**10 Questions to Ask Before Raising Money:**

1. Is your company at the point where you should even be considering raising money?

2. If you were not able to raise money, how would you make your business idea work?

3. How will the money you raise be used?

4. What does an ideal investor for your business look like?

5. Do you want to go big or have control of the business?

6. Do you want accountability?

a. Most entrepreneurs don’t like people telling them what to do. That’s exactly what happens with VC’s. Can you handle that? (They’re different from banks. Banks just give money and look for interest.)

7. Have you done enough research about the industry?

8. How unique and different is your idea?

9. Have you done the Math? What do you value your company?

10. Are you building to sell? Investors want to see returns in 5-7 years.

**The 6 Ways to Raise Money**

**1. Boot Strap**

A. Your own savings 1. ROBS (Rollover for business startup)

i. Put your retirement (401k) account into your business without paying taxes.

ii. This works best with those with over $50k in your retirement account.

B. HELOC & Credit cards

1. 25% of business owners use a HELOC to start a business

a. 15% equity

b. 620 equity score.

**2. Traditional bank or S.B.A loan**

a. It’s the slowest or the most difficult one to do. You will need:

    i. A high net worth

    ii. Credit over 700

    iii. Equity in a home

    iv. Business plan

b. Community Advantage Loan up to $250k

c. Microloan program up to $50k

    i. Industry experience.

    ii. Typically 30% of your own money in the business to qualify for this.

**3. Crowd Funding**

a. Small amounts from a large amount of people

b. Fundable

c. Kickstarter

d. Indigogo

**4. Incubators and Accelerators**

Organizations geared toward speeding up the growth and success of startup and early stage companies. They’re often a good path to different types of capital from angel investors, state governments, economic-development and other investors.

**5. Angel investors:**

**What is an angel investor?**

An individual wealthy person investing their own personal money. (Less than a $1,000,000)

1. They can be warm market: Friends and family.

*\*When dealing with friends and family, set the expectation up front*

    a. Family can include a rich dad, uncle, aunt, friends, or a dad who likes you.

    b. What to say? Be transparent: “I need $25,000 and I want you to know that you won’t see any return for at least 3 years”.

2. Cold market: Look for positive signs:

    a. If your friends and family support the idea

    b. If you have your own money put into it

    c. If they know that you’re going to do this with or without them.

    d. Show how your business could 10X.

**06. Venture debt / Venture Capital (VC’s)**

**What is a venture capitalist?**

A business who holds private equity that’s been invested in other private companies. They will generally demand a board seat. They usually come in with over $1,000,000

**Ideally, you’re looking for Series A funding:**

1. It’s more favorable rates than revenue backed funding

2. They want to have relationship with one of your investors.

3. Silicon Valley Bank is venture debt.

**What Angel Investors and & Venture Capitalists are looking for? (more demanding)**

1. Massive returns 10X

2. In 5 to 10 years.

3. A coachable CEO

4. A Strong team

    i. A Founder with a vision

    ii. Team members with technical skills

5. An idea with key differentiators

6. If you take VC money, you’re committing to an exponential growth of the business.

7. Looking for VC money can be a full time job. It can take upwards of 6-12 months. Can your business survive during that period?

**Different Ways of Gathering Leads:**

1. Through top-tier business schools.

2. Through your industry friends.

3. Through your mentors.

4. Angel lists. LinkedIn and different sites.

**How to Approach a Cold Angel Investor. Send An Email Following These Guidelines:**

1. Do research on the person you’re sending an email to.

2. Don’t do a copy and paste type of a message.

3. Make it personable (reference a book or an interview they did that you watched or mention something you have in common or admire about them.)

4. Send a short email.

In the email include:

a. The connection

b. Who you are

c. The Idea

d. Promo/link

**Sample email:**

“Dear John, I really enjoyed your book/podcast that you did, especially chapter/the part where you talked about the importance of being focused on one sector at a time. I am a (enter age) graduate of (Insert school) or executive of Google/Snap Chat/Merrill Lynch, based out of (City, State) who’s working on an idea to (short description)”.

Describe what you’re doing in 1-2 sentences. One sentence is better than two. If possible, a link of what you’ve built so far.

**How to Increase the Chances of Having Professional Angel Investors Listen to You:**

1. Have a person who introduces you to them.

2. Find out if someone in your network knows someone you want to get a meeting with.

3. Be patient.

**The Best Way to Raise Money:**

***Build a real business.***

***Use your own money.***

***Don’t beg. Attract.***

***Let the money come to you.***