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6 Unspoken Lessons For Raising Your Series A

Afore

9-11 minutes

Rarely discussed insights for entrepreneurs with Liran Belenzon, Cofounder and CEO of BenchSci

> Liran Belenzon, Cofounder and CEO of BenchSci, shares lessons on Series A fundraising at Afore Founder Lunch

At our recent Founder's Lunch featuring Liran Belenzon, Cofounder and CEO of BenchSci, the Canadian-based entrepreneur shared lessons from the startup's just announced Series A raise. As BenchSci is on a mission to use AI and machine learning to fuel actionable insights around published biomedical data, it shouldn't come as a surprise that Liran's approach to raising was equally process-driven with fast cycles of learning applied to improving each subsequent pitch.

For the Founder Lunch, we invited our portfolio founders for a closed-door session but we wanted to share the key takeaways with the broader startup community. Here are a few highlights from the group's frank discussion around the common pitfalls and unspoken rules of investor and entrepreneur relations when it comes to Series A fundraising.

During our session with Liran Belenzon, we walked through the regimented process by which he logged, recapped, and planned for his partner meetings during the Series A fundraising process. Belenzon set up the framework in Asana and approached investors like customers akin to an enterprise sales philosophy. Meeting notes would be added and automatically notify key stakeholders on BenchSci's team so that board members, established investors, and company teammates could track Belenzon's progress. With just three weeks in Silicon Valley to shop deals before heading back to Canada, Belenzon had to run an incredibly tight ship. Here's a few more takeaways from running your fundraising like an enterprise sales process:

Fix the gaps in your story early on.

Make sure to pitch people who (to be blunt) matter less, earlier in the process. This way you'll be able to gather valuable feedback on what data and narrative is missing from your deck without risking the loss of a deal. Understand the achievement milestones investors are looking for and incorporate them into your future presentations. Get these kinks out early so you can bring your best performance to the investors that matter most. Afore partner Gaurav Jain has written about this kind of validated learning in *VentureBeat.*

Find a champion from within.

Just as it is critical to develop relationships with internal stakeholder who holds influence during an enterprise sales process… that mentality also holds true for fundraising. So find a partner you can build a strong relationship with, an internal champion and decision maker who can connect you with more of their venture team, bring you in, and give you an inside track on what the room is expecting from your pitch.

Create a centralized 'data room.'

Founders know it's important to arm prospective investors with as many data points as possible. But making this information accessible and easy to search and scour through after your partner meetings is particularly valuable to the process. Set up a structured, highly organized *data room* that can live online in Google Drive or Dropbox. Here potential investors can exam your market research, competitive analysis, sales collateral, team bios, budget and growth projections, cap table, and relevant details of the opportunity and your startup backstory. And remember that a well-managed *data room* can be an indicator for a VC of a well-run company too.

Set your process and get to work.

There is no quick fix or fast wins in venture investing. There is procedure to cultivating relationships, developing trust, pitching, and negotiating. There are multiple players within each VC firm to keep track of and various firms with different styles, statuses, and terms sheets, to keep track of. The more you have your sales process buttoned up, the more you can focus on pitching, iterating, and closing the deal.

When Belenzon came to the Bay Area, he put a ticking clock on closing a deal with investors. What typically would take 3–6 weeks, Belenzon needed to do in 2–3 (before heading back to Canada). That kind of condensed timetable creates a bias towards action for investors, but it also requires a hyper level of focus for the entrepreneur. Belenzon put all his day to day work at BenchSci aside, unloading responsibilities to his co-founder and other senior members of the team. Fundraising is a full time job and it's critical for startup leaders to channel every ounce of their energy into pitching and deal making in order to get the best venture outcomes possible. So make a temporary transition of power plan, take off your CEO hat and put on your fundraiser one… your business will thank you for it.

> Liran Belenzon, Cofounder and CEO of BenchSci discusses his Partner meeting pitch process

Soft skills can often lead to big gains. When it comes to the success of pitch meetings with VCs, there is an unspoken electricity driving deals that is rarely part of the how-to fundraise instruction manual. Confidence is the energy that can make or break your round. Partners at venture firms can smell it on you and they need founders that are surefooted in the story they are telling. In the meeting room, that positive, secure vibe can be infectious. Potential investors are specifically looking for those soft signals in pitch meetings. Is the founder defensive when questioned? What is the body language like? What is their communication style? How do the cofounders relate to each other… All of these signs have the potential of displaying a self-assured and rock solid team, product, and vision for the company. That's the kind of confidence that opens doors to fruitful partnerships and great investors.

When it gets closer to deal time, the fundraising process can move fast and furiously. High stress and little sleep can lead to impulsive, fear-based decisions. That's why it's essential to find a trusted guide for your Series A journey. Someone who has been through this process countless times, understands the ins and outs of partner meetings, terms, and has the best outcomes in mind for the founder and startup. As an entrepreneur, this relationship with your advisor should be bulletproof and this person should be available day or night by phone, text, or Skype for counsel. Look to an early pre-seed or seed investor who knows you and your business well and has alignment with your goals (i.e. not setting terms in this new round). Or there may be an experience business partner outside your startup and your investing cycles that you can lean on. Either way, make sure this guide is signed up to support you before those partner meetings, restless nights, and term sheets come into play.

Once terms sheets start coming in from venture firms, they'll be sure to add seemingly crazy deadlines for a founder's review and sign off. It is not a rare event to receive a term sheet on a Friday night with a deadline to have it signed on Saturday morning. Sure, you might have a few more days than that, but in order to be in the best position to review your options, an entrepreneur needs to know how to buy time. From our discussion at the Founder's Lunch session, here some of our favorite ways to kick that deadline further downfield:

Talk through with your co-founder.

There's no doubt that signing on for venture funding is not a single person's decision. Use this to your advantage and request more time to review with your cofounder.

No cofounder? Then talk about the need to bring this to your board, advisor, or other stakeholder critical to your process.

First and foremost, be overwhelmingly positive.

There are plenty of creative ways to buy more time to review your term sheets, but before you get to finding the right pathway to stop the clock… be positive, overwhelmingly positive. Just as you might do when wanting more time to review a job offer, start by thanking the VC for their offer, let them know how excited you are, how incredible it will be to join together on this journey, etc. Start with the good then move to what you need.

A funny thing happens on the way to a term sheet. Throughout a majority of the fundraising process, the power in the relationship rests squarely in the hands of the investor. After all the startup wants something from the VC. But towards the end of the process, there is a super short but incredibly critical moment where the power dynamics change. The shift is a moment that the founder needs to be prepared for and adjust their mindset in an instant. Because after the term sheet is presented, the entrepreneur now has the power. They have the strength in the relationship and control where things go next. Fundraising is a long road, but readying your mindset for that moment of change in the end will help founders make decisions that are better for their companies, employees, and even industries in the long run.