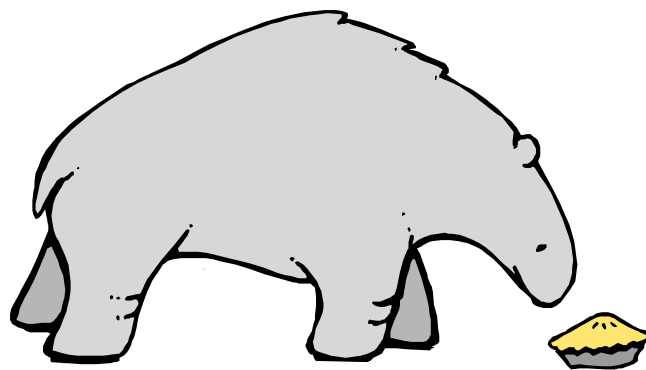


EUREKA!



Slicing Pie

@GruntFunds

**Let's start
a business!**



Why?



Hard work now

Fun Along the Way



Big payout later



Slicing Pie

Hard work now



?



**How much
do we get?**

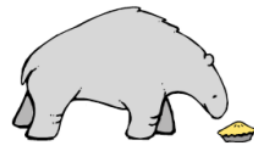


Perfectly Fair Equity Calculation:

$$\text{Your Share \%} = \frac{\text{The Value of Your Contribution}}{\text{The Total Value}}$$

Fixed Equity Split

67% split equity at the outset of the venture



* Wasserman/Hellman

Slicing Pie

“50/50”

“60/40”

“80/20”

“25/25/25/25”

90%+ of startups do equal splits



50/50



50/50



50/50

What if...



50/50



50/50 **You want to quit?**

You do all the work?

You bring in another guy?

50/50

Your partner wants to quit?

1,000,000 other things?



$$\text{Your Share \%} > \frac{\text{The Value of Your Contribution}}{\text{The Total Value}}$$

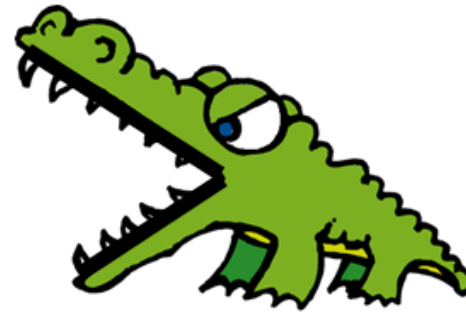
$$\text{Your Share \%} < \frac{\text{The Value of Your Contribution}}{\text{The Total Value}}$$

Alligator Pit



Less Than Gator

VS



Greater Than Gator

Not Fair

=

Not Fun



What We Need

- Perfectly fair
- Rewards participants for contributions
- Provides ongoing motivation to continue contributing
- Accommodates additions or subtractions to the team
- Flexible in the face of rapid change
- Gets rid of the gators!

Dynamic Equity Split

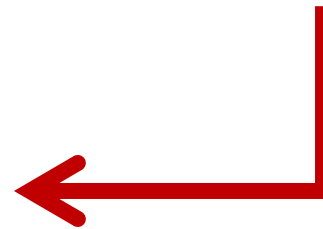


Hard work now



What you deserve later

**Share in proportion to
what you contributed**



You Contribute 50% = You Get 50%

You Contribute 10% = You Get 10%

You Contribute 23.2% = You Get 23.2%

No more and no less

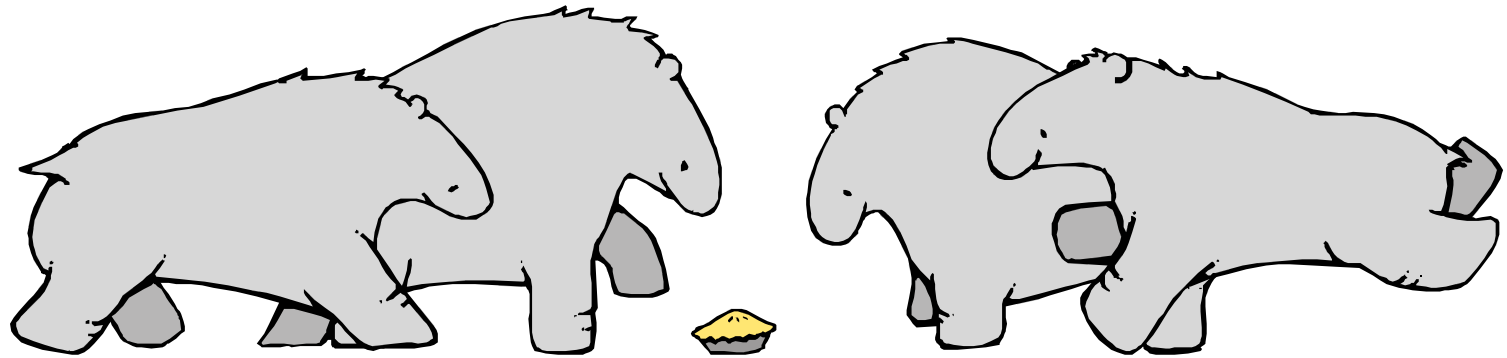


Fair

=

Fun





The Grunt Fund

How it works

1. Assign a *theoretical* value to the various inputs provided by each participant

2. Your Share % =
$$\frac{\text{The } \textit{Theoretical} \text{ Value of Your Contribution}}{\text{The Total } \textit{Theoretical} \text{ Value}}$$

3. Allow it to self adjust over time (dynamic)

Assign Theoretical Values





Time

Negotiated Base Salary

-

Cash Compensation

X

Two

÷

2,000

=

Grunt Hourly Resource Rate (GHRR!)



Time

\$100,000

-

\$25,000 (\$75,000 at risk)

X

Two (\$150,000)

÷

2,000

=

Grunt Hourly Resource Rate (GHRR!)

\$75/hr



Small Money

Dollar Amount

X

Four

Everything Has a Theoretical Value



- Unpaid Commission x 2



- Equal to Unpaid Royalty or Development Hours + Costs



- Nothing or Unreimbursed Expense (4x)



Everything Has a Theoretical Value



- Cash if purchased for the company
- Cost if owned less than a year
- Resale value if over a year



Cheat Sheet



Slicing Pie

Grunt Fund Relative Value Cheat Sheet

Summary Calculations

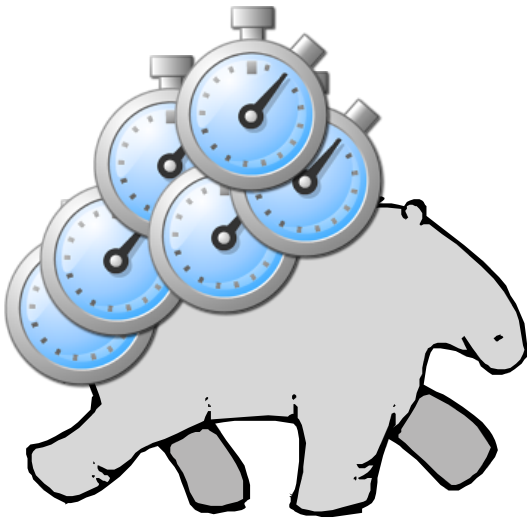
The following table summarizes the theoretical value of the various ingredients for use in a Grunt Fund. Detailed explanations and justifications can be found in the book Slicing Pie.

Ingredient	Calculation
Time- Grunt	Grunt Hourly Resource Rate (GHRR) = Negotiated Base Annual Salary $\times 2 \div 2000$
Time- Grunt who also gets cash compensation	GHRR = (Negotiated Base Annual Salary - Current Comp) $\times 2 \div 2000$
Time- Consultant	Hourly Rate $\times 2$ (reserve the right to buy back)
Money- Cash	Amount of Money $\times 4$ (2x if crowd-funded)
Money- Personal Credit, Paid Off by Company	Nada
Money- Personal Credit, Paid Off by Grunt	Amount of Money paid towards bill (including interest) $\times 4$
Money- Loan to the Company	No pie, just principle and interest from the company. Treat as cash if not repaid by company.
Money- Unreimbursed expenses	Amount of expenses $\times 4$
Supplies and Equipment- Business Facilitating	Nothing



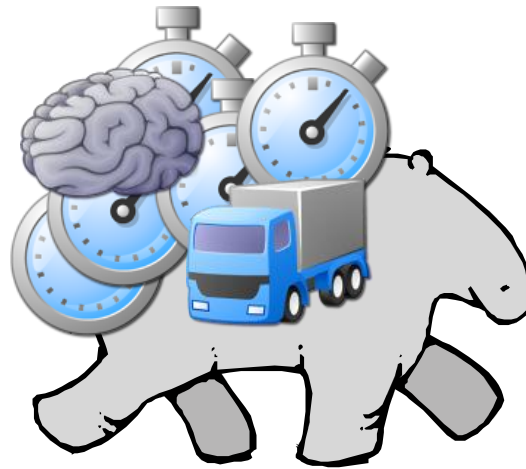
Grunts Contribute Different Things

Grunt 1



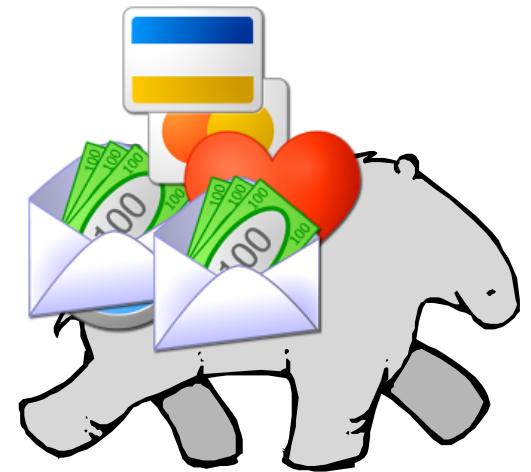
Jr. Developer

Grunt 2



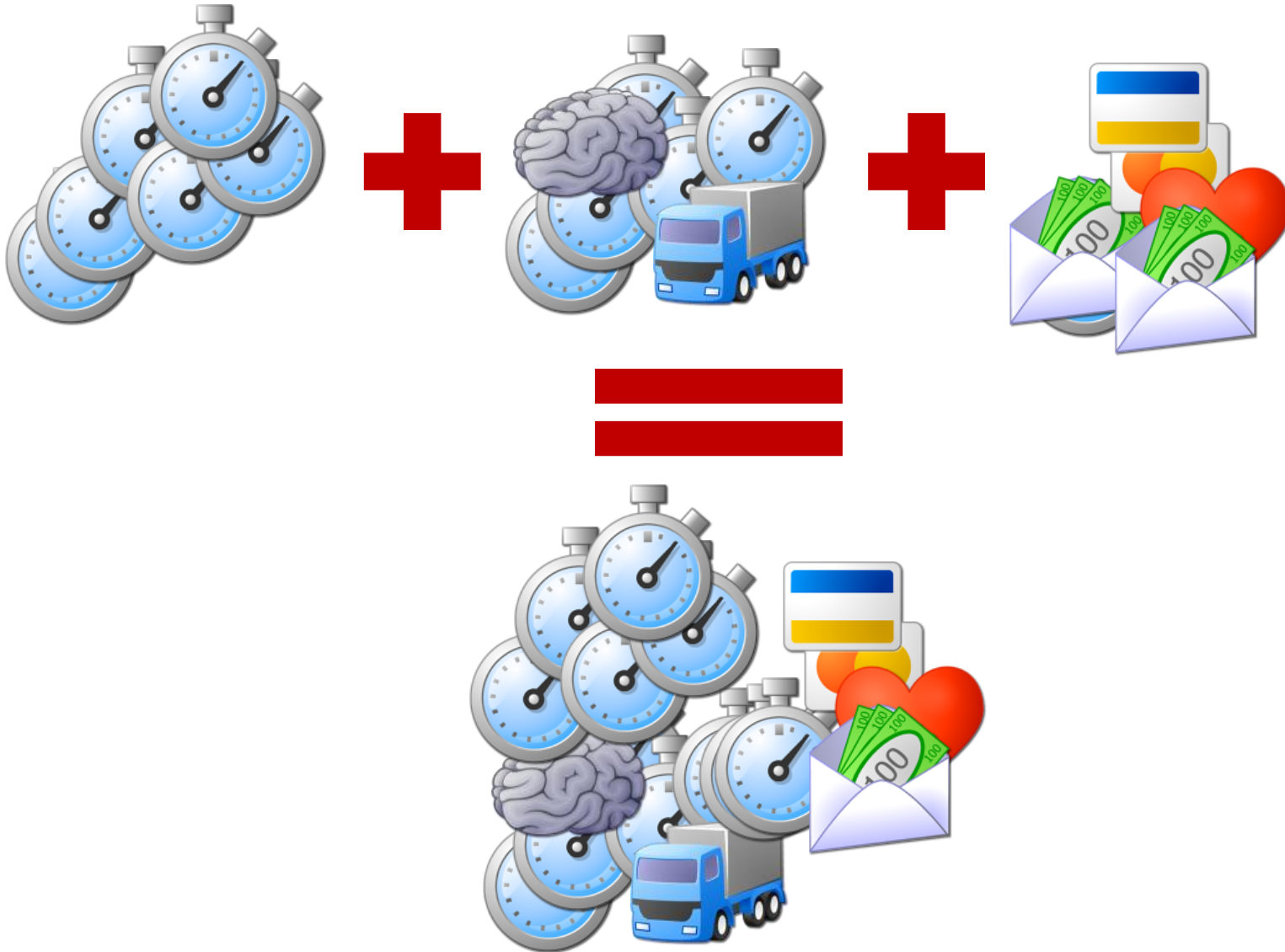
Founder

Grunt 3

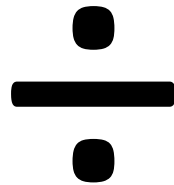


Rich Uncle

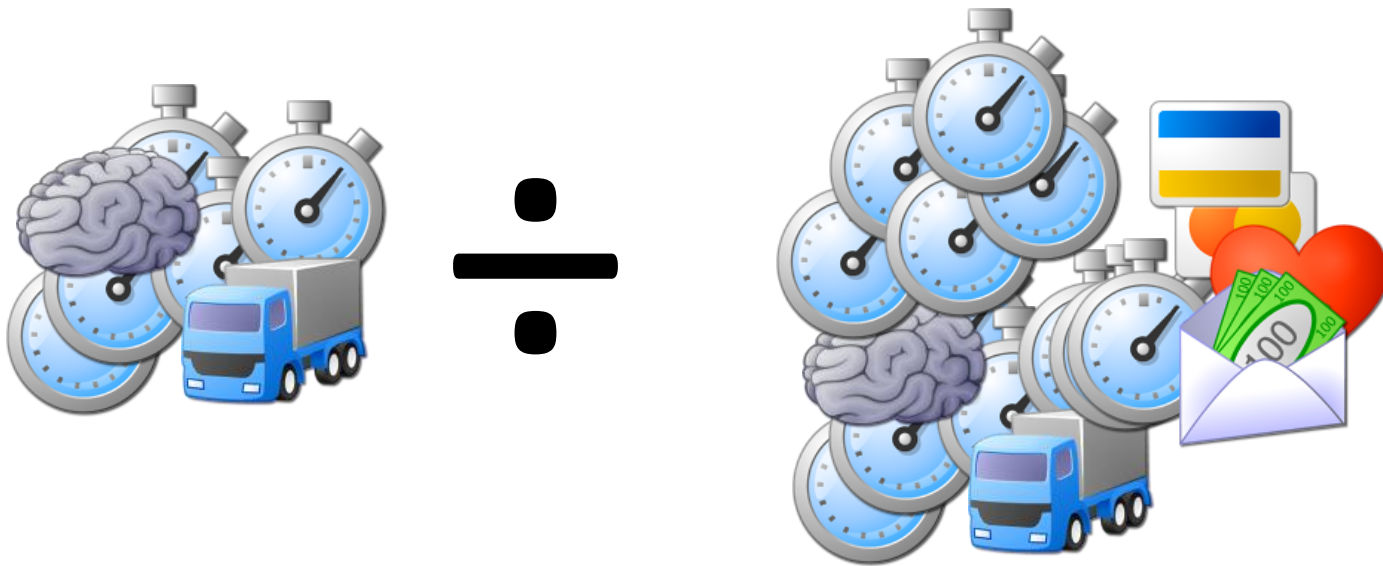
Theoretical Base Value (TBV)



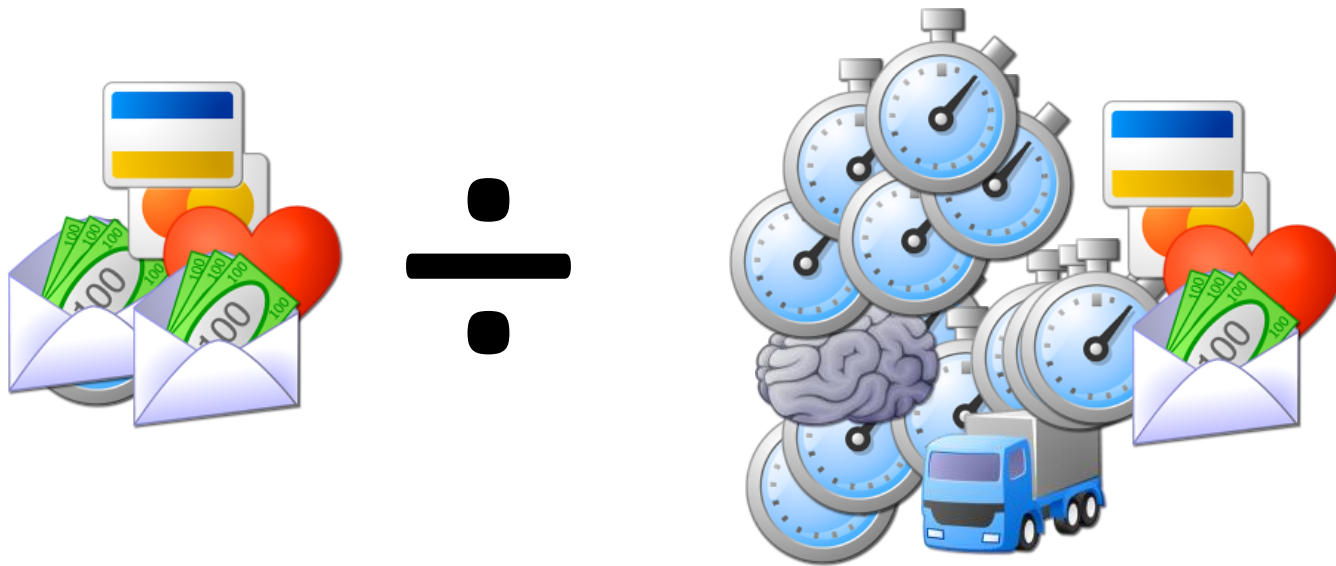
Grunt 1's Share

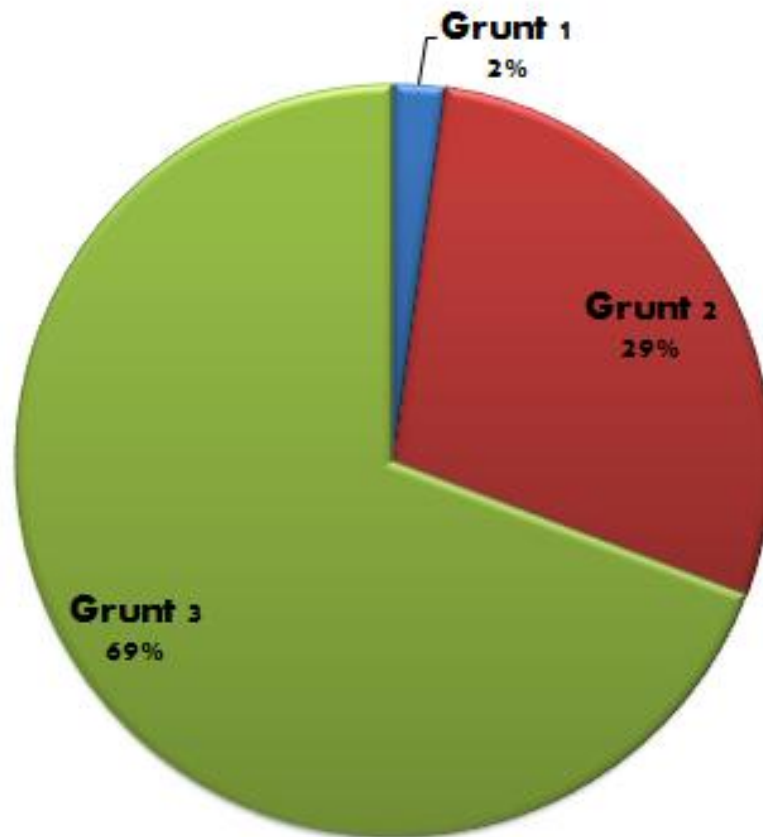


Grunt 2's Share

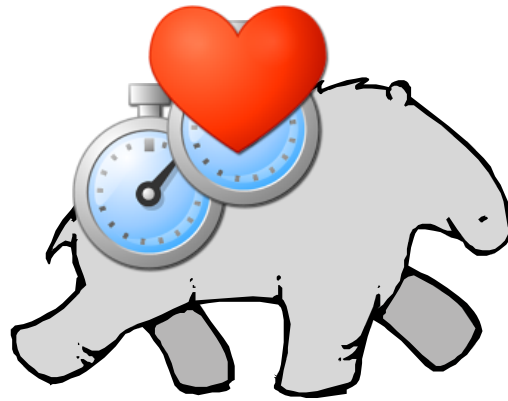


Grunt 3's Share

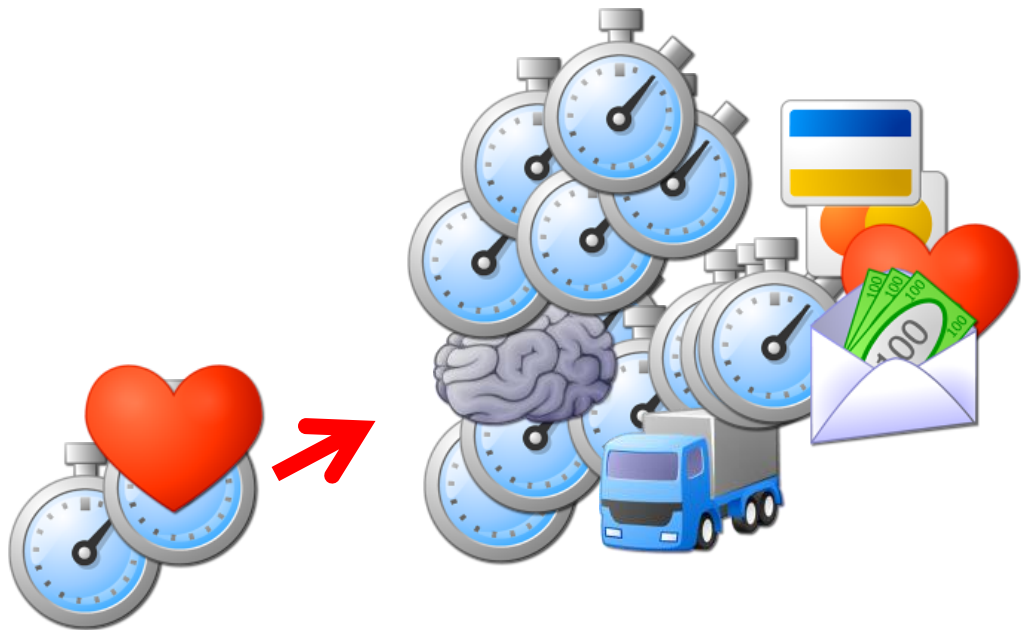


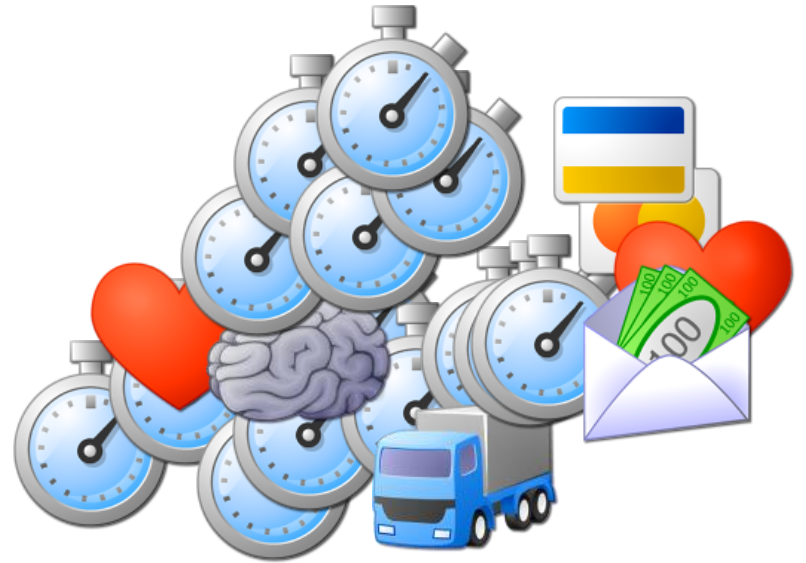


Grunt 4

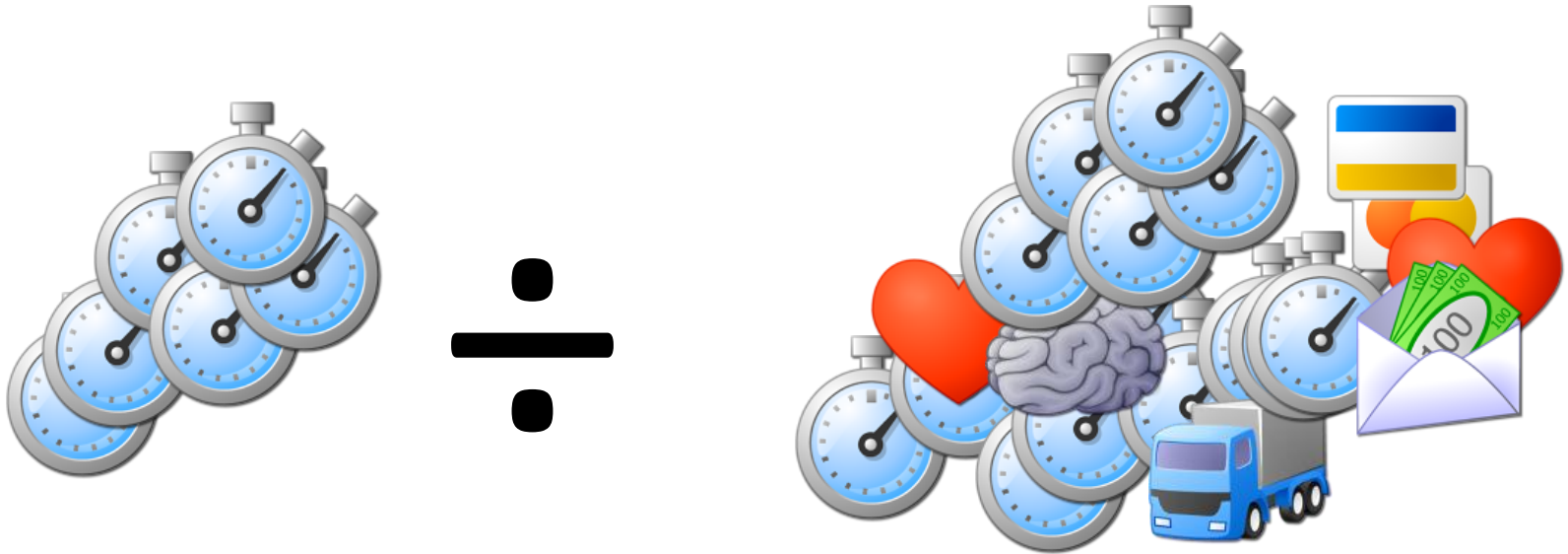


Sales Guy



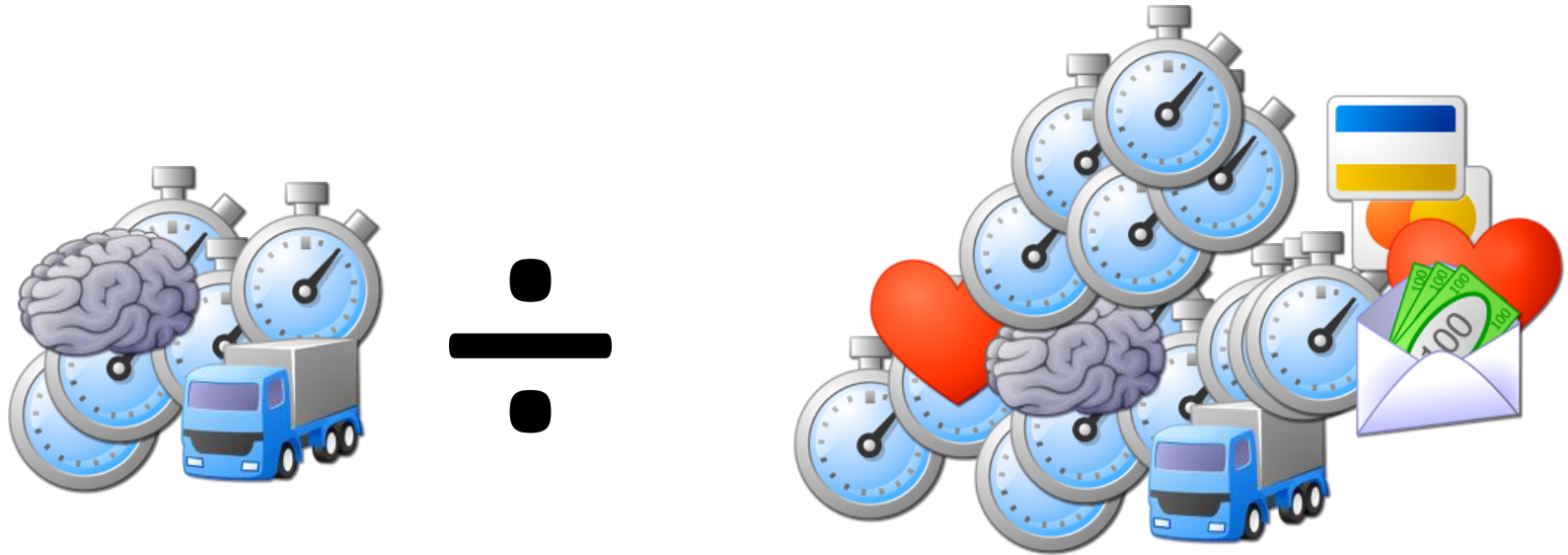


Grunt 1's Share*



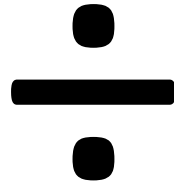
*If the Grunt Does Nothing Else

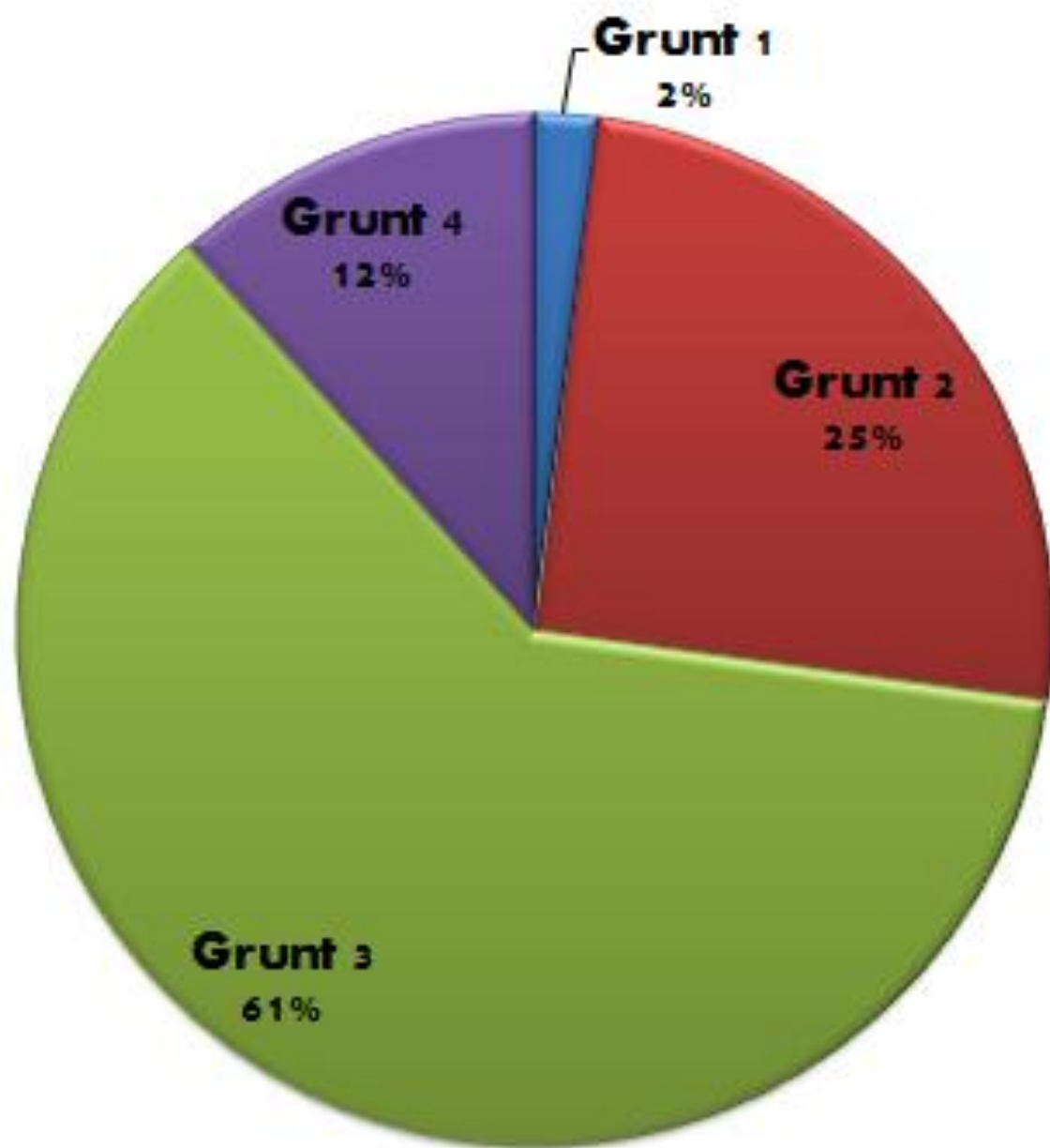
Grunt 2's Share*



*If the Grunt Does Nothing Else

Grunt 4's Share





Removing a Grunt

Good Reason

No Good Reason

Fired

A

B

Resigned

C

D

Removing a Grunt

- No pie for time
- Adjust other inputs to dollar amount (no multiplier)
- Buy back if possible
- Non-compete

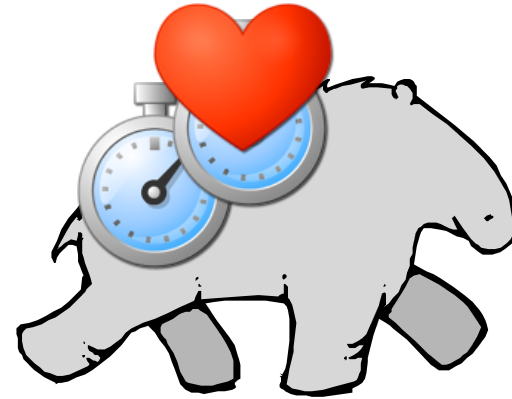
	Good Reason	No Good Reason
Fired	A	B
Resigned	C	D

Removing a Grunt

- Keeps pie
- Buyback at theoretical value
- No non-compete

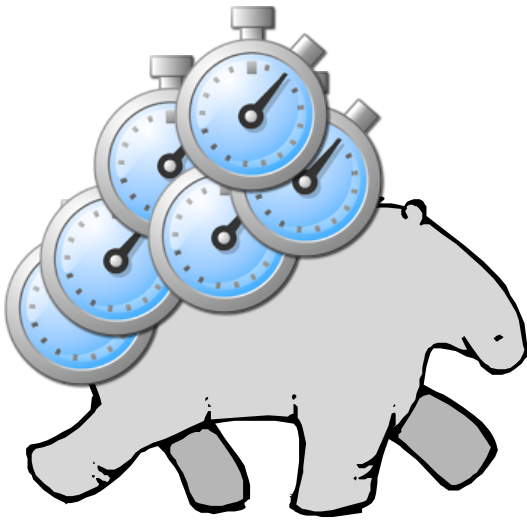
	Good Reason	No Good Reason
Fired	A	B
Resigned	C	D

Removing a Grunt

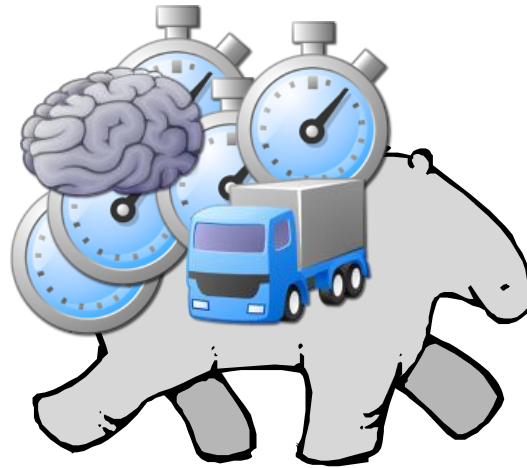


Grunt 4

Grunt 1



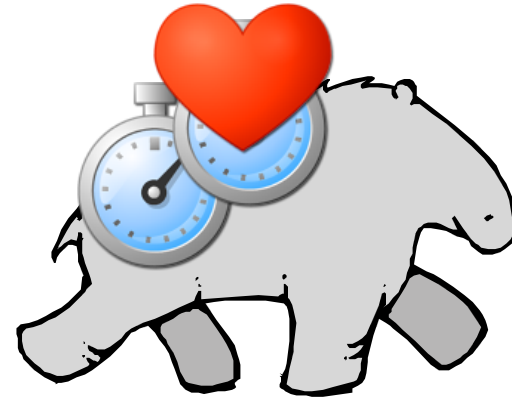
Grunt 2



Grunt 3



Removing a Grunt

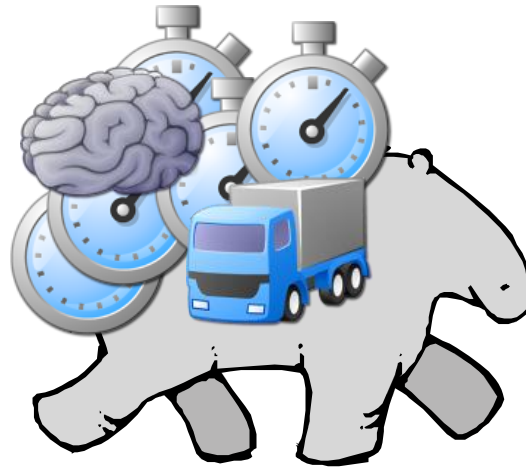


Grunt 4

Grunt 1



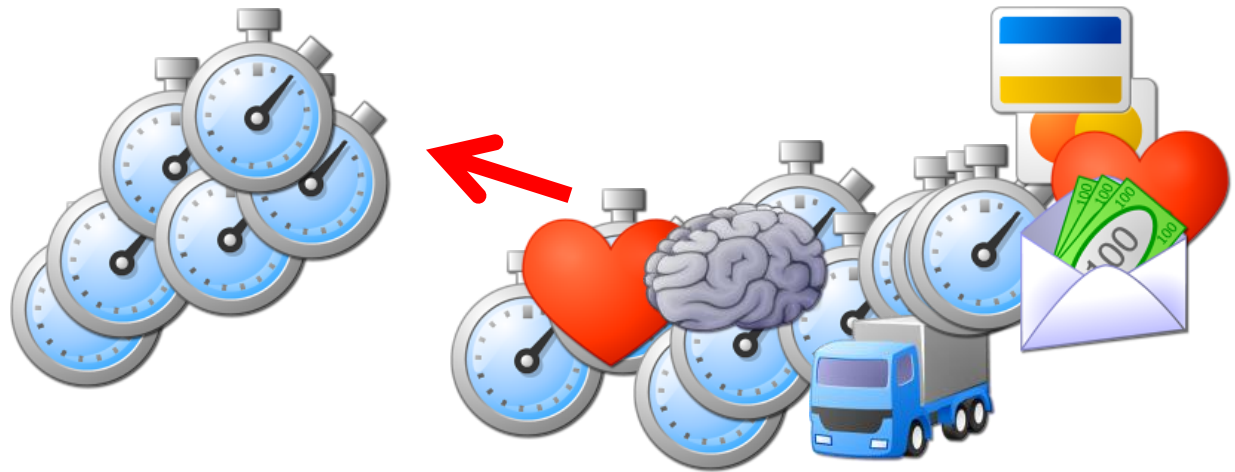
Grunt 2



Grunt 3



Removing Contributions



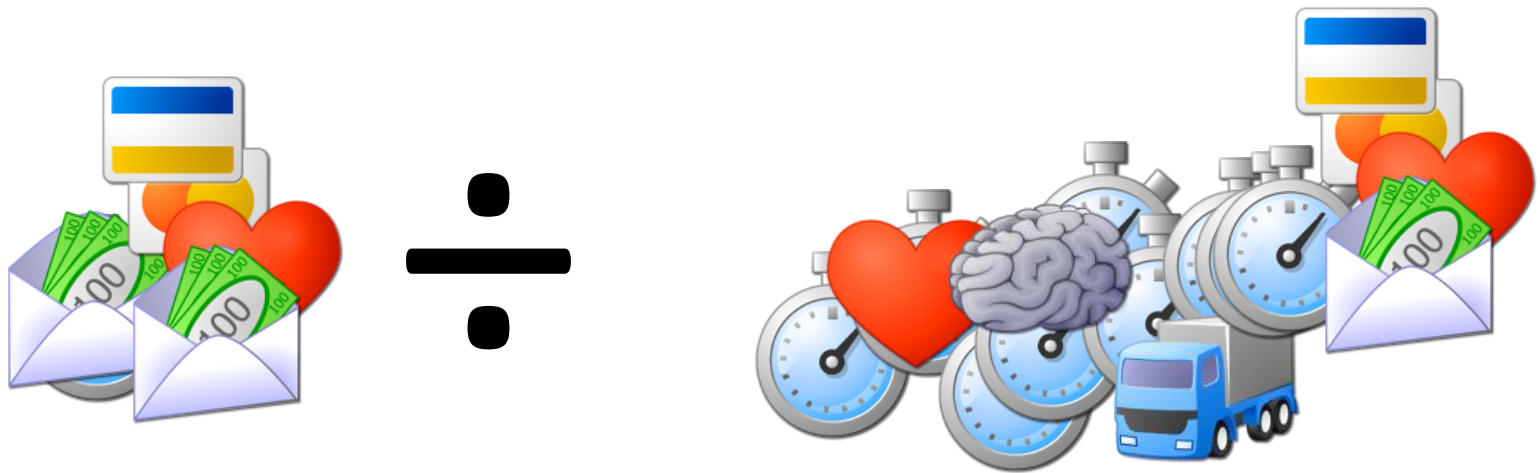
Grunt 2's Share



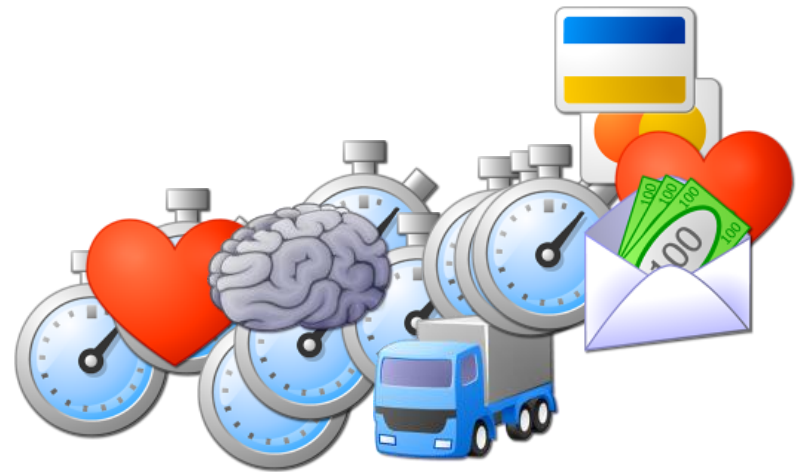
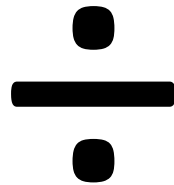
÷

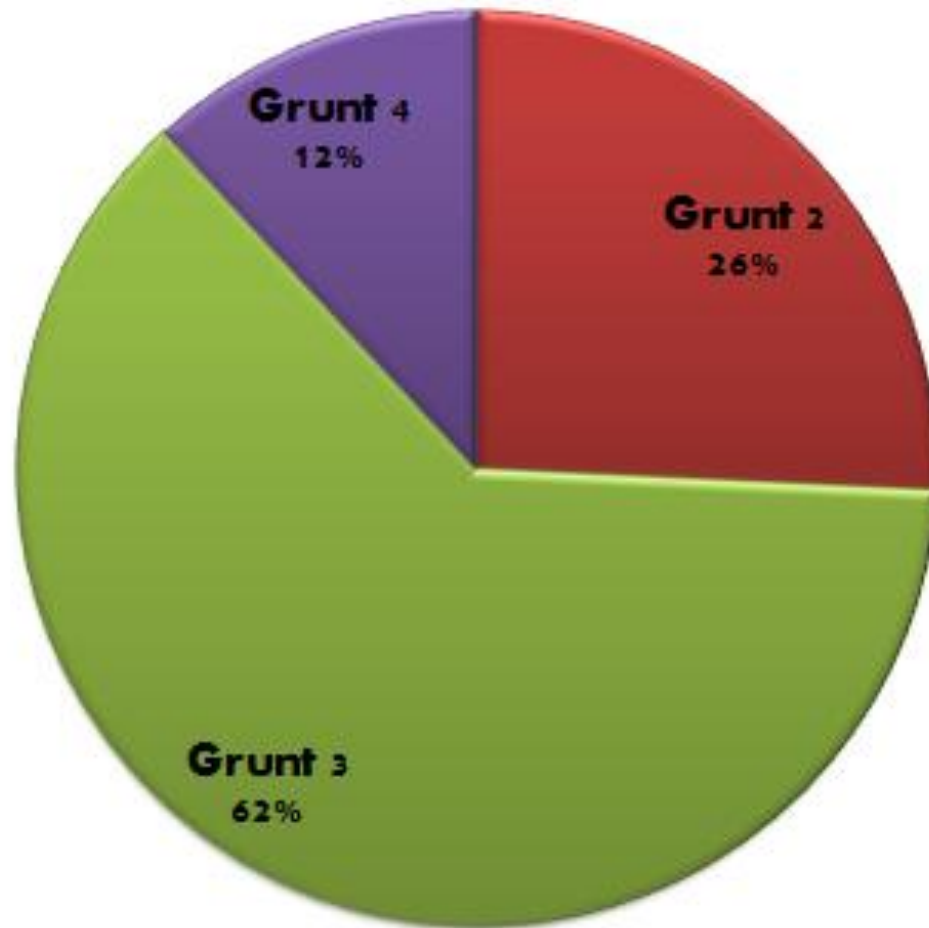


Grunt 3's Share



Grunt 4's Share





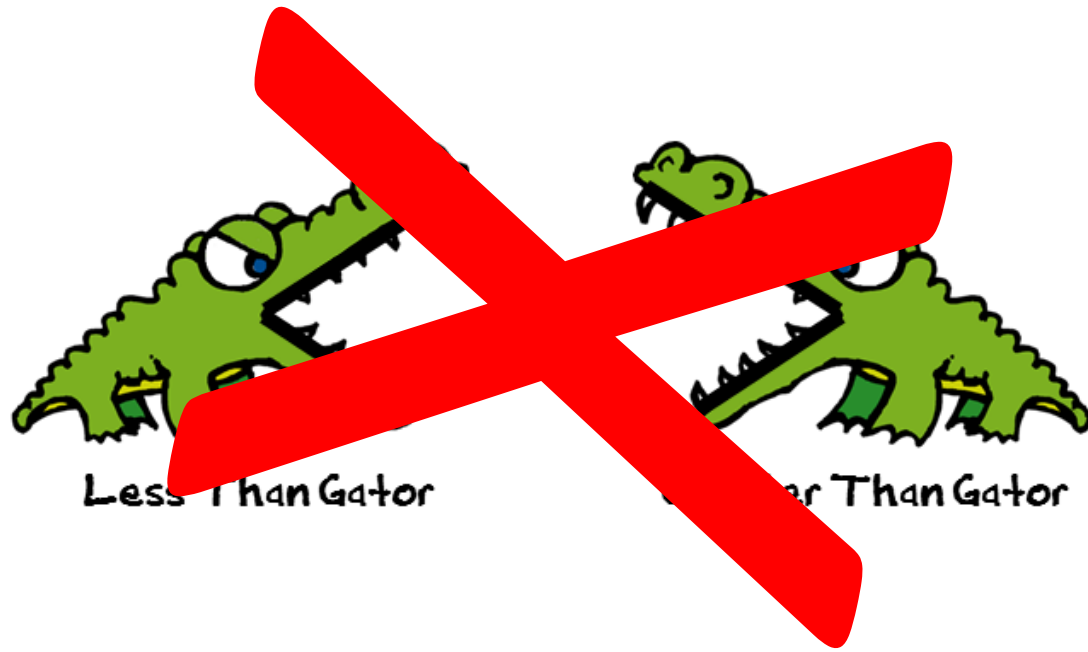
What We Get

- Perfectly fair
- Rewards participants for contributions
- Provides ongoing motivation to continue contributing
- Accommodates additions or subtractions to the team
- Flexible in the face of rapid change
- Gets rid of the gators!

Outgrowing a Grunt Fund

- Real revenues
- Positive cash flow
- Significant Series A investment

- Just pay people!



- Almost done.....

Resources

- mike@slicingpie.com
- SlicingPie.com
- [Slicing Pie](#)
- [Get Them Gators](#)
- [The Pie Slicer Handbook \(coming soon\)](#)
- [Online Pie Slicer \(coming soon\)](#)


Moondog

Pie Slices	Well Value
128,450 <small>Slices</small>	8,975 <small>USD</small>

- Add Team Member
- Add Funds to Well
- Draw Funds from Well

Team


Fund Summary



Mike
Slices: 51,550
Well: 47.30%
Well Balance: 4245USD
Pie: 40.13%

Add Contribution ▾

Remove Team Member




Add Contribution

- Time
- Expenses
- Supplies
- Equipment
- Sales
- Royalty
- Facilities
- Other

Add Contribution ▾

Remove Team Member



Merrily
Slices: 15,000
Well: 0%
Well Balance: 0USD
Pie: 11.68%

Add Contribution ▾

Remove Team Member

