

Josh Pitch Review

Quick advice request before Saturday 10AM with Josh Parini

THE ASK

Colin, give me 5 minutes on this strategy.

Walking into Saturday 10AM with Josh. He's seen the Preview Brief but has NOT seen any specific offer yet. This is what I'm planning to put in front of him. Want your advisor read: is this the right opening position, what would you adjust, and where are the negotiation traps?

THE OPENING POSITION

\$150K equity at \$1.5M post-money + \$50K personal loan + structural rights

- **Valuation:** \$1.5M post-money (\$1.35M pre-money). Defensible based on working demo, Faena lock-in, Sol committed, team forming, founder credentials, 98% gross margin economics.
- **Equity:** \$150K = 10% of company post-Round 1.
- **Hybrid loan:** Separate \$50K personal note to Jeff at 6% interest, 24-month payback. Earmarked for debt clearance and Coconut Grove move. Gives Josh short-term return alongside equity.
- **Board seat:** Observer initially (3 voting board = Jeff, Sol, Colin), with growth path to voting when Gabby's investment triggers expansion to 5-member board.
- **Round 2 first-crack:** Pro-rata rights + right of first refusal on Round 2 (~12 months out at \$4M-\$6M post-money after Faena traction).
- **Advisor equity option:** 1-2% additional if Josh wants operational involvement.
- **Corporate events vehicle co-founder priority:** separate entity, longer-term work.

WHY PRESERVE ROUND 2 ROOM

The strategic argument vs. taking \$250K for 25%.

At \$250K for 25% (\$1M post-money), founders are diluted heavily in Round 1 with no room for Round 2 capital without serious additional dilution. At \$1.5M post-money, founders combined retain ~83%, leaving real room for \$300K-\$750K Round 2 at \$4M-\$6M post-money after Faena traction.

For Josh: Round 1 paper value typically marks up 2-4x by Round 2 close. AND he has first-crack to deepen his position at proven valuations via pro-rata + ROFR. Structurally a stronger position than 25% of a fully-diluted company with no follow-on path.

FALLBACK LADDER

If Josh negotiates.

POSITION	EQUITY	VALUATION	FOUNDERS KEEP
Opening	\$150K = 10%	\$1.5M post	~83%
Middle	\$200K = 13.3%	\$1.5M post	~80%
Stretch	\$250K = 15%	\$1.67M post	~85%
Fallback (only if must)	\$250K = 25%	\$1M post	~75%

Opening sets the anchor. Middle is the comfortable landing. Stretch addresses a Josh push for more ownership. Fallback only if Josh refuses to budge above 25% AND the relationship + capital combination is still strategically worth it.

RETURNS CASE

What Josh's \$150K could return.

SCENARIO	ACQUISITION VALUE	ANNUAL DISTRIBUTION	MULTIPLE
Year 3 Optimistic (100K subs)	\$9M-\$18M	\$1M-\$1.4M/yr	60-120x
Year 5 Optimistic (500K subs)	\$45M-\$90M	\$5M-\$6M/yr	300-600x
Conservative Year 3 (35K subs)	\$3M-\$6M	\$280K/yr	20-40x
Stall (5K subs)	\$350K-\$700K	\$28K/yr	2-4x
Failure	\$0	\$0	

SCENARIO	ACQUISITION VALUE	ANNUAL DISTRIBUTION	MULTIPLE
			Loss of \$150K (loan repaid separately)

The asymmetric upside is real. The loan portion (\$50K) is repaid over 24 months regardless of company outcome (Jeff personal liability).

QUESTIONS FOR YOU, COLIN

1. Is \$1.5M post-money the right opening anchor, or should I go higher (\$2M post-money) given the demo + Faena lock-in?
2. Is the hybrid loan structure clean enough to present, or does it muddle the equity conversation?
3. Should I lead with pro-rata + ROFR as a feature, or save it for after he asks?
4. What's your read on Josh's likely opening counter? If he opens with \$250K for 25%, hold or fold?
5. Anything I'm missing in the offer package that would close him faster?
6. Should I bring up the corporate events vehicle Saturday or wait until after Affirmology lands?

TIME SENSITIVE

Saturday 10AM in person. Custom audio demo being built tonight.

I can adjust the offer based on your input before Saturday. Want your gut on this strategy. Read this in 5 minutes, tell me what you'd change.