

Raising equity capital

(a flowchart for first time fundraisers)

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Is my business financeable?

- Is my target market >\$10m annually?
- Do I have compelling traction?
Do I am I a serial founder w/ previous success?
- Do I have at least 2-3 founding team members with relevant experience?

No

Do not raise money.

Is my business ready?

- Can I clearly articulate a plausible financial story, including an exit of >\$100m?
- Am I targeting a concrete milestone, the completion of which will multiply my company value 10x in 2-3 years?

Do I need to?

Do I need the infusion of working capital to stay afloat?

- No, I'll get passed by the competition.
- No, I'll miss my market window.
- No, any other reason.

Do I have a viable long-term vision?

Do I want to?

- Am I willing to collaborate with and report to multiple boards?
- Am I willing to roll up my sleeves for the potential of a spectacular exit?
- Am I willing to lose my own replacement if it helps the company grow?

Talk to investors.
(Factor in raising money on their Terms/requirements)

Is this investor a potential fit?

- Can I see myself happily working with this investor for the next 10 years?
- Will the investor add value? If not, will he or she offer to my judgement?
- Did other founders before him funded you positively glowing recommendations?
- Did the founder ask (unprompted) to spend time reviewing my materials?

Share your detailed materials.

1. The job of your materials is to paint the your business in the best possible light. Think of them as marketing materials (yes, even your financials).
2. Don't send your materials in bulk. Ask specifically what they want to see, and share only what they ask for and materials that help your case.
3. You shouldn't be valuing the seriousness of your business, but don't hide them either. Simply explain your plan to address them.

It's on the right track if...

- The investor has asked me to meet with further partners.
- The investor has visited my office and met my leadership team.
- The investor has dug deep into the product roadmap.

Did the investor provide a term sheet?

Am I sure?

Do I want to embrace this person?

Hire a lawyer, baby! Let's get this done!

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