



# HOW TO RAISE **Venture Capital** **Like a Pro**

THE COMPLETE GUIDE

# Introduction

Raising capital is sales, and just like sales, you'll need a brilliant sales process to get results. In most cases, this entails a workflow and tools that allow you to find, engage, and track leads, or in this case, investors.

We've helped countless companies raise capital, and this guide shares the process and tactics that we've found to be the most effective. The guide includes everything from the fundraising process to the software and setup you should use to manage it all.

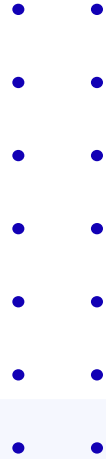


## Bookmark This Guide

Be sure you bookmark this guide because fundraising takes time and you'll want to reference it throughout the fundraising process.

# What to Know Before Getting Started

When you're first raising venture capital, you need to make sure you're approaching the right investors. Different investors invest at different stages, so here is a quick overview of the right investors to search for based on your stage:



## Pre-Seed

Very early stages companies with a prototype but no users or traction. ]Pre-seed rounds will range from **\$50K to \$2mm.**

### **Ideal Investor Profile**

Accelerators, Angel Groups, & Micro VCs

## Seed:

Early-stage startups with some revenue or users but nothing significant. Seed rounds range from \$500K-\$3mm, but they have reached as high as \$10mm in 2021.

### Ideal Investor Profile

Angel Groups, Micro VCs, & some Venture Capitalists



## Series A:

The number you'll hear from VCs is that they only invest in a Series A after a company has reached \$1mm+ ARR. This is a common industry practice, although there are still many examples of companies below \$1mm in annual revenue who raised their series A successfully. Series A rounds generally range from \$5mm-\$30mm.

### Ideal Investor Profile

Venture Capital & Private Equity

# How to Convince Investors



Before you get started, you **HAVE** to understand how fundraising really works. It's no longer just about an amazing pitch or traction, although those obviously help. One of the most powerful tools at your disposal is the ability to create urgency; investors will rarely invest in a project if they don't feel like they're missing out on a great opportunity.

## HOW DO YOU CREATE URGENCY?

Creating a competitive market for your round of fundraising is your answer. To put it simply, you need to instill a fear of missing out (FOMO) with every investor. The goal is to convince every investor you meet that they'll miss out if they don't hop on the "gravy train" soon.

To do this, you need to ensure every investor feels like they will miss the opportunity to invest if they don't pull the trigger and sign the term sheet today. When achieved, you'll begin to experience a bidding war where every subsequent term sheet emailed your way will include a higher valuation and more generous terms.

## SPECIFIC TACTICS THAT CREATE FOMO

To ensure you create FOMO, you'll want to meet with all of the investors in as narrow a timeframe as possible. This will allow those investors to compete with each other creating competition between investors.

We recommend blocking off 2-3 weeks of your calendar 6-10 weeks out with the goal of booking a minimum of 15+ investor meetings within this timeframe.

You won't have any term sheets to start, so you'll need to find another way to create FOMO.

A great alternative to a term sheet is to mention that you've lined up meetings with other prominent investors. Most investors see meetings as interest, making it the next best thing.

This might sound something like "We have 10 other meetings this week." or "We're meeting with **[INSERT NOTABLE INVESTOR]** tomorrow morning."

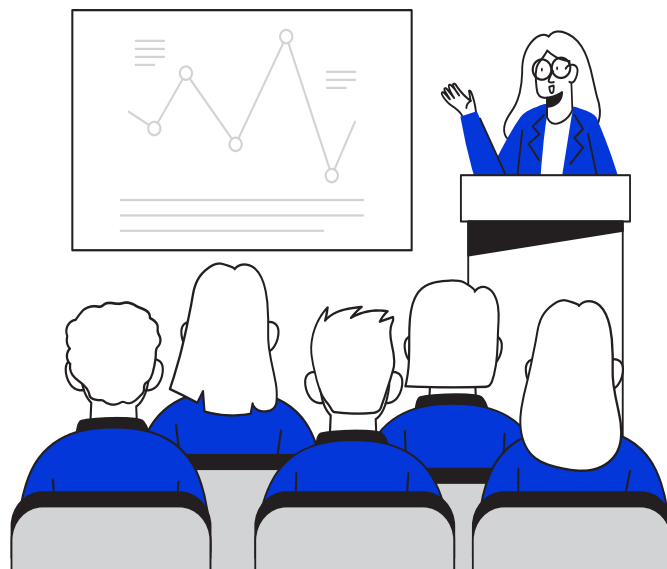
By now, you should know the kind of investor you will be approaching and the strategy you will be using when you approach them. Next, let's dive into the specific steps you'll take when you begin the fundraising process.



**STEP ONE**

# Fundraising Preparation

Before you start fundraising, you need to prepare your materials for when investors request more information. Below, we have outlined the specific documents investors will request.



## Pitch Deck

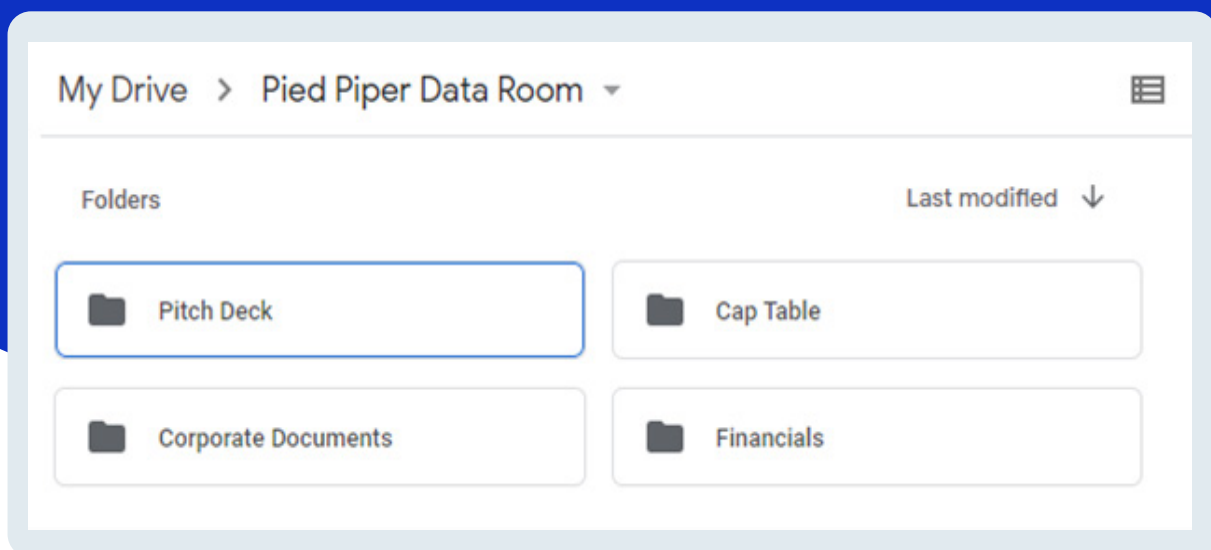
When fundraising, skip the business plan and get a Pitch Deck put together. If you don't already have a pitch deck, we recommend checking out our article to [learn how to build a pitch deck](#).

Note: If your pitch deck design sucks, hire someone on Fiverr to redesign it. It will cost \$30 and will look like a professional designer spent weeks on it. We recommend you use [Usamaahsan](#), he's extremely talented and we recommend him to all of our customers.

## Data Room

When an investor is interested, they'll begin requesting documents and many will simply ask for a "data room". Investors generally like to review financials, cap tables, articles of incorporation, and more.

The easiest way to set this up is by using a Google Drive or Dropbox folder, or one of **DocSend's specialized products**. We recommend creating one folder and uploading all of your relevant documents to the folder. This way, whenever an investor asks to see your data room, all you have to do is share a link. Beyond the simplicity of a single link, providing a data room will also show investors that you've done your research and you're serious about moving forward





## Terms & Fundraising Documents

It's very common for early-stage investors to provide the terms of your raise, and all investors will negotiate their terms. It's generally best for a founder to meet investors with a specific goal of what you're looking for. This should be reasonable and fair to both parties, but some investors may disagree with you, so be prepared to defend your valuation.

If you'd like to learn more about fundraising preparation, we wrote an entire article on it [here](#).



**STEP TWO**

# Setting Up Your CRM to Track Investors



When selecting a fundraising CRM, you must choose a CRM that you can master with ease. It also helps if the platform is purpose-built with fundraising in mind. In almost every case, this is going to be LeadLoft.

LeadLoft is ideal for fundraising because it's an all-in-one solution that includes an investor database, outreach playbooks (email automation), and a simple CRM to track all of your investors and conversations.

LeadLoft launches with most of the setup out of the way, so creating your outreach Playbooks is all that's required to start.

**WE RECOMMEND CREATING 2 PLAYBOOKS TO START:**

## **PLAYBOOK A:** Investor Outreach

This playbook is aimed at starting new conversations with investors. It will likely include your initial pitch, a LinkedIn connection request, and a couple of follow-ups. If you'd like to see some email copy that we've tested and know to work, you should check out our investor cold email templates [here](#).



## PLAYBOOK STEPS



### Automated Email

Introduction and initial pitch

01



### Task

LinkedIn Connection Request

02



### Automated Email

Follow up with a short pitch containing at least one new piece of information

03



### Task

Send LinkedIn Message

04

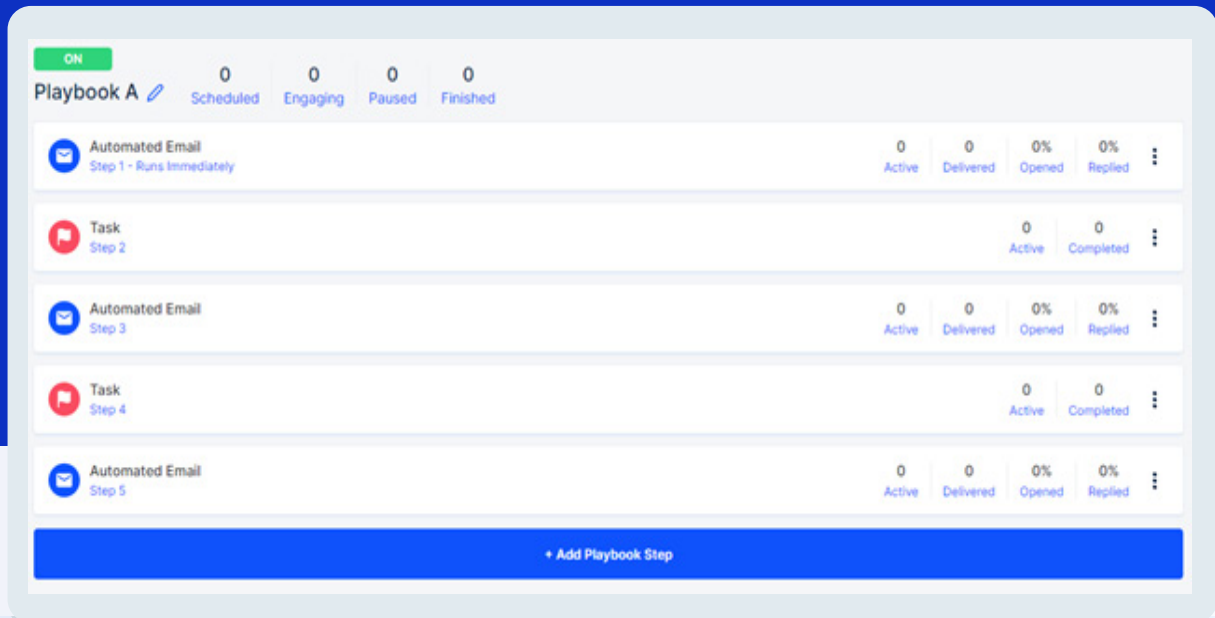


### Task

Prospect a new contact from the VC firm & add them to Playbook A

05

If you're using LeadLoft, here's what Playbook A would look like.



## PLAYBOOK B: Investor Follow Up

Use Playbook B to re-engage any investor that expressed interest previously, but hasn't been contacted in the last 7 days. Following up is extremely valuable and can be the difference between closing a deal and losing one. Make sure to wait at least a couple of days between steps to give the investor time to respond.



## PLAYBOOK STEPS

### **Automated Email**

Checking back in and mention updated traction

01

### **Automated Email**

Check back in and mention another update on traction

02

### **Task**

Send LinkedIn Message

03

### **Task**

Automated Email: Check back in and mention another update on traction

04

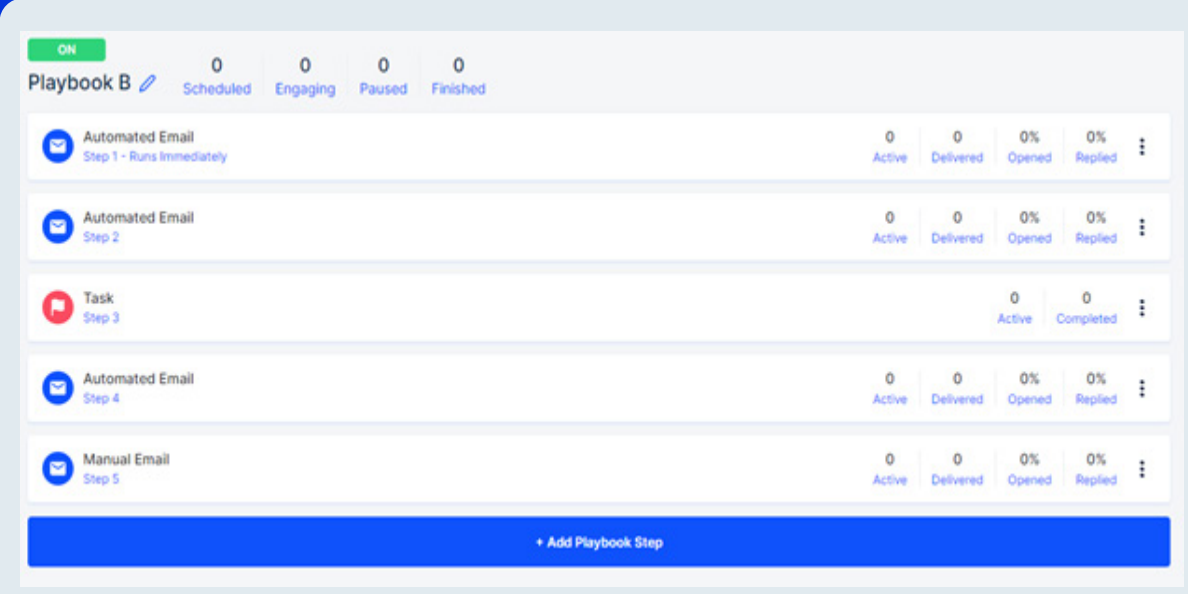
### **Manual Email**

Check back in and CC multiple partners

05



Again, if you're using LeadLoft, here's what Playbook B would look like.



ON		0	0	0	0
Playbook B		Scheduled	Engaging	Paused	Finished
Automated Email	Step 1 - Runs Immediately	0 Active	0 Delivered	0% Opened	0% Replied
Automated Email	Step 2	0 Active	0 Delivered	0% Opened	0% Replied
Task	Step 3			0 Active	0 Completed
Automated Email	Step 4	0 Active	0 Delivered	0% Opened	0% Replied
Manual Email	Step 5	0 Active	0 Delivered	0% Opened	0% Replied
+ Add Playbook Step					



**STEP THREE**

# Build a list of investors in your network

This is one of the most important steps. If you have a network of investors, this is the time to begin taking inventory. You can use LeadLoft's LinkedIn prospector to save their emails and accelerate the list-building process.

If you're at the Pre-Seed stage, this list can include family and friends too. Any and all later stages should consist of sophisticated angels and VC firms exclusively.





**STEP FOUR**

# Build a List of Investors to Reach Out to Cold

This is the last step before beginning your outreach. Reaching out to investors cold is an amazing way to increase the volume of pitch meetings on your calendar.

This is where we recommend using LeadLoft's investor database. You can search and sort through the database to find investors who have invested in your industry in the past. We generally recommend saving multiple partners at every company that you're planning on reaching out to so you can save time down the road if one partner fails to respond.





**STEP FIVE**

# Manually Reach out to Your Network

This step is extremely important and arguably requires the most time. These are your most valuable investor leads, so it's worth it to take additional time if needed to book meetings and build relationships. This step requires a looser approach because different contacts may require introductions while others may be able to be called directly.

Regardless of the contacts, make sure that you either ask for introductions or contact each investor directly to maximize your reach. The goal is to create a dialogue and let them know that you're starting your raise in 6-8 weeks. If it feels appropriate, book a time with them to demo or make your pitch in the future.

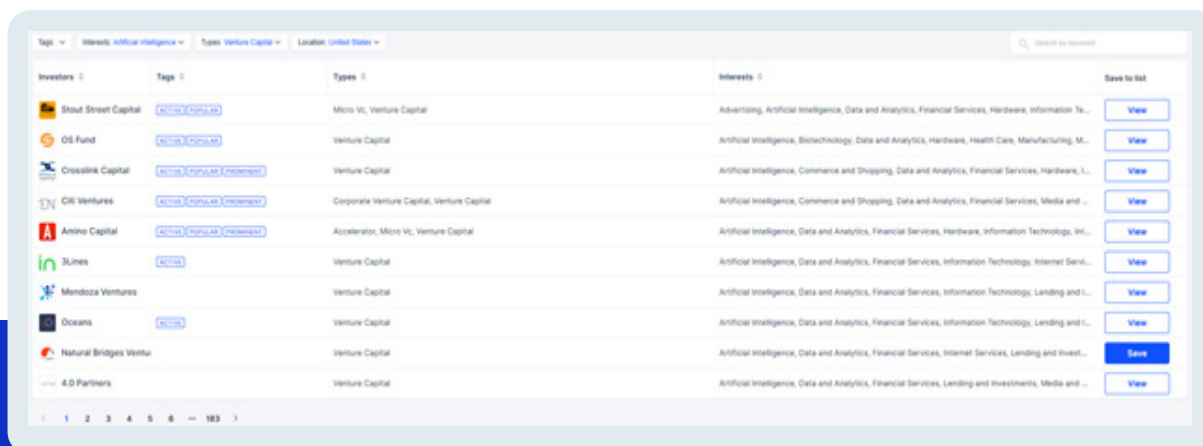
Otherwise, plan to stay in touch and reach out a couple of weeks before the raise starts.



**STEP SIX**

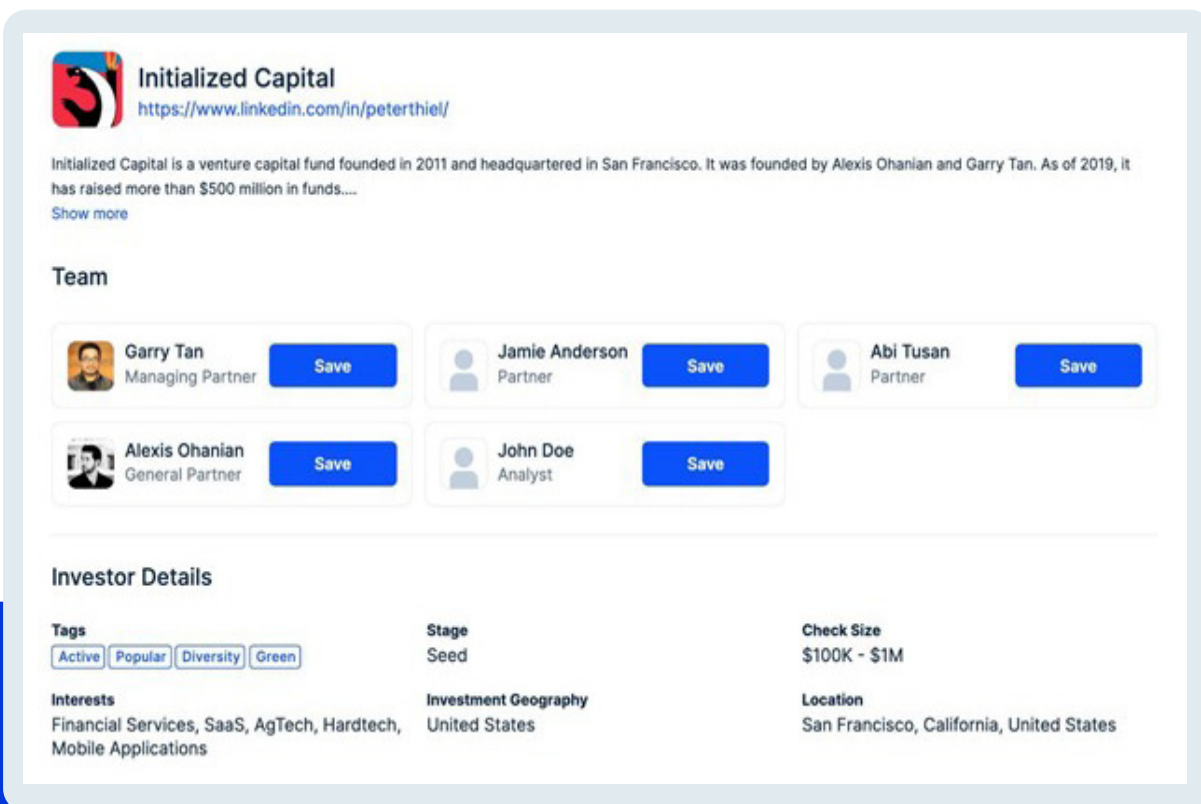
# Reach out to Investors Cold

Next, it's time to expand your investor network. The most effective approach is to reach out to investors via cold email. The vast majority of investors are heavy email users and many welcome cold email outreach. That being said, personalizing your emails can turn what would have been a cold email into a warm conversation. Search for Investors



Find the perfect investors for your business by sorting through the investor database using industry, type, and location filters.

# Find Investors



**Initialized Capital**  
<https://www.linkedin.com/in/peterthiel/>

Initialized Capital is a venture capital fund founded in 2011 and headquartered in San Francisco. It was founded by Alexis Ohanian and Garry Tan. As of 2019, it has raised more than \$500 million in funds....  
[Show more](#)

**Team**

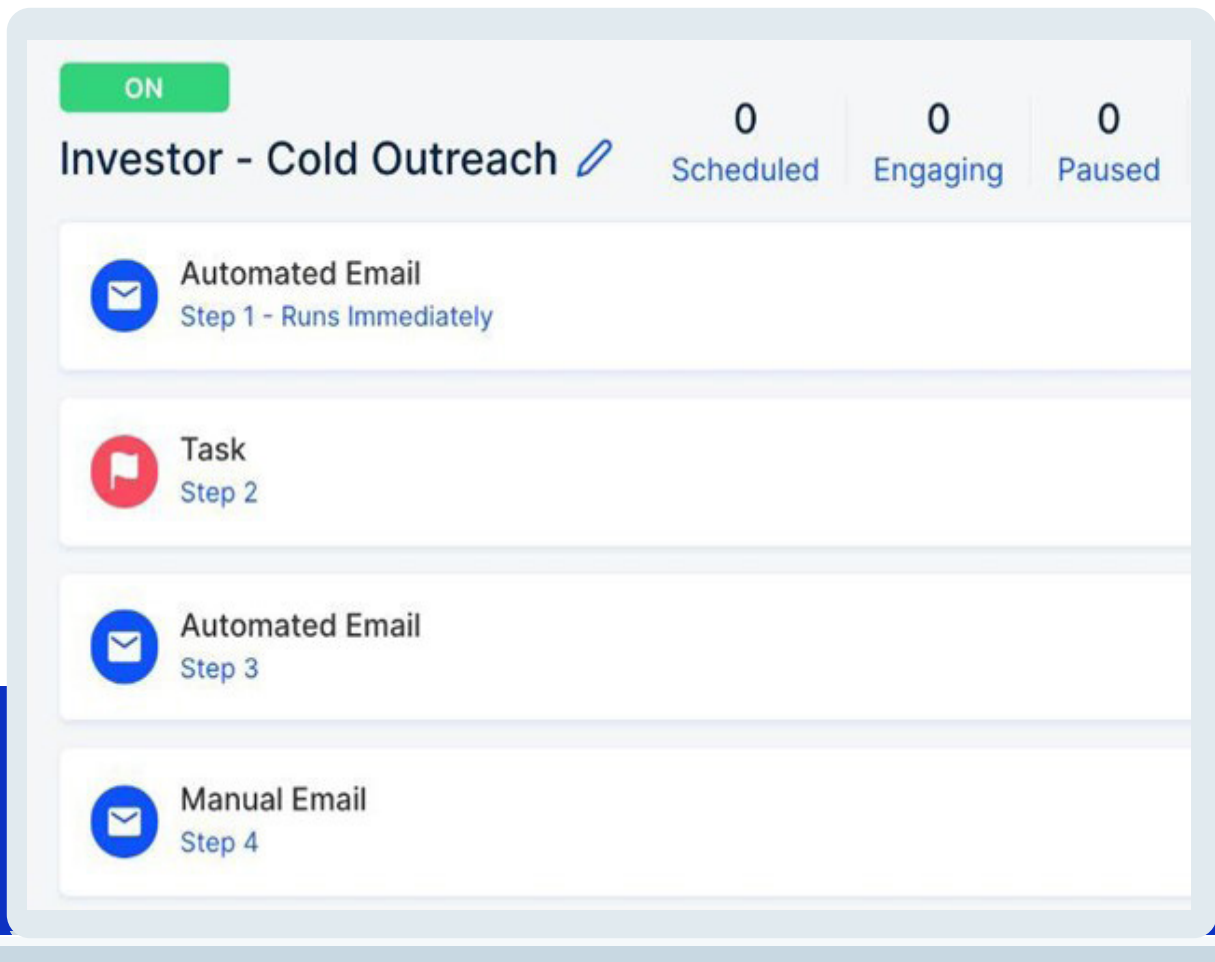
- Garry Tan**  
Managing Partner [Save](#)
- Jamie Anderson**  
Partner [Save](#)
- Abi Tusan**  
Partner [Save](#)
- Alexis Ohanian**  
General Partner [Save](#)
- John Doe**  
Analyst [Save](#)

**Investor Details**

<b>Tags</b> <a href="#">Active</a> <a href="#">Popular</a> <a href="#">Diversity</a> <a href="#">Green</a>	<b>Stage</b> Seed	<b>Check Size</b> \$100K - \$1M
<b>Interests</b> Financial Services, SaaS, AgTech, Hardtech, Mobile Applications	<b>Investment Geography</b> United States	<b>Location</b> San Francisco, California, United States

You can make your life simple by using LeadLoft to find the investors interested in your industry and stage. When you've found the right investors, click "Save" and LeadLoft will verify and provide the investor's email address automatically.

# Engage Investors



Once investors have been saved, you can use the Playbooks we outlined in Step #2 to engage them. The goal here is to just get started. You'll be shocked to find how responsive investors can be. Many of them care deeply about their reputation, and they will treat all founders (you) with a ton of respect.

Once the campaign goes live, all you'll have to do is explain to them that you're going to begin meetings in 6 weeks and you "wanted to see if it's something they're interested in." If so, ask if you can schedule a time 6 weeks down the road when you've started raising to share your pitch deck and meet over Zoom or in person.

**STEP SEVEN**

# Pitch Investors

## Finalize Your Pitch

As soon as the 2-week time frame arrives, you'll want to have a refined pitch and deck. If you haven't practiced your pitch at this point, you should start.

Its' possible investors will struggle to understand your business, so practice with friends and colleagues who know nothing about your company and are outside of your industry.



## Remember to Create FOMO

While you're pitching, be sure to mention any interest other investors have shown. This cannot be stressed enough. You want to make them feel like they are going to miss out if they don't close on the raise today. If you have any term sheets offered or follow-up meetings, MENTION THEM!



**STEP EIGHT**

## Follow Up & Close Your Raise

Investors' inboxes fill up rather quickly and it's normal for them to miss an email here and there. If an investor expressed interest in the past, be sure to follow up. If you chose the easy way (using LeadLoft), then follow the best practices outlined in Playbook B.

It's your job to close the raise and there's no harm in following up with an investor. This shows them that you're both organized and serious about your raise, and having a dedicated founder is a trait all investors look for.



# Now Get Started

This guide includes the most effective tactics and tools for raising capital that we've learned in our time helping startups raise capital. If you follow all the steps we laid out here, your chances of raising capital are certainly far better.

Now the hardest part is getting started so go take the first step.

Good luck with your raise!

- Your friends at LeadLoft ❤️

