

How to raise a seed round

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What is your target raise?

- Is a venture seed round right for your business?
 - The answer for most companies is no. Do you want to be \$1B or bust?
- Seed rounds have become heterogeneous
 - Angel \$25K-\$250K
 - Preseed \$150K-\$1.25M
 - Seed \$1.5M-\$4M
 - Mango seed \$4M-\$6M
- Many different types of seed investors - angels, pressed funds, seed funds and multistage funds
- Target should be money needed (with a buffer) to achieve your milestones in with around 24 months of runway
- To get investors in the door, your “ask” should be minimum amount needed
- Understand pro’s & con’s of note vs priced round

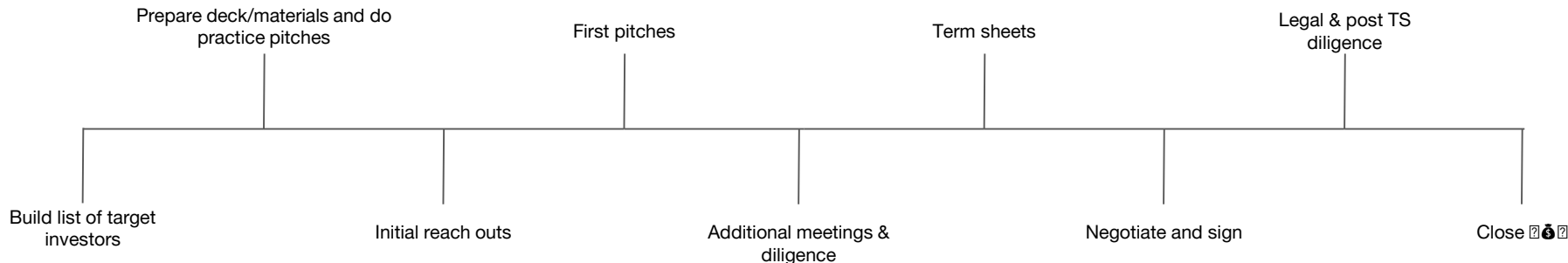
Building target investor group

- Build large list of potential investors who are a fit - stage/sector/geo
- Create a google doc so teammates/friends/advisors/angels/preseed investors can add/comment
- Categorize high/medium/low based on fit and desirability
- **Should have at least 30 targets.** Constantly be adding additional ones
- Line up warm intros for each - portfolio companies, angels, friends, lawyers
 - If you don't have warm intros, try to network with people who you think could help
 - If that doesn't work, try approaching them directly in a highly customized way
- Focus on getting a lead first and understand which of your targets lead*
- Who at a firm can be as/more important than the firm itself

*we do!

Fundraise timeline

- To extent possible you want to **align timing of investor processes**
- Don't start pitching until you have your shit together
- First pitch to TS/offer with each investor tends to take 2-6 weeks if successful



Investor reach outs

- **Leverage your network to make warm intros** 2 weeks in advance
- Create blurb or teaser deck they can share with prospective investors
 - Highlight what's special, don't need to tell whole story
- Warm up with a couple medium/low on your list
- Then try and set up 10-15 high/medium 1st pitches for same 1-2 weeks
- Optimize for in person, if not zoom
- If in person group by geography (Bay area, NYC...)

Deck & data room

- **Keep it short** (5-13 slides plus appentex) with as few words as possible
- A good example deck is:
 - Title slide
 - Team (include relevant experience)
 - Clearly state the problem you are solving
 - Your solution to said problem (if possible have slick demo ready)
 - Traction (if you have it)
 - Why are you special?
 - Explain your business model (or at least how you're thinking about it)
 - Market size. How big can you get?
 - Your ask 💰 (have clear answer on what money buys you in terms of time/milestones)
- If you have other documents, put them in a data room for easy access
- Use docsend or other solution so you can control and track content

Initial pitches

- **Practice at least a few times before first pitch**
 - 1-2 founders for first pitch is usually the right number
 - Have a deck handy but often best making first meeting conversational
- **Be ready to for investor to drive order of topics you cover...**
 - ..but make sure you cover most important points
- **Don't be too salesy.**
 - You're trying to find mutual fit
 - Don't BS, be very transparent about what you know and what you don't
- **At the end and follow ups:**
 - Make sure you understand how they would fit into round. Lead/not lead?
 - At end make sure you're clear on their decision making process
 - Always write a follow up note. Include any materials & requested info
 - Constantly iterate your pitch based on feedback and where investors focus

Diligence Process

- Diligence process may include
 - Meeting additional members of their team. Often culminating with a partner pitch
 - Meeting with their portfolio companies or other experts in your space
 - Conversations with your customers (make sure they are far along before providing)
 - Deep dives on certain areas like the product roadmap or financial plan
 - Meeting your cofounders and/or team
 - Referencing you by talking to past employers/teammates
 - Introduce you to potential customers to get their feedback
- In parallel investors will often be doing work in the background
- The most important thing for you to do during fund raising is **collect feedback and iterate. Your pitch is a living thing**

Getting a term sheet

- Don't rely on small number of investors converting. They're all long shots until they actually convert
- As you get passes (you'll get many) add additional ones to top process
- Don't be rigid around terms until you get an offer
- Don't be overly pushy on timing until you have an offer. Otherwise many will self-select out
- That said keep some pressure on them. **FOMO is your friend**

Term sheet through close

- Once you have offer, communicate that to others and give them timeframe to decide (usually around 1 week)
- **Do references on investors** (including some blind) especially lead.
- Know what you're optimizing for: dilution, partner, amount raised...
- Once you sign lead work with them to fill out the rest of round
- Get through post TS diligence as quickly as possible
- Once the money hits your bank account:
 - a. Celebrate! 🎉🌟
 - b. Get back to work! Now comes the hard part, finding product market fit

Questions? Hit me up at [@hadley](#)

Resources

<https://blog.ycombinator.com/intro-to-the-yc-seed-deck/>

<https://about.crunchbase.com/blog/pitch-deck-slide-examples/>

<https://www.sequoiacap.com/article/writing-a-business-plan/>

<https://www.plugandplaytechcenter.com/resources/perfect-startup-pitch-deck/>

<https://blog.ycombinator.com/how-to-raise-a-seed-round/>

<https://avc.com/2010/06/six-slides/>

<https://blog.ycombinator.com/how-to-design-a-better-pitch-deck/>

<https://www.thinklions.com/blog/the-best-pitch-decks-weve-ever-seen/>

https://docs.google.com/spreadsheets/d/1ebGZ6-ivf_3woBGC4Kz_3217DhjGsefoRu_5iP3nuFQ/edit#gid=0