

How to set up your investor funnel — Startup Hacks by Alex Iskold

Dec 30 Written By Alex Iskold

4-5 minutes

We've written here about [spending time preparing for fundraising](#). We also talked about [various sources of startup capital](#). Fundraising is much like sales - it is numbers game, and it is best attacked with a strong funnel.

As a founder you focus on first identifying the right investors, then getting introductions, and finally working through the funnel with each investor.

You can manage the process using two spreadsheets. First with potential investors, and second with the investors you are talking to.

Getting Introductions

Set up these columns for the first spreadsheet:

1. Investor Name
2. Affiliation - Individual angel, a group or venture firm
3. LinkedIn Profile - handy for introductions (see below)
4. AngelList Profile - handy for angels to quickly view their portfolio
5. Partner Fund page - handy to see current investments
6. Related Investments - portfolio companies that are relevant
7. Focus area / verticals - what verticals / spaces is this investor interested in
8. Check size - typical check size
9. Investments per year - typical number of investments per year
10. Notes - any other things you found interesting / relevant

Once you set up this spreadsheet and fill it out, you need to figure out how to get the introductions. It is not a good idea to reach out cold. Instead, you need to reach out through your network of other founders, advisors, and mentors.

Select a group of 5-7 people who are willing to help. Add the names of these folks as columns to the spreadsheet above. Then ask each of them to go through and put an [x] next to the investor they are connected to and can introduce you to.

After that, you can send appropriate [individual forwardable introductions](#). If you don't have mentors or other founders who are willing to help, then you will need to do something else. Use LinkedIn and Conspire to find a path to each investor one by one.

Add a column called Connection and Connection Notes. Then send individual asks and keep track of when you sent and what the response is. Iterate through the list every week, and try to go through a different connection if the one you selected hasn't been fruitful.

Getting introductions is a big part of the whole process – make sure you get the best possible introduction to each investor, and track your response rate closely.

Tracking Conversations

Once you get an introduction to an investor, enter them into a separate spreadsheet organized by stage of the conversation. This spreadsheet is literally like a sales pipeline. New conversations are on top and conversations that are moving along are in the middle. Commits and passes are on the bottom. Add these columns:

1. Investor Name
2. Affiliation - Individual angel, a group or venture firm
3. Check size
4. Process - typical process for getting to a check
5. Status - state of the conversation
6. Next step - what is next and who is running with it - you or investor?
7. Last touch point - last date you met, talked or got back an email
8. Who introduced you - important to thank them later / keep track of best intros
9. Notes - any other things you found interesting / relevant

In the end of the first meeting, always ask if the investor is interested. If they are, ask about their process and the next step.

This is critical. Having clarity on the process is necessary to determine whether you are moving forward or not. For example, some firms have you meet with one partner, then with two partners, and then do a partner meeting. Some angels decide after 2 meetings, etc.

Having clarity on the process allows you to have a much better idea of the potential outcome. Keep track of where you are and move conversations through the pipeline weekly. If an investor is not responsive for a while, assume it is a pass.

If the investor is doing due diligence, ask how long they expect to do it. In other words, proactively manage all aspects of the process and be in control.

Do you have tips and tricks for managing investor introductions & conversations? Would love to hear them.