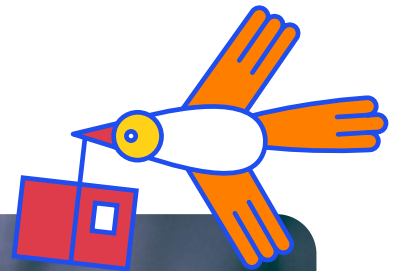


The Investment Memo



David **Beisel**

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the firm, its style & approach, and the specific criteria for new investments yields vastly different processes (or sometimes lack thereof). My partner Rob has previously blogged about our [framework on how we make decisions](#) at NextView, as well as [what we talk about when we talk about companies](#).

However, there is another integral component of the NextView internal investment process: creating an investment memo document. For every single seed stage startup we invest in, we write a one to two page summary which provides an overview of the company and our thesis about investing. It's something that perhaps especially most of our peer seed venture firms don't (always) do, but writing an investment memo has been a key component for NextView since the very beginnings of our firm.

The purpose of a writing "formal" investment memo for us is twofold:

1. **The process itself.** Taking meaningful time to deliberately think through the key components of the investment and clearly & concisely(!) articulate the rationale for an investment decision is an extremely beneficial act. It hones the decision process specifically for this particular company and for continual improvement for the firm as a whole.
2. **A snapshot in time.** The document is a way to time stamp a summary all of the contributing factors that gave us the conviction to invest, and therefore becomes a reference point for the future. It documents our thinking at a specific moment which can be helpful to look back towards as the facts of the



two pages, broken into the following sections:

Overview. The overview is at most two sentences that explain the company's concept clearly and concisely.

Market & Background. This section can be one of the most extensive, depending on how young the company is, as we articulate our current market analysis and map the company against projected product-market-fit via publicly available data and proprietary info from past and present portfolio companies.

Founding Team. Short and sweet, we include a few bullet points on each key team-member's background, especially as relates to why they have an unfair advantage to be successful given their domain expertise, past functional execution, and experience.

Business Model & Strategy. Here we outline the current approach the startup is taking to address a problem and/or market opportunity, as well as attempt to map the current/future growth and revenue metrics. A reader upon completion of this section will appreciate what the startup "does" and how it will win.

Competition. This section is a summary of the existing and speculated potential competitive landscape for the company. We draw largely from publicly available information and in-network, in-portfolio diligence calls here to address differentiation points vis-à-vis competitors and the relative threat-level.



incubated ideas that are pre-launch/pre-product/pre-seed to companies that are just at the point of reaching product-market fit. The second part details just the facts of the round: structure, pricing, terms, amounts, and syndicate partners.

Due Diligence Summary. Our diligence process varies quite a bit depending on the type and stage of the company, and these paragraphs share an overview of a typical combination of in-network calls, in-portfolio calls, individual research, product testing, customer-user interviews, and extensive founder (backchannel) reference calls.

Investment Positives. Taking a step back to see the big picture, we articulate no more than four bullet points which highlight the true *why* of what makes this startup a compelling investment.

Investment Concerns. We strive to directly and accurately identify the startup's risks up front to include an honest assessment of downside challenges. It's better to articulate the risks which yield negative results than to be completely blind to the possibilities. Putting them at the forefront allows you to hopefully recognize when these challenges do manifest to potentially address them earlier.

Exit Scenarios. A short presentation our internal set of projected outcomes for the company, both in quantitative and qualitative/scenario forms.

Glimmer of Greatness / Golazo. My personal favorite, this



[and dialog here at NextView.](#) All of the investments which we make must demonstrate that they have a possibility of greatness, the glimmer that they can become transformative companies that fundamentally change how consumers experience the world. One or two sentences here paint the picture of what could be if all the stars align.

As I mentioned, all VC firms treat investment write-ups differently. At NextView, the memos are an internal discipline that we keep confidential within the team to ensure that they're fully honest. Other firms treat their blog posts announcing new investments as the de facto investment memo made public for the world. Some (especially larger firms with more analysts) write even much more lengthy memos, while some do not write any at all.

In the end, for me, writing an investment memo is a learning exercise. Learning why you're following both your gut and your brain to make an investment. Learning where you can be impactful for the company, especially at the earliest of stages. Later on, learning upon reflecting back what you saw correctly to affirm rationale and reasoning. And perhaps most importantly, learning what you saw incorrectly help you work with that startup effectively and push you to become a better investor in the future.





West
27th
Str

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10001

MA
02111

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