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How To Own Your Investor Communication



Mike Townsend

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The single strongest return on investment over the last few startups has been our investor communications. Specifically, our system for weekly email updates to investors, employees and advisors.

It was the bridge that helped us go from one startup Flowtab wherein we built an mobile payments app to order food and drinks at bars and restaurants to HomeHero wherein we've raised \$23M and provided over 1 Million hours of senior care to 1000's of families. During our time at Flowtab we tried many things like promoting through Lyft drivers, partnering with a massive sales team (DexOne) to sell into new cities, and eventually pivoting to sell into sport stadiums. We executed intensely on everything we said we would, we broke our backs building product at night and selling it during the day on intense iteration cycles...

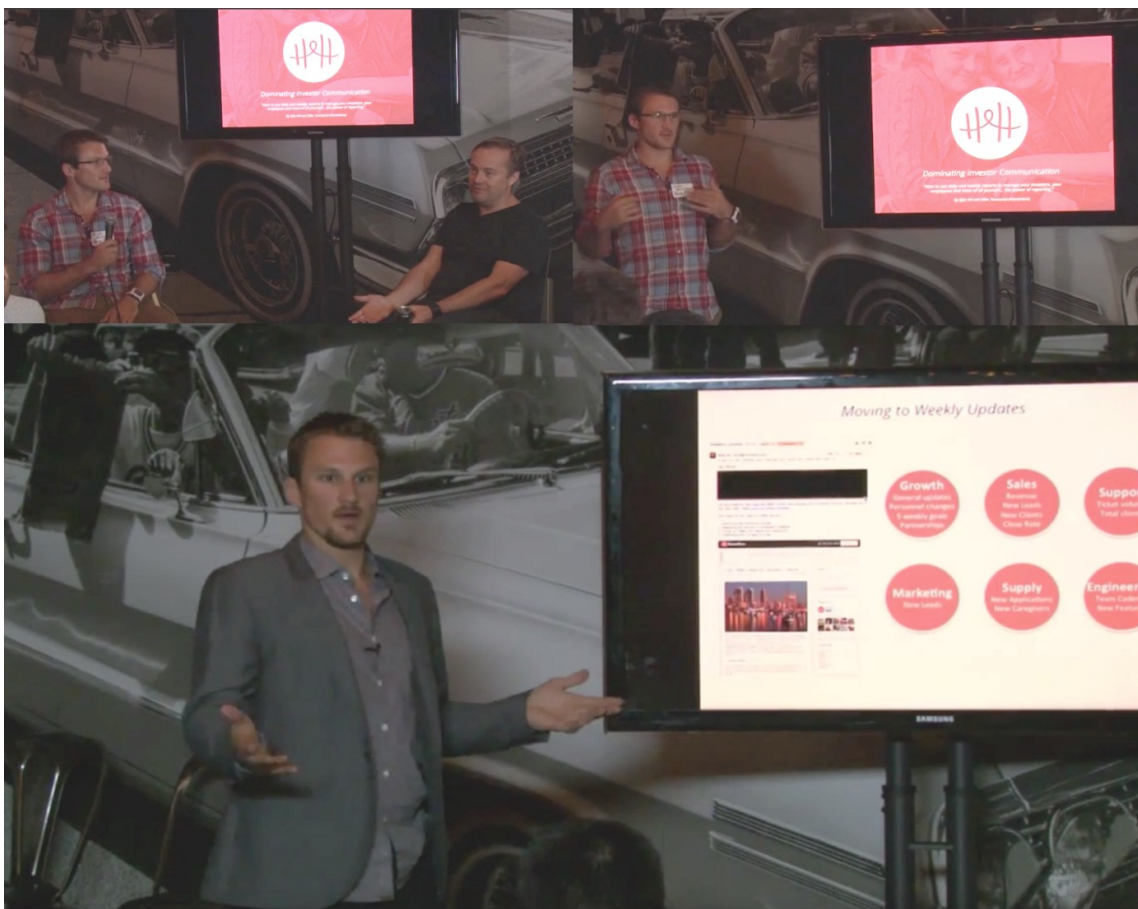
Throughout all this we sent weekly updates to potential investors we met, one of which was Mike Jones, CEO of Science Inc. He saw our progress at Flowtab and even though the business model failed, he realized we had potential and decided to place a bet on us when we pitched him on HomeHero.

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Sending frequent updates is the most consistent method for getting people to help you and is you can (and should) start before you have investors.

I presented this to Jason Calacanis's first LAUNCH Incubator class, a group of 15 early stage startups in August 2015. It was so well he asked us back again for the next class. Since then, most of his companies have started sending weekly updates this way.



It's a game of trust. And there is a formula to win.

5 Keys to Successful Investor Updates

1. *Succinctness is success.* Make it easily actionable and readable in less than 7 mins. People just won't read long paragraphs these days...

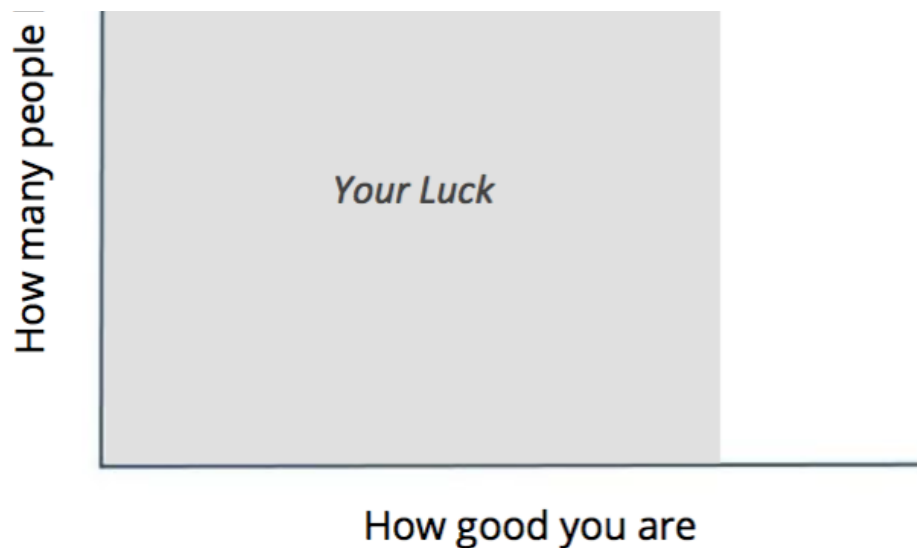
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2. *Highlight negative news.* All companies go through struggles. Bad hires, product flops and periods of slow growth all happen. Use these minor setbacks to your advantage. Flex your leadership skills to highlight what happened, what you learned and your plan to correct course.
3. *Be objective and subjective.* Showcase your objective growth - it's the true indicator of traction, which is the biggest sign of progress. Use the subjective commentary to tell your story, reward employees, and schedule goals.
4. *When in doubt, over-communicate.* If the seas are calm, then weekly or biweekly updates work well, but when storms get bad and investors' concern increases, your communication should too. Use your updates to clearly explain your decision-making philosophy and get investor buy in on critical issues early. If you make well-thought-out decisions, communicate them clearly and execute to the best of your abilities instead of losing sleep over the outcomes.
5. *Always ask.* Investors want to help you. Include a simple request for them at the top of each update. Usually these include introductions to hiring candidates, invitations to conferences, or advice on specific growth challenges.

The Luck Formula





It's Really All About Increasing Your Luck

Your luck in life is a combination of how good you and how many people know. It's a fact that we need each other to be successful, no one does it alone.

Most people are lopsided on this graph, which is a natural progression. We all have a natural tendency to be either builders or sellers (Chefs/waiters and carpenters/realtors), but entrepreneurs need to be both and weekly updates are the best way to increase your luck surface area, magnifying the effect of your hard work.

How Updates Change As You Progress

Pre-funding Updates: At least once a week

At this stage you really need other people to engage and support you. You're a baby bird and you should tweet loudly. Your week-over-week

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progress may not feel like much. Whatever you do accomplish, write about it.

This is the most fragile time so show people you can get traction by hitting deadlines for product releases, user growth, and so on. Show positive patterns and build social currency — this will be the biggest factor in getting first investors.

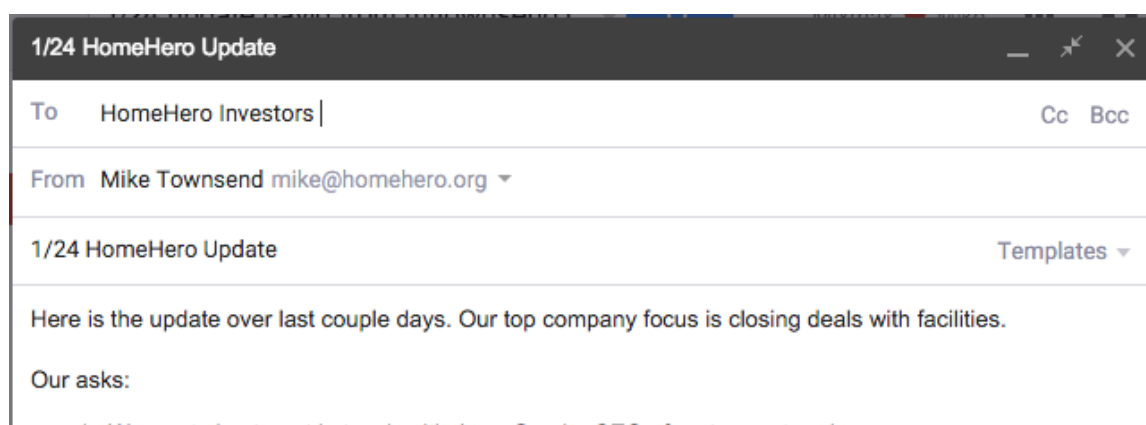
It is at this pre-funding stage that the luck formula is most clearly realized.

Angel Funding Updates: Once a week

This is the time to keep it simple. With limited resources, it's easy to get distracted by partnership opportunities, new revenue streams, and hacky acquisition channels. Use these weekly updates as a source of focus and accountability for your team. Once you send out that email with your product roadmap and completion dates, you'd be amazed at how it increases the team's focus and productivity.

“Out of all the 200 companies I’ve invested HomeHero is at the top of the list because of their weekly update communication.” — Jason Calacanis

Here an example of an update (all numbers and words in this example update are completely made up):



1. We are trying to get in touch with Jerry Garcia, CEO of partner enterprises
2. We are looking for a CTO, and specifically an introduction to Bill Gates, CEO Microsoft.

Clicks - all Adwords clicks

Leads - all new inbound inquiries

Qualified leads - they are looking for a caregiver

Messages - a client messages

Active Clients - currently working at least 1 shift

Volume (\$) - daily transaction volume

	Clicks	Leads	Qual Leads	Messages	Active Clients	Volume (\$)
Feb-24	240	52	32	549	78	\$2914
Feb-23	217	56	22	573	78	\$2231
Feb-22	317	50	34	642	98	\$3131

Product

- Launched "superhero" on homepage 4 days ago - seeing 36 leads/day coming in
- Sending a mass email to all active CG's and deactivating non responders. This should have a massive effect on the outcome that we want.
- Added badges to profile pages so clients can find better matching CG's. The goal of this is to increase sales of our gadget to get more users.

Marketing

- Pushing hard to meet w partners
- We had coffee with the CEO of some important company.
- Working w Caroline to set up an affiliate program, should have this done by Friday.
- Had 3 interviews with CTO's, looking for more.
- Press: 3 new articles this week, with 350 links back to the site.

Thanks,

Mike Townsend

COO, HomeHero

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Series A updates and beyond: Bi-weekly

At this stage, your company is focused on growth, product cycles increase, experiments become more expensive, and it becomes important to departmentalize your team. This is when you should constantly communicate key company KPIs (sales revenue, active users, retention, etc.). Your updates should include smaller departmental goals, giving employees something to strive and be rewarded for. Depending on your

philosophy around sharing sensitive information (equity, salary, staffing, BD deals, etc.), you may start sending an update to everyone (Board of directors, employees, and advisors), then a separate shorter email with sensitive information.

Your team updates are a strong driver of team culture, so put thought into the company you want to build and leverage updates to go and win!

Mike

Thanks to Jean Deaux.

Startup Entrepreneurship Venture Capital

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