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The Harrowing Journey of Finding Investors

Linda Hall (University of Minnesota)

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Entrepreneurs are generally far more interested in creating a product or service and getting it to market than the tedious and often humbling process of obtaining funding. Yet, finding the right investors and determining how much to raise at what valuation will have a profound impact on whether the business thrives or fails in the long term.

In obtaining Series A financing for MinuteClinic, I had more than 100 meetings with potential investors over a 6-month time frame in multiple geographies. It took 90 "no's" (and turning down two "name" firms) before we finally won over a syndicate of eight superb investors, which included several venture funds and family offices.

Here are some reflections on "lessons learned" from that initial experience, as well as subsequent efforts to raise venture and angel money.

Be realistic about the timetable

Anticipate the process taking at least 6 months. Even if you find enough investors earlier in the process, it still takes time for a "lead investor" to emerge and corrall the syndicate. Getting agreement on all the terms and memorializing the documents in "legalese" is also an iterative process that takes longer than you think.

Raise enough money

It's tempting to underestimate how much money to raise to minimize dilution, hoping that in the next 6-12 months the business valuation with be higher. But it's prudent to raise enough money to allow at least 6-12 months of runway to execute and build value before having to launch the next 6-month process of fund raising. So you will need enough for a 12- to 18-month runway.

Be prepared

Do your homework about the individuals/funds before requesting the meeting, to avoid wasting their time or your own. Find out which stage company they prefer, which industry sector is their primary interest, the typical size of initial and follow-on investments, and their holding time track record.

A warning: it is critical to do due diligence on the reputation of the firm and of the individual with whom you'll be interacting if they invest. Don't accept money from just anybody, even if you are operating on a shoestring, because anyone who invests becomes one of your bosses. Their firm's reputation will impact your own and also will affect which other investors are willing to invest along side.

So, be diligent. Once an investor says "yes" and the terms are acceptable, it is nearly impossible to turn down the offer without permanently damaging the relationship.

Nailing the presentation

Plenty of articles describe the best way to present a business plan and I won't attempt to replicate them here. I recommend having both a 1-page narrative executive summary and a power point deck. Be sure both the deck and narrative are visually appealing; graphics and cosmetics matter and this is not a place to save money on color ink. Avoid acronyms and too much technical detail. If a prospective investor feels lost in the details and acronyms, he or she will feel stupid and the answer will be "no." Here is what else I learned:

- **Be laser clear about which pain point or unmet need the product/service addresses.** Balance your passion for the product/service with the logistics of getting it to market profitably. The "Field of Dreams" was just a movie. Distribution matters and too often gets insufficient attention.
- **Present the idea yourself.** No one will be as

enthusiastic as you, so don't delegate this. Be sure to follow up with an expression of genuine appreciation for the time and interest from all with whom you meet - even the most dismissive naysayers.

- **Answer questions thoroughly and respectfully.** When asked, paraphrase the question to be sure you've understood it and to convey to the prospective investor that you have heard and are interested in the concern. Once you believe you've addressed the question, explicitly ask if the person agrees that you've answered the question in its entirety or if there's more you need to address. If the person indicates you've not understood, apologize and try again.
- **Handle objections with grace.** Every objection includes a useful insight. Probe, paraphrase and ensure you understand the criticism. There's no value in responding to the wrong objection. Avoid exhibiting irritation or disdaining the person who "doesn't get it." Revise your deck continuously as you learn to present your case more succinctly and persuasively, incorporating anticipated objections and responses to minimize and overcome them.
- **Don't be discouraged by rejection.** Lessons can be learned from each "no". Every pitch offers the opportunity to improve the presentation, and perhaps even the business model, for the next group of investors.

Raising money is a true test of your stamina, resilience and optimism. Remember that potential investors are usually investing someone else's money and are gambling on start-ups with highly uncertain outcomes. Their skepticism is reasonable and not an indication of stupidity. There is no value in burning bridges. Today's "no" could become a "yes" in the next round. Additionally, the investment community is relatively small, and word travels fast.

Take care of yourself

A few final words… Be prepared for a long distance run, not a sprint. Self-care is rarely discussed, but extremely important. Sleep, exercise, meditation, laughter – all will enhance your probabilities of success. Exhaustion does not make a favorable impression and justifiably raises doubt about your ability to lead through the inevitable future challenges. Maintaining emotional and physical health will enable you to be at your best with potential investors and your team. The team will depend your optimism and confidence as they focus on operations while you are dedicated to raising money.

Finding investors. Raising money. Yes, it is a harrowing – but exhilarating -- journey. It is the stuff of character building, fascinating work and great opportunity.

Read More:

Advice, Best Practices and Inspiration for Women Entrepreneurs(https://eiexchange.com/women)

Additional search terms: women, female founders, women business owners, opportunity, angel funding, venture capital, negotiation, finding investors, getting money for my business

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