

Shark Tanks Daymond John Critiques Startup Pitches- Black Enterprise

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Venture funding conferences lets entrepreneurs and investors partner up for a day



It was a gathering of startups and investors this week at **Early Stage East Club Pitch Baltimore**, a day-long event that attracted companies from coast-to-coast. The Pitch's moderator was **Daymond John**, founder and CEO of **FUBU** and co-star of the ABC reality television show **Shark Tank**, which returns for a third season January 20, 2012.

Early Stage East has emerged as one of the leading venture capital conferences on the East Coast for promising young start-ups. Over 700 companies have presented in its 13-year history and have gone on to raise over \$1 billion total in investment capital.

"Investors are hungry for deals," says **Tim Reese**, who co-founded the **Minority Angel Investment Network** and currently serves as the managing partner of the venture capital firm Forge Intellectual Investment Capital. As more Americans look to entrepreneurship to secure their financial futures, the current environment—and over the next 18 months—for venture capital and angel investing looks promising, says Reese and other investors.

There was a lot of money on the sidelines, because investors have been selective the last three years, notes Reese. "That money is now in play." This is an active time for venture capital for early stage companies though it is not at the same level as in 1999. Individual angel investors and institutional angel groups are collaborating with venture capitalists. "What's missing is funding for the \$3 million to \$5 million second stage market," he adds.

Reese suggests entrepreneurs seeking capital should develop a small circle of people whom they want to invest in their companies. "This is a game of perseverance and finding the right partner."

Investors judge companies based on their high growth potential, solid business plans, and financial picture. The three things every investment seeking entrepreneur needs to be able to clearly and succinctly explain is 1) how much capital you need, 2) how you will spend the money wisely, and 3) what's next—what is your exit strategy. Also, don't try to avoid or hide any real issues or problems with your company, caution investors. Just be prepared to discuss how you plan to resolve them.

At Club Pitch Baltimore, roughly 30 companies presented their businesses to a panel of investors led by Daymond John, who provided candid feedback ranging from the delivery of their pitches to gaps in their financial projections. Among four African American entrepreneurs to pitch their companies was **Eric Hamilton**, CEO of **AdSmoke**, a New York-based video ad network, which allows Website owners to earn revenues by showing commercials in front of their embedded video content. Hamilton is raising \$500,000. Also pitching was **Andres Montgomery**, CEO of **Dreem Digital**, a software production company in Salem, Oregon that specializes in educational and gaming apps designed for the mobile world. Montgomery is seeking \$2.5 million in funding.

The event also featured education panels on raising capital and social media strategies along with keynote speaker **Steven Rosenbaum**, CEO of Magnify.net and author of the book *Curation Nation* (McGraw-Hill), who made the case that Web searches are broken, given the massive load of

data and information generated on a daily basis. He strongly believes that there will always be a place for human aggregation and curation. Before the saying was “Content Is King,” now it’s “Curation Is King.”

Capital raising entrepreneurs wishing to pitch their businesses can find out about upcoming gatherings of angels and venture capitalists at EarlyStageEast.org.