisors...

- Boost your credibility
- Provide insights from past experiences
- Have complementary expertise your team is lacking
- Will likely not charge you at the beginning
  - However, they don't work for free, they will take small share of equity or just bet on potential future business with your company (e.g. a law or accounting firm can provide basic services free of charge at the beginning)

## Types of Advisors

- **Technical.** Industry experts, professors.
- **Strategic/Domain specialists.** Familiar with market trends, can utilize their own networks
- **Legal.** For agreements and contracts.
- **Organizational development.** Helpful with hiring, company structure and culture
- **Financial.** Will help you avoid monetary pitfalls.



# Appendix



# VC mechanics

## What do VC firms offer?

- Money
- Expertise: Recruitment, Business strategy, Customer Acquisition, Marketing, Operations
- Access to follow-on funding

## What do VC Firms take?

- Equity = Ownership of the company
- Control = Decision making, the company is no longer uniquely yours → It's a new partner

# VC mechanics

## - **How do VCs make money?**

- Create near-term exit events for their holdings (e.g. Sell their share, IPO)
- Usually within 3-5 years from initial investment
- This can be a very short time for a climate-tech startup developing hardware products and may influence decision making

## - **Where do VCs find their investments?**

- Word of mouth/networking
- Events, competitions, accelerators
- Press and social media activity
  - Signal events - receiving a grant, hitting a milestone, winning a competition

# VC mechanics

- **What they are looking for in a startup?**
  - The right team for the job
  - A unique idea with high barriers to entry (e.g. a patented technology)
  - Competitive edge (e.g. unique value proposition)
  - Scalability
  - Large potential markets
  - Proof of concept, working prototype or a working product

*This is not a complete guide of how VC works, just a taste.*

*When you go pitch your company to a VC - do your homework about that specific VC and the person you are about to talk to, read a lot and talk about what seem to be their main interests.*

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