The Fundraising Wisdom That Helped Our Founders Raise $18B in Follow-On Capital

37-48 minutes

Two years ago, our team at First Round, led by Partner **Bill Trenchard** and VP Platform Brett Berson, began to quietly build out a program to help our founders navigate the choppy waters of follow-on fundraising. Long had we observed founders caught off guard by what was needed to raise their Series A after having a relatively easy time at the seed stage (only further exacerbated by an influx of seed funding in the market). All together, we have immense knowledge in fundraising that we've accrued witnessing our companies raise over 1,000 rounds and $18 billion in follow-on funding. It's possible for startup founders to know more about almost every facet of company-building, but fundraising is one area where we'll always be able to offer more experience.

Realizing how well positioned we were to help, we built a program called **Pitch Assist** — a four to six week bootcamp for our startups that are getting ready to raise follow-on capital. At the end of the program, they emerge with a well-designed deck, a strong narrative, and a clear strategy for how to approach the fundraising process. Unlike normal fundraising advice, Pitch Assist is an immersive program where we advise, build presentations and rehearse side-by-side with First Round founders. Trenchard, in particular, has experience on both sides of the table, having started and fundraised for 5 companies before joining the firm.

What follows is an inside look at how we run the Pitch Assist program, and what startups everywhere can apply from what we've learned helping create fundraising pitches and processes for over 10 years.

FIRST, FIX YOUR TIMELINE

Given the cyclical nature of tech and venture, there are distinctly good and bad times to raise capital. "Avoid August, the second half of November and December, when many venture firms slow down. The year-end holidays and summer dog days are dead zones for fundraising, so why set yourself for an uphill process? July can be slow, too. You can finish your fundraising process in late July — just don't start it then," says Trenchard.

For businesses that have seasonality, it's prudent to coordinate your growth and fundraising cycles. "If you're in education, think about the start of the school year. September is probably a great time to raise because your performance in August is ticking up, and by September and October you're on on a roll," says Berson. "Keep in mind that you're having these fundraising conversations over a period of about 4 to 12 weeks. As you're fundraising, more data's coming in. The ideal is that data — whether it be user growth or new enterprise customers — is looking good and you're on the upswing. There are few better things than updating your deck with new data that's pointing in the right direction."

TARGET THE RIGHT INVESTORS

A partner at a Series A or Series B firm will typically lead no more than one to three deals per year, a cadence that makes choosing a company to invest in a significant and emotional decision. Founders who understand this dynamic are a step ahead.

Use the 10/90 rule.

The reality — and difficulty — with fundraising advice is that it's not all created equal. "There are two approaches: one for the the top 10% of startups and one for the other 90%," says Trenchard. "For the vast majority of early-stage companies, raising capital is a slower, relationship-building exercise. It may not be a competitive process, so your goal should be to to get one or two partners to fall in love with what you're doing. Running an aggressive, get-every-meeting-lined-up approach won't work as well for the 90% as it will for the top 10% of startups."

In either scenario, it's critical that your fundraising process be organized and methodical. Never run an ad hoc process or be half-heartedly fundraising. **As a founder, you should either be fundraising or not — and if you are, it should be done with great intention.**

Of course, applying the 10/90 rule comes with its share of challenges. "For many there's a Lake Wobegon effect: everyone thinks that they're in the top 10% until they realize they're not," says Trenchard. "Given that there are two different fundraising tacks, this can have a major impact on your ability to raise capital."

According to Berson, here are common traps that might trick you into thinking you're in the top 10% of companies raising funds:

- **Inbound investor interest.** "It's understandable to think that momentum is building when an investor says, 'I want to get together' or 'I'm really interested,' but set your expectations after you've first met, regardless of the name on the door. This is especially true if the inbound is from a non-partner." Just because a number of investors reach out pre-Series A doesn't mean a deal is going to get done.

- **Feedback from existing investors.** "By and large, it's not in your current investors' best interest to undercut your business. Unless they practice radical candor, they may sanitize their advice and mostly give encouraging feedback. Or they might just not know what's a fundable company and what isn't in the current market."

- **One data-point comparisons.** "It's tempting but invalid to do one-off benchmarking. Saying that you're better than your friend, who just raised 20 on 80 for her consumer business, doesn't work. Taking a single, convenient reference point from your network doesn't mean that the same financing, valuation and success are at play. Fundraising is an incredibly nuanced process and it's often difficult to look at a few other data points and understand what they mean for your own prospects."

- **Closing a seed round was easy.** "If a founder had several investors interested in a seed round or raised funds quickly, it's easy to believe that history will repeat itself. The reality is that nearly every variable may have changed: the market, the investors, the capital available — even the founder's ability. A Series A fundraise is a different mountain to summit."

- **But we're a market leader!** "Doing better than your competitors doesn't make you a shoo-in for the investor or round size of your choice. If you're the leader of a niche industry, you may have less growth potential than the smallest player in a massive or rapidly growing market. People often forget the 'market' part of market share."

Vet the portfolio, pick by partner.

Founders that put in the time to research firms and their partners have an outsized advantage. Here's how Trenchard and Berson have seen savvy founders do it:

- **Scan their portfolio for similar business models.** "Most companies will just look within their industry to see if an investor is a match. Yet, it's important to look for a similar business model regardless of sector. If you're selling to SMBs and many of the firm's companies do as well, the VC could be a good fit," says Trenchard.

- **Take note of competitors.** "Of course, you want to be mindful of competitors in a VC's portfolio," adds Berson. "If there's a similar business model in your industry niche, flag it and have that conversation upfront with the investor at the very first meeting. That's both because you don't want to invest time if the deal will be marked competitive and you want to take care of sensitive information that may benefit a competitor. Go in eyes wide open."

- **Choose a partner, not a firm.** "Yes, there are great firms out there, but they're led by people. So, who at those firms makes it the right name for you?" asks Trenchard. "I really do believe it's partner over firm. The two are important — and it's great if you can get both — **but let your primary hunt be for the right partner**."

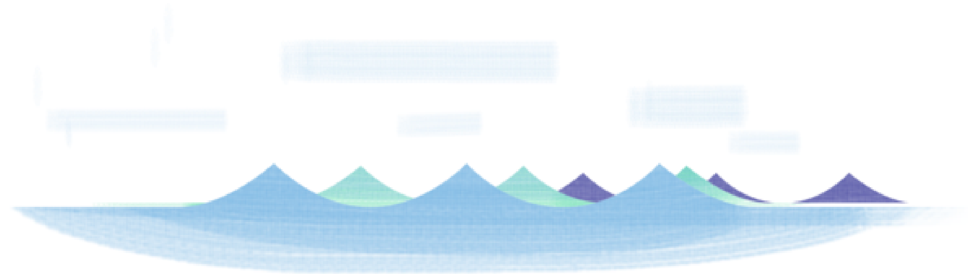
- **Know each partner's perch in the firm.** "Track record and tenure make a significant difference within the hierarchy of a VC partnership. So it's not only about an investor's individual conviction for a company, but the juice the partner has in the firm. Take their number of months on the job and investment count as a benchmark," says Berson. Trenchard adds, "Take note of the exceptions. I'd suggest looking at track record across careers, not just a firm." If this is one of the first few investments a given partner has made, it doesn't mean a deal won't get done, but it certainly raises the bar significantly.

- **Show the type of restraint that comes from research.** "Do you know what impresses VCs? It's when a founder says, 'We've thought about this and we're not talking to everyone and their brother. We know you can make a difference in our business given your background in X and how you've helped Y startup with its challenges. We've done references on you.'" says Trenchard. "Wow! Why do only 0.1% of founders do this? Take the step to call founders of startups that are backed by your target investor and do this before you're far along in your process."

- **Choose your sherpa wisely.** "Your first contact not only 'owns' the deal within the firm, but also likely determines how you'll be guided through it. So if you get introduced to a junior partner or associate, you may have a more circuitous fundraising experience depending on their internal influence," says Berson. "You don't need to only talk to the founder of the firm or managing partner, but do choose your entry point wisely. That means not only who overlaps with your expertise, but also who is influential internally. Ask other founders who have recently worked with the firm for an honest appraisal of their first contact who ushered them through the process." Once you get an introduction to a given person at a firm, it's almost impossible to transition the opportunity to a different partner.

GENERATE SCARCITY

Having been at both sides of fundraising, Trenchard understands that scarcity is a powerful tool. If the outcome of the 10/90 rule is to create the right relationships, generating scarcity is about prioritizing them. Founders should seek to create a feeling of demand without overloading themselves, as well as manufacture 'fear of missing out' without making it a bad experience. **Scarcity is your friend in fundraising.** Here's how to hit that mark with precision:



Fundraise like a surfer — plan to take on investors in sets.

As a rule of thumb, speak to no more than five firms at a given time, regardless of where you fall according to the 10/90 rule. There's nothing worse than the perception of an over-shopped deal, as VCs relish having the inside scoop on an exciting company. Group investors in batches to better evaluate and select them, like a surfer scanning sets of waves that move toward the shore. Here's how:

- **Create groups reflecting a variety of priorities.** "Say you have a dozen partners at firms who might make a good fit. Don't group all your top choices in the first set of five. Pick two or three of your highly-ranked VCs and round out the set with lower priority firms. Even if you've rehearsed your pitch, you'll continue to refine it, so diversify your schedule to account for that learning curve. It's going to take some time in market to perfect the actual pitch. That said, don't leave all your top picks until the end as they'll be very out of sync with your process if in a later set. It's a balancing act."

- **Structure the meeting days right next to each other.** "You want to kick off with each set of VCs with the same information simultaneously. If interested, VCs will generally move at a similar pace. If they aren't, they'll get back to you sporadically — some immediately, others weeks later — which is why you need to actively manage them in or out of your cohort. Ultimately, you want to maximize not only the number of offers, but also the chance they'll come to you in a similar time period."

- **Use the back burner sparingly.** "If you have a lower priority firm that gives you a term sheet, you can hold them for a week to 10 days, but don't try to start a new process from scratch with a new set of firms at that point. It's enough of a challenge to coordinate a handful of fundraising conversations simultaneously, let alone ones in different stages of development. This is another reason to take time to sort, group and sequence your target investors at the beginning."

- **Check your pulse.** "Especially for first-time founders, it's easy to get tied to a fundraising strategy and timeline. Start the process with your first five VCs and regroup after the first week. If half of the first set are engaged, stick to just that set. If four of the five drop out quickly, prepare for the long haul and launch your second set." Given it's in an investor's best interest to give you a long drawn out "maybe," you need to read between the lines to understand their interest. Look for things like how fast they respond to you and find time for subsequent meetings, how quickly they give you clear next steps and ask them early for a clear understanding of their internal process.

Before starting, nail the narrative with your seed investors.

Before you jump into meetings with firms, make sure your seed and angel investors are working from the same storyline. "Take it as a given that potential Series A investors will backchannel and reference check with your current backers. They'll notice if there's a well-known Series A firm in your seed round that's not leading the next round," says Berson. "The truth is there may be many reasons why that happened, so be sure to have a common message that *all* your seed investors rally behind. It's a big liability to just assume everyone will tell the same story."

Make it a race.

As a rule of thumb, schedule your first meeting three weeks prior to your first set of pitches. Your goal now is to get partners to hit the sweet spot between FOMO and disinterest. You want to get a term sheet, which is not only the promise of greater resources and runway, but a lever to generate a race dynamic.

"**It's all about getting to a term sheet. Without one, you don't have leverage,**" says Berson. "Ideally it's from your top-choice investor for your ideal terms, but if it's not, a term sheet can be your negotiation tool. Without that, everyone is waiting around the hoop. A term sheet can create both a sense of scarcity and urgency."

There has been some especially sound advice around creating a race dynamic, especially from Ted Wang of Fenwick & West. Here's his framework:

- **The Horse Race.** Think of this as the traditional way of fundraising. You've got your list of targeted firms to fund your company. You identify who in your network can make the introductions and you release them at the same time, like horses out of a starting gate.
- **The Rabbit.** This approach is more like a dog race, where a mechanical rabbit is released and the canines chase it around the track. In this analogy, the rabbit is a VC with whom you met a week before the typical horse race (described above) commences. This can help move VCs along more rapidly.
- **The Heads Up.** This method refers to a poker scenario in which only two players are left in a hand after the others have folded. Two players (the VC and founder) are sizing each other up on what the company is worth. Wang elaborates with a sample exchange — Founder: "I'm going to go out and raise money. I really like you and want you to invest. If you make me a great offer, I will take it." VC: "Tell me what you think is a good offer." Founder: "If I'm dumb enough to do that, you should not invest in my company. I'm not going to negotiate against myself."

In the "Heads Up" scenario, Trenchard strongly recommends that founders give a range for their desired investment amount, not a specific number. "By declaring a figure, VCs can easily back into your implied pre-money valuation by assuming 20% ownership. So always give a range, such as $5 to $7 million or $10 to 12 million," he says. "There's one exception — and that's when the stars begin to align: ideal terms from the ideal investor. If there's an investor that clearly emerges as your first pick, reach out to say, 'Listen, you're my top choice. I'm talking to others, but that'll stop now if we can do a deal at these terms. If you don't like them, I'd still want to work with you, but will wait until the market tells me where the terms are before making a final decision.' This is the rare case where it's okay to make a specific ask."

THE WINS AND SINS OF PITCHING

Do not underestimate the impact of an outstanding deck and delivery. As Toytalk Co-founder and CEO Oren Jacob says, "A pitch is a live performance. You have to know it so well that it seems spontaneous." At the same time, don't let *how* you're pitching undermine *what* you're pitching.

Here are key lessons and tactical tips that Trenchard and Berson have extracted from the thousands of pitches they've heard and countless hours working side-by-side with First Round founders during Pitch Assist.

Systematically surface all of the burning questions investors may have and that you have to know how to answer.

At First Round, prior to the first Pitch Assist meeting, we have founders fill out a questionnaire to catch us up on what's happened in the business since the last time they raised (often their seed round), what makes their narrative unique, and what they believe their most compelling arguments are to date.

Then, based on what the First Round point partner knows about the company and the Pitch Assist team's independent research, we develop between 10 and 15 "**Burning Questions**" that we believe need to be answered before a startup should speak to investors. Today, we work with incredible designer Chris Laughlin and content expert Jared Bloom to run this process.

Answers to these questions become a solid basis for the flow of the story itself. Our team actually prints out all of the questions, posts them on a whiteboard and then, as the brain trust talks through answers, takes notes next to each paper. These lend momentum, movement and energy to the responses. It also encourages concise, clear, relevant answers based on data.

"Most people, when they build a pitch, sit down in front of a blank PowerPoint document and start at the beginning, without really knowing where to go next," says Bloom. "They spend an hour on it here and there until three weeks have gone by and they've only taken one stab at the order of information. Our goal is to accelerate the consideration of all these options so you know you're ending up with the strongest way forward, and you always know what comes next." (Any founding team can recreate this exercise themselves before they ever open PowerPoint or Keynote up.)

This is perhaps the most critical step, because it gets the founder thinking about their company from the perspective of an investor. Having that empathy with your audience is really critical if you're going to take them on a journey and get them excited about your idea.

The critical thing is that the questions brainstorm is a safe space for founders to externalize any anxieties, sticking points, uncertainties and dreads. That way they can be answered systematically. You also want part of your braintrust coming up with questions to be uninitiated to the company and provide fresh eyes. As a founder, you might think something is obvious when it's anything but for the average person. And even though investors are often well-versed in an industry or technology, your best bet is to describe what you're doing in a way that anyone can understand.

While it's critical that your burning questions are generated by taking a hard look at your company and the market, here are some examples for inspiration:

- Your churn rate is high, why is that and what are you doing about it?
- The space you operate in is fiercely competitive, how are you going to differentiate and win?
- You have poor unit economics, how are you going to build a robust business?
- You seem to have a very long sales cycle. How does that impact the capital needs of the business and deal size?
- What is your ideal customer profile and how does that tie into your go-to-market strategy?
- Can you build a big business by only focusing on the long tail?
- If you're not unit profitable, is that by design? When will you be and what are the key levers?
- What are you doing to de-risk the regulatory issues in your space?
- How did you arrive at your current pricing? What are the opportunities to increase it over time?
- Would it make more sense to focus on just one of your five revenue streams?

If you have a comprehensive list of questions and answers to work with, you're much less likely to avoid simple (yet common) mistakes.

You're sunk if an investor doesn't know what your company does 10 minutes into your pitch. There are a number of reasons this happens, but it's a founder's mandate to make the case for their company both simple and compelling. "Sometimes it's jargon that gets in the way, but often the founder spends too much time on the market or problem being addressed," says Trenchard.

> Start with the basics like you're speaking to kindergartners, but advance your arguments quickly as if they're graduate students.

Investors are pattern-matchers, but they still need to be grounded in the fundamentals.

Frame your problem in an original way. Find a very unique path to convincing them you're right and everyone else might be wrong. "Here's an example from a hardware manufacturer of cell phones," says Berson. "They teed up their pitch by saying that the world thinks about two types of consumers: those who are enthused by technology and those who are indifferent to it. Given expensive smart phones, they observed that most assume that consumers in the developing world are the second type of consumer. Their job was to create a product for a market where the consumer cares, but doesn't have money. I like getting a unique perspective in short order early on."

Anticipate and address any objections. "Draw from the concerns that your seed investors had during your last round of financing and weave in how you've addressed them in your pitch. Force rank them from most to least prevalent. Then answer the most prevalent in that first 10 minutes of the pitch in an authentic way," says Berson. "So, if you're Instacart, you need to bring up the Webvan disaster, for instance. Most investors come into a pitch with one or two big things that they think makes this business uninteresting. Know the objections and counter them early so you've got the most engaged audience possible. As reference, Christoph Janz, the managing partner of Point Nine Capital, outlines a smart list of figures to have on hand to preempt due diligence."

Don't bury your lead. "It's a mistake to put compelling data in the last third of your deck. Make sure you include information that shows traction before the midpoint," says Trenchard. "Describe the problem, your solution and the traction that shows that both are real. If there's more information that makes the business very attractive — from marquee customers to key partnerships — distribute that evenly throughout the deck. If you don't lead with the headline, you may feel the room start to unplug."

> The reality is that you may be their fifth pitch of the day. Structure your deck to not only deliver your information, but also to manage the energy in the room.

Explain the customer pain point faster with emotion. "In general, changing the energy in the room is your best engagement tool. Use humor or pull on heartstrings. Regardless of the approach, the customer pain has be specific and visceral for the investors," says Trenchard. "If you're pitching Instacart, show the challenge of juggling kids and putting bags in the car. Most humans can understand that. But if you're freight forwarder startup Flexport, then show a bit more of why it's so damn hard to import from China. And then boom! Reveal a world where you can track your goods and get real-time updates."

Don't just have a dedicated competition slide. "The best way to talk about competition, particularly if you're in a contested market is to address it throughout the entire deck," says Berson. "Scrap your Gartner chart with its X/Y axis and explain how — ideally from the customer's point of view — you're different and prevailing time and time again. So, for example, when you're on your market slide, address the holes in the market created by the fact that the competition is falling short."

Put your team slide toward the end of the deck. "A big speed bump for the momentum of a pitch is the mishandled team slide. First, I wouldn't put it at the front of the deck, especially because its biggest value is to demonstrate that the team is uniquely suited to tackle a problem. That full value isn't felt unless that challenge has already been explained," says Berson. "Open with a quick, personal story of the founding team with very brief background and put the full team slide and explanation at the end. This will also help you avoid the trap of being 30 minutes into your presentation without getting to what they company actually does."

Keep your slides simple and rely more on what you say. "This is why rehearsal is so important. When founders know the exact percentage of the people that hit their landing page or click on their ad, it's more than impressive — it shows a strong commitment to knowing each part of the business," says Trenchard. Berson adds, "There's a big opportunity to not put all the data on the slides. Have some on the slide to anchor the point, but then add color verbally with additional data and anecdotes."

Make your appendix your arsenal. "Here's a rule of thumb: if someone asks a question that has been asked once before, answer it on an appendix slide. If you have a sense that 20% of investors will geek out on quantitative marketing, make an appendix slide to reference so the other 80% don't have to endure a topic they care little about," says Berson. "The major challenges to the business should be in the main deck, but cover all the secondary risks in the appendix should they come up in conversation."

Don't stress about slide numbers. "It's irrelevant if you have 10, 20 or 25 slides. What's most important is to have a simplified, coherent story that you can tell in 20 to 30 minutes," says Berson. "It's painful to see 10 jam-packed slides. Give the narrative enough runway to unfold."

Don't roll with an entourage. "The founder or co-founders should be in the room. That's it — and only if each is a vocal participant. I can't tell you the number of times we see four or more people file into the room or a co-founder that speaks for 5% of the time," says Berson. "Founders must show how they actively command a company. If your co-founder is present but passive, there's an unintended consequence. You're signaling that you're not willing to have the tough leadership conversation with her."

Pitch to your personality. "It's supremely important to present in your own voice. Get inspiration — not templates — from other great founders. Find your voice by figuring out your own power alley," says Berson. "If you tend to be geekier and more technical, then craft a story that leads with the numbers. If you're an extroverted leader, emphasize the people you've recruited and culture you're building."

> Don't emulate Jobs or Benioff. Tell the story in your own voice. It's mandatory if you're going to get investors excited enough to squint to see a billion dollar business.

Sync your timeline and your mindset. "Founders must shift their thinking from winning customers to becoming the inevitable victor of a huge market opportunity that's unfolding. It's a very hard transition," says Trenchard. "I've only seen a few leaders do it naturally. For the rest of us, break from your day-to-day sales materials and really reset. That's what we do with Pitch Assist. In the first two hours, we conduct a 'framing meeting' to identify the big story that needs to be told. The express goal is to crystalize a narrative at the right level." It's difficult for any founder to get out of the weeds of company building to the 10,000-foot view of storytelling, but it's critical to running the most successful fundraising process.

That said, it's easy for the pendulum to swing too far, resulting in unhelpful abstraction. "I think the biggest challenge of all is how to figure out how to bubble up your vision that's also not too high level. Pull out the universal from the ubiquitous," says Trenchard. "I can't tell you how many times we've seen decks open up with a chart showing how mobile's taking over. Every investor has seen a thousand of those charts and you unintentionally wind up looking unsophisticated. Instead, find a new way to tell the story that's oriented around the unique vantage point of the entrepreneur, and what she sees that everyone else just doesn't get."

The catalyst for shifting your mindset and creating the right narrative lies within customer interviews. "Normally startups have collected a lot of customer feedback while building a product, so this data can be revisited to really illustrate why customers' exact needs have been unmet before your product came along," says Berson.

"The real magic happens when you've got an entrepreneur who can paint the grand story that just makes everything seem to inevitably fall into his lap," says Trenchard. "But that originates from the juxtaposition of problem and solution. A lot of founders screw that up because they get into the weeds — or clouds — too much, and they miss that part of the story."

> The fundraising founder has to operate at the right oxygen level between the soil and the stratosphere. Not in the trenches, but not in rarified air.

Exhibit unapologetic confidence. Jessica Mah, co-founder and CEO of inDinero strikes the right tone when she says she's moved from being "cocky and arrogant" to channeling unapologetic confidence. When it comes to fundraising, that attitude strikes the right balance between quiet conviction and outright arrogance.

"Getting a vote of confidence takes, well, confidence. It's key to demonstrate that you have a great business, good numbers, and that you're going to get funded," says Trenchard. "The successful founders are very honest and open about where and who they are — and, most of all, that they'll get the job done. The trick is that they show it in subtle ways."

The components of unapologetic confidence can be boiled down to nuances, says Berson:

- **When vs. if.** "When a founder says in a plainspoken manner, 'When we close, we're going to be…' you know that they already see the money in the bank. There's no extra emphasis as they make the statement, but it's clear it's not in question." When talking about the future of your company orient around "when" and not "if."

- **Near-term clairvoyance.** "When a founder speaks about the near-term, there should be real clarity. Investors understand unpredictability in the long-term, but not waffling about what'll get done over the next few quarters."

- **Demonstrated compatibility.** "Co-CEOs almost never work. If there are co-founders, each must step in to discuss their area of expertise and jurisdiction. If there's not a designated CEO yet, and one co-founder grabs the mic at every question, that's a red flag. You want co-founders that each contribute and speak in concert with each other. Or just choose one founder — the CEO — to run the process." It just doesn't work to have a meeting where one of the founders does 90% of the talking. If that's the case, there should only be the founding CEO in the room.

Build credibility through vulnerability. "One of the biggest ways to build credibility, particularly with early-stage fundraising, is to be very open about what you haven't figured out yet — and to get ahead of it," says Trenchard. "Admit you haven't figured out a channel or CAC. Be the first to bring it up. Every founder is scared of speaking about what they haven't figured out. But each founder that admits it earns major credibility points with investors because the reality is that investors will figure it out anyway."

> There are few things that are more important than your credibility as a founder in the fundraising process, protect it and don't destroy it. It's almost impossible to get back.

Every business has its warts. "Take Airbnb. Regulation is one of its big challenges as well as developing trust. Fleshing out how it's addressing the issue should be present in a pitch," says Trenchard. "Demonstrate mastery not by being the god of a golden startup, but by showing you're aware of and addressing your challenges. That doesn't mean that you start your pitch with a download of every negative side of the business. Space it out and deploy information thoughtfully throughout the conversation." Saying, "I don't know," can be one of the most helpful things you can do in a meeting and it's actually something First Round looks for in all of our founders.

> Overselling or hiding issues in the business always bites you in the ass. If the investor feels spun, you're done.

Don't trigger the bullshit meter. In the push to create a race dynamic, many founders can exaggerate aspects of their business or the number of interested investors in their fundraising process. Here are Trenchard and Berson's warning signs that a founder is spinning rather than pitching.

- **Quasi-team members.** "Founders can oversell their team in the same way they might with their business. If there are holes in their leadership, they'll add key people who are yet to join the company. It gives the investor pause about the company or its founders if a star performer doesn't have the conviction to take the leap and join." This is also true for advisors. Most of the time, there's no need to discuss your advisors. The best investors are going to be asking why they're advisors and not full-time team members. Leave them out of the pitch.

- **Pipeline vs. customers.** "This is the slide that has a bunch of logos, only two of which are paying customers. The rest are on free trials. We see it all the time in enterprise pitches." If you have a great pipeline, you want to show it, but don't try to pass them off as current customers.

- **Half-truths and vanity metrics.** "This is a common mistake on the consumer side. A pitch may highlight an isolated metric, but when you plug it back into the financials, it doesn't look as good. One example is showcasing Customer Acquisition Cost (CAC) numbers that aren't fully loaded or attributed correctly. Combining paid and organic customer acquisition into one number is a great example of playing games with metrics that will undermine your credibility.

- **Market size and competitors.** "Founders want to show massive markets, but they're at risk of doing so in an unsophisticated way. They throw big numbers that don't reflect their specific market in the near term. It's the same with competitors. We'll see an X-Y plane with logos, but not supplemented with any nuance of what they're doing relative to the rest of the players on the field. In both cases, there's a lack of precision."

- **Capital requested vs. capital needed.** "It's the top mistake we see every time. Founders default to asking for too much money. If there's no backing into that amount of capital, specific timeframe and deployment strategy, it's a direct hit to credibility."

- **Value-add platitudes.** "I'd say 75% of the pitches we hear end with hopes to 'find the right value-added partner' or 'we want to find a partner to build a long-term relationships with and it's you.' These are not bad messages, but they can come off as disingenuous if not backed up. I remember a founder who said, 'Listen, I'm getting offers in this week. I don't know exactly where they're going to come in, but I really want you. If you do a deal at this price, we're done.' The VC invested up to the mark and got the deal. There was no bullshit — just straight-shooting."

REHEARSAL REQUIRED

Even when we work with companies that are very large, top executives who speak publicly all the time *still* never want to rehearse. They'll say, "Oh yeah, I'll just flip through the slides beforehand and it will be fine" — that's heartbreaking because the final product could have been so much better. **Practice is critical, and it's the part of the process that is the most easily overlooked, procrastinated and underutilized.**

"There aren't any tips for getting comfortable with something that is inherently uncomfortable. You just have to feel the pain and do it," says Bloom. "The worst thing you can do is go pitch in a real-world scenario without rehearsing, have it go poorly, and then blame the material instead of yourself. But we see this a lot."

To emphasize the importance of practice, Pitch Assist recommends that founders do one full run-through of their pitch for every minute that their presentation is long. Sounds like a lot, but by the time you get to the end, you'll know it by heart and be unflappable in the face of adversity.

The least painful path is to rehearse several times in private, and then slowly expand your audience. Get a few trusted friends together to watch you. Then after that, present to a few of your investors willing to give you pointers. You want to slowly push outside of your comfort zone as you get more confident. Schedule these meetings on your calendar as soon as you can, and keep your commitments. Even if you don't want a huge amount of feedback, the audience will be a forcing function to get you to run through it again and again. You have to put yourself in a situation where it's not game time but the stakes are still high — that's why pitching in front of your existing investors is so valuable.

The goal should always be natural delivery.

In any given meeting, a founder can be interrupted, asked to skip ahead or back, asked questions, etc. So, if you only know how to present linearly, anything unexpected is likely to throw you off your game. Knowing the material implicitly and organically will not only make you teflon in the face of these types of challenges, but will let you bring more authentic energy.

In Bloom's opinion, being natural starts with understanding your personality as a presenter. Know both your strengths and your limitations.

For instance, they've seen a number of founders build really complex decks with a lot of fast-paced clicks and animations, only to trip over them in their delivery. A fundraising pitch is not the time to dazzle with bells and whistles. It's the time to be incredibly clear.

"We might meet a founder who is really into the technical features of their product, and they love geeking out on it, so the deck should try to reflect that," says Bloom. "Or maybe he or she really has more of a visionary bent — if that's the case, then they should lean into it as long as the pitch also includes the data investors want to see."

If you feel uncomfortable presenting your deck, it's probably because it includes something that doesn't feel true to yourself or the mission of the company. Of course you want to try to weed this out earlier in the process, but that requires being very honest about your character, the people who work at your company, and why you're doing all of this in the first place.

All that said, there are some people who are simply less adept at public speaking, and no matter how many times they rehearse, it doesn't get close to conversational. This doesn't mean they're doomed, says Bloom. There's one trick that can vastly improve their chances.

"Find the part of your story that you're most passionate about," he says. "I mean, this is *your* company. You should care deeply about it. If you can hook into that feeling at key points in your pitch, you're much less likely to sound flat or wooden."

PUTTING IT ALL TOGETHER

In this difficult fundraising environment, the stakes are even higher. It's critical to first establish a timeline that gives a clear three-month runway that aligns with both your company's growth cycle and the traditional venture capital calendar. Founders should run diligence to prioritize and vet each venture firm, but ultimately be guided by a partner's profile.

One should self-assess via the 10/90 rule, which will impact your fundraising schedule and how you create a race dynamic. As Series A VCs make only a few bets a year, never has avoiding the pitfalls during pitches been more crucial to sidestep, and the funding tips more vital to follow. Ultimately, all this preparation is to get a term sheet to secure the best possible partner and price.

"The reality is that there's a growing gulf between early-stage rounds, so any enhancement to the Series A fundraising process might make the difference for an investor," says Trenchard. "For Series A in particular, if there's not a clear next chapter of the story being written and a cohesive team being built, you're in hot water. Because there's less squinting for a glimmer of greatness at that growth stage, there has to be a sense of something special at play. For a series A partner, the ultimate success of your company may still be a coin flip. As a founder, don't let your pitch make it one."

Photography by Bonnie Rae Mills.