

THE IGNITION PLAN

Fire Up your Startup!



Greetings!

Hope all is well. This month's topic centers on perhaps the most common type of question I receive from entrepreneurs: **How do I raise money for my business?** This topic is so popular and important that we are going to spend the next 2 months covering insights that will help you to build a fundraising strategy. It doesn't matter if you plan to raise money from friends/family, outside investors, strategic partners, grants or via cash flow. Every business needs fuel (cash!) to achieve success. The concepts we will review are applicable to any circumstance.

Let's get started with this month's topic and, as always, please feel free to reach out for more information or if you'd like to chat.

Craig

LESSONS LEARNED:

See Your Company Through The Eyes Of An Investor

In previous issues we have discussed a wide range of topics that all focus on building a successful business based on your definition of success and managing the opportunities and challenges that arise for entrepreneurs. If you recall, we talked about **how to define success (your plan for world domination)** as well as **viewing your company through the eyes of your customer (what matters to you, does not matter)**. When thinking about building a fundraising strategy, these themes of defining your goals and viewing the opportunity from the other side of the table apply as well.

Developing a plan to raise money can be a very complicated and time consuming process. There are many issues to consider such as: how much do you need, how will you use the money to most benefit the business, what types of investors are appropriate, and many, many others. **You need to do your homework to make sure your message is clear and that the investment opportunity is compelling.** After all, that's why investors invest: to make huge profits on their money.

As you build your story and begin to talk to potential investors and partners, there's a simple equation to keep in mind that will help you to focus on what is important to the audience. Investors are a complex bunch with different goals and priorities but there is one equation they all have in common. Just about every investor evaluates opportunities with a focus on risk/reward. In other words, **deals are considered in terms of how much perceived risk exists with the company relative to the potential return on investment.** All investors seek to minimize risk and maximize return so your job is to present your company in a manner that supports the argument that you have taken steps to minimize the downside (or risk) while positioning the company for the most favorable outcome possible (the return).

Next month we will talk about the specifics related to communicating a compelling risk/reward story to investors but, in the meantime, think about **what is great about your company** and how the benefits of working with you far outweigh the potential challenges



Let's face it, no one has all the answers (even if we must act like we do) so this is your opportunity to, "ask Craig anything". Submit a question and I will select one to answer and discuss in the next Ignition Plan issue. I am here to answer whatever burning question is on your mind, ranging from fundraising, founder issues, sales strategies, etc.

Submit your question here



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