



# City Inclusive Entrepreneurship (CIE) Information Session

EDUCATE. CONNECT. GROW.

Presented by:

**Lalla V. Morris**, Assistant Director, *Office of Business Opportunity*  
**Jeffrey Dion**, *Wefunder*

March 7, 2022



Sylvester Turner  
Mayor

Marsha E. Murray  
Director

611 Walker, 7th Floor  
Houston, TX 77002  
[www.houstontx.gov/obo](http://www.houstontx.gov/obo)

T. 832.393.0600 F. 832.393.0646



# Agenda



## Today's Topics:

- ✓ Welcome Remarks
- ✓ OBO & CIE Program Overview
- ✓ Introduction to Wefunder
- ✓ What is Equity Investment Crowdfunding?
- ✓ How This Initiative Can Assist You
- ✓ Review Process for Interested Businesses
- ✓ Q&A





**The Office of Business Opportunity is committed to cultivating a competitive and diverse economic environment in the City of Houston by promoting the success of small businesses and developing Houston's workforce, with a special emphasis on historically underutilized businesses and disenfranchised individuals.**

## **Key Objectives:**

*Educate, Connect, & Grow Businesses*



# Welcome



## City Inclusive Entrepreneurship (CIE) Initiative

### An equity investment crowdfunding opportunity

As part of the City Inclusive Entrepreneurship (CIE) network, the City of Houston is committed to increasing economic opportunity for small businesses, including those owned by women and people of color.

To further this commitment, the Office of Business Opportunity is working in partnership with the National League of Cities and an investment crowdfunding platform, Wefunder, to help a minimum of five businesses raise \$50,000 or more to start or grow their company.



# City Inclusive Entrepreneurship Network (CIE) Program



The CIE Program, an initiative of the National League of Cities (NLC), helps cities adopt policies, programs and practices to give underrepresented entrepreneurs more opportunities for economic advancement. Now in its third year, this network has grown to include more than 175 cities, 200 local partners, and \$100 million in committed resources.

## Houston as Partner City

- Participating cities select an area of focus for their programs to support economic growth.
- Through OBO, the City of Houston will assist small businesses by raising capital through equity crowdfunding.
- Houston aims to select businesses to participate and engage with Wefunder by April 2022.



# Wefunder



## How Does Wefunder Work?

- Wefunder helps everyone invest as little as \$100 in the startups they love.
- Unlike Kickstarter, they are not buying a product or donating to an artist. Instead, they are *investing* in a business with the hope of earning a return on their investment.
- Investors decide which companies are worthy of funding.
- If the business does well, investors may make money. If it doesn't do well, they lose their money.
- Either way, investors join a likeminded community who seeks to help the startup succeed. They get neat perks from the companies, too.

**WEFUNDER**

Wefunder is the largest stock market for retail investors to invest in 'private' startups

Like Robinhood for pre-IPO startups, open to the general public



# What is Regulation CF?



## Wefunder is a **new kind** of stock market meant for **startups** and **small businesses**

- Starting in May of 2016, thanks to a new law called Regulation Crowdfunding, it became legal for everyone to invest small amounts of money in the startups they believed in.
- From 1933 to 2016, it was illegal to make an investment in a private company unless you were an “accredited investor.”
- Wefunder was started to address this issue. The founders weren’t rich, but they wanted to invest in their friends.
- The first thing they had to do was convince Congress to change the law. They managed to do that, and here we are today!

# Why Raise Funds From the “Crowd”?

- Make your most loyal customers into owners. They are often your most passionate evangelists.
- Investors have a financial interest in helping your business succeed. For instance, if you own a brewery and your customer is also your investor, she'll likely drink more beer there, and bring her friends more often.
- Need help recruiting an engineer? Looking for an intro to a key VP at a big company? Want feedback on your product from an industry insider? A crowd of investors can help increase your "luck surface area."





# By the Numbers



On Wefunder, everyone can invest **as little as \$100**  
in **startups they love**

**\$310M+**

investment (GMV)  
annual run rate

**\$20M**

revenue run rate

**4.2X**

year-over-year  
growth

**\$5B**

follow-on  
investment in  
portfolio

**42%**

market share in Reg  
CF, Q3.  
#1 market leader.

**THE WHY NOW**

New regulatory reforms rolled  
out March 15 2021



CITY OF HOUSTON  
OFFICE  
of  
BUSINESS OPPORTUNITY

# What Kind of Companies are on Wefunder?

## Nearly the entire American economy!

- Wefunder has funded tens of millions of dollars in startups such as:
  - *Moonshots* like flying cars, space telescopes, and fusion reactors
  - *Neighborhood businesses* like café's, restaurants, and breweries
  - *Software* like mobile apps and online education
  - *Biotechnology* like glowing plants and researching cancer cures
  - *Entertainment* like Hollywood studios and immersive theater
  - And much, more!
- The one commonality? **All of the companies that raise successfully on Wefunder have a loyal community of people who believe in them.**

# How Else Can Wefunder Help?



Besides money, Wefunder can assist your business by immersing you in a community of other founders. Wefunder alumni are members who get:

- Access to an online community of other founders and mentors.
- Ability to request office hours with mentors.
- Invites to virtual fire-side chats and dinners.
- Help with fundraising after Wefunder.
- Invites to [S'more Club](#) & [Wefunder Workaway](#).
- Review of Y Combinator applications.



# Is My Company a Good Fit?



**Companies that fit one of these categories often raise money successfully:**

- ✓ Do you have a strong community of friends, supporters, fans, or customers? Most companies bring in 2/3<sup>rds</sup> of their investors.
- ✓ Are you doing something really cool that no one has ever done before? Investors get excited about being part of something ambitious.
- ✓ Does your product directly improve people's lives? People like to invest in things that do good in the world.
- ✓ Do you have at least one investor investing on the same terms?
- ✓ Do you have some traction? Investors like proof you can execute.



**CITY OF HOUSTON**  
OFFICE  
of  
**BUSINESS OPPORTUNITY**

# Founder Success Stories



## Why We've Funded 1,695 Founders

### Customer Ownership Helps Growth



"If you have a strong customer following, the pros far outweigh the cons. It's aligned with our mission and brand, to give customers ownership and be part of our success. Most of our growth is word of mouth. We felt that ownership would super charge it."

**Mercury Bank raised \$5M on Wefunder**

### Fast Money & Mentorship



"The best thing about Wefunder was that we raised \$10M in less than a week. Also my relationship with my mentor Daniel Ha has been super helpful. He spent a lot of time with us and changed the future of our company forever."

**Immersed raised ~\$10M on Wefunder**

### Silcon Valley Terms



"I received a predatory term sheet and instead of taking the bad deal I turned to Wefunder where we ended up raising 3x more than that investor was offering, and on our own terms. I'm grateful that Wefunder helped me fund my startup from my customers."

**Caribu raised ~\$1.7M on Wefunder**



# Review Process for Interested Businesses

## Interested in equity crowdfunding through the CIE Initiative? Here are next steps:

- Reach out to OBO to indicate your interest. Send an e-mail with your name, business name, and contact information to [Pearl.Cajoles@houstontx.gov](mailto:Pearl.Cajoles@houstontx.gov) and copy [Lalla.Morris@houstontx.gov](mailto:Lalla.Morris@houstontx.gov).
- After your information is received, we will respond with an intake form.
- If your business is determined to be a good fit after the initial review, will we coordinate a meeting with OBO and Wefunder.





# Thank You & Questions

EDUCATE. CONNECT. GROW.

## Connect With Us:



@HoustonOBO



@HoustonOBO



@Houston\_OBO



@HoustontxOBO



Sylvester Turner  
Mayor

Marsha E. Murray  
Director

611 Walker, 7th Floor  
Houston, TX 77002  
[www.houstontx.gov/obo](http://www.houstontx.gov/obo)

T. 832.393.0600 F. 832.393.0646

