

# Raising equity capital

(a flowchart for first time fundraisers)

Is my business financeable?

- Is my target market >\$1bn annually?
- Do I have compelling traction? Or, 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.

Yes

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 2-5 years?

Do I need to?

Can I accomplish the milestone or something similar without raising money?

No, I'll get passed by the competition.

No, I'll miss my market window.

No, any other reason.

Am I in a winner-take-all/most market?

Do I want to?

- Am I willing to collaborate with and report to multiple bosses?
- Am I willing to risk any number of great outcomes for the potential of a spectacular one?
- Am I willing to hire my own replacement if it helps the company grow?

Talk to investors.  
*(You're not raising money yet. You're "having conversations")*

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 defer to my judgement?
- Did other founders he/she has funded give positively glowing recommendations?
- Did the investor 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 don't need to volunteer the weaknesses of your business, but don't hide them either. Simply explain your plans to address them.

It's on the right track if...

- The investor has asked me to meet with his/her partner.
- 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 work-marry this person?

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