PITCHING INVESTORS

8 Ways to Win Over Investors for Your Startup

Unless you are Elon Musk, raising capital is one of the hardest things you will ever have to do as a founder or CEO.

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October 24, 2017 6 min read

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This article is included in Entrepreneur Voices on Elevator Pitches, a new book containing insights from both sides of the board room to help you craft the perfect pitch. Buy it online from Amazon | Barnes & Noble | Apple Books | IndieBound

When raising capital, our resumes and track records matter. In 2010, I attempted to raise my first round of funding for my startup Integrate.com. My resume didn't do me any favors; I was a former professional athlete with no traditional work experience to speak of, which was a hurdle that I had to overcome.

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Investors look for entrepreneurs who have worked for breakout companies, been mentored by exceptional leaders and have had previous exits. I received 72 "no's" before I found one "yes." The yes came from Seth Levine at Foundry Group. He was the only early stage investor willing to take a bet on me, and invested $4.25 million into the company in December 2010. Integrate has since grown 100 time -- and when we exit or IPO, his bet will have paid off.

Unless you are Elon Musk, raising capital is one of the hardest things you will ever have to do as a founder or CEO. Having now raised over $50 million, and invested in dozens of other startups, I'd like to share a few ways first-time entrepreneurs can increase the likelihood of becoming a venture-backed founder.

1. Skip the whole "talking about the weather" thing.

Small talk is exactly that -- small. Level up the conversation from the word go. Most investors don't care what you had for breakfast. They care about how you are going to build a great company, and make everyone a lot of money. Skillfully educating your prospective investor on your product and vision is priority number one.

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2. Know how big the market opportunity is.

The most common mistake that I see as a judge on CNBC's *Adventure Capitalists* is that the entrepreneur doesn't know how big of an opportunity his or her product has. The more tempting you can make the market size, the more persuasive your deal will appear. Focus on big ideas, not lifestyle business.

For example, if your vision is to create a product that makes it easier for base jumpers to deploy their parachute, that's a noble cause, but there are not enough base jumpers in the world to create a big enough business. Conversely, if you have a vision for a better way to track human health and wellness, that idea has a much larger market opportunity.

3. Be authentic.

Never answer a question that you don't know, with anything other than "I don't know, but I will get back to you." This is a fine answer and will help build credibility.

Having said that, you'd better know the basics of your business. For example, if an investor asks how much revenue you did last year, and you say, "I don't know, let me get back to you" the meeting should end -- right there and then.

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4. Get an intro to an investor, don't cold email.

Especially if you are a first-time entrepreneur. Be creative and find a way to get introduced. Do you remember the lengths Bud Fox goes to, to get that first interview with Gordon Gekko in *Wall Street*? Do your homework on your prospective investors -- and then go back and do some more. Find their hot buttons. Pitch your business around these.

5. Over-prepare.

Remember that old saying, *you never get a second chance to make a first impression*? You really don't. Make absolutely sure you have dotted the I's, and crossed the T's, before you approach any potential investor. Get a friend, or business colleague to act as an investor. Rehearse everything that might be thrown at you. Watch *Adventure Capitalists* and *Shark Tank* episodes and compare and contrast good pitches with the ones that bomb.

Related: **Watch: Sometimes Your Idea Is More Important Than How You Pitch It**

6. Don't overdo it.

When you go into the Ferrari showroom you want to know about the color and the accessories -- you don't really want to know about the compression ratios and the MacPherson strut suspension. Keep your talking points at the executive level and only get into the weeds if they drill you down to that level. Your investors want to know that they are going to get a good return -- they don't need to know that one eighth of the screws are sourced from Hong Kong.

7. Sharpen the edges.

When you talk in rounded terms like, "we did about $3 million in sales last year," or, "we raised about $2 million in capital," or, "we have about 10 employees," it can make investors feel like you don't have a pulse on your business. Speak with precision and accuracy as much as possible.

8. Finally, never thank someone for their time.

Your time is as valuable as theirs. Be appreciative for the opportunity and demonstrate humility throughout the interaction -- but never thank someone for their time.

Venture capitalists are in the business of saying no -- they look at thousands of deals per year and only invest in a few, so don't get upset when you get turned down. Pay attention to their feedback and use it to strengthen your story and pitch. Like my experience above, when you put yourself out there, you're going to confront "no" a lot. By following the tips here, you will give yourself a better chance of that one, elusive yes.

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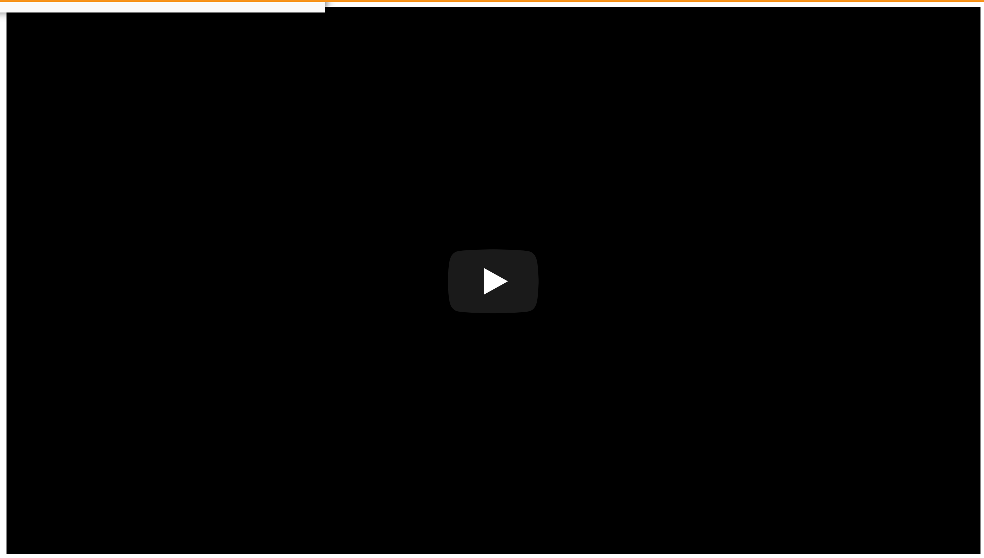

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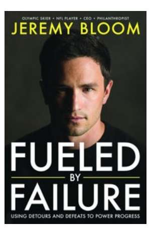

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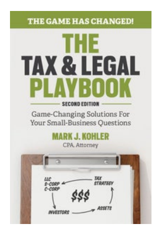

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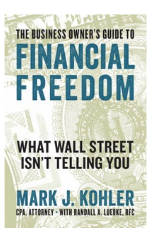

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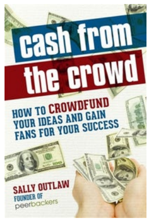

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