

# Enterprise Fundraising Process

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# Agenda

- ▣ Types and Stages of Fundraising
- ▣ Finding a lead
- ▣ Running a process
- ▣ Introductions
- ▣ Behind the Scenes

# Fundraise Type

## Early - Angel (F&F)

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- ▣ You set the terms
  - ▣ SAFE or Convertible Debt
- ▣ Early warrant coverage
- ▣ Easy docs
- ▣ Preferable price
- ▣ Cash driven
- ▣ 6 Months

## Later - Institutional

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- ▣ You set the amount
  - ▣ Based on Budget
- ▣ They set:
  - ▣ Price
  - ▣ Terms
  - ▣ Controls
- ▣ Timeline driven
- ▣ 18 Months

The Default State is NO

# It's not you, it's...

- ▣ It's your idea
- ▣ It's your market
- ▣ Their thesis
- ▣ Their timing
- ▣ Don't assume investors see your idea the way you do
- ▣ Each meeting is about getting to the next meeting
- ▣ Your random communications

# Finding Your Lead Investor

- Angel
  - Party round - Lead isn't required – but super helpful
  - Price needs to be compelling
  - A lot of followers
- Venture – they set terms – with your guidance
  - Lead is required
  - They will help with the syndicate
  - Momentum and competition matters

# Enterprise Sales Process

- ▣ Yes, it's building relationships (but at scale)
- ▣ Running the numbers
  - ▣ List
  - ▣ Qualified
  - ▣ Momentum
  - ▣ Syndicate
  - ▣ Closing
- ▣ Don't waste your communications – be deliberate

# Having a repeatable message

- You're likely to meet a Junior team member
- Need a repeatable message
- Summarize with “if you forget everything else about this discussion... <insert elevator pitch>
- Their future at the firm is based on not looking stupid to their boss!



# Executive Summary

- ▣ Two pages
  - ▣ "Don't Bury your Lead"
  - ▣ Your headlines and opening paragraph tell the story
  - ▣ It's designed to get the next meeting, not to get a check
  - ▣ Stay at 10k feet and out of the weeds
  - ▣ Numbers should sync with deck and forecast!  
You'll be tempted to get out of sync – be careful!

# Building your list

- ▣ Investors who have, invested in your:
  - ▣ Stage
  - ▣ Geography
  - ▣ Vertical market
  - ▣ Invested on competitor or adjacent companies

## 1. Build your lists

- ▣ LinkedIn
- ▣ Referrals from Flat6
- ▣ The [TechCrunch List](#) – limited list
- ▣ Crunchbase.com ~\$350 annual. [Technation](#) UK,
- ▣ CB Insights, later stage. Pitchbook – really expensive

# Mechanics

## 2. Steps

- ▣ Finish your deck, financials, executive summary (1 or 2 pages)
- ▣ Create [forwardable email](#)
- ▣ Map your introductions

### ▣ Tools:

- ▣ Hubspot.com (FREE and 90% discount)
  - ▣ Calendar, open confirmation
- ▣ FounderSuite.com
- ▣ Google Sheets

# Follow up

## 3. Follow up

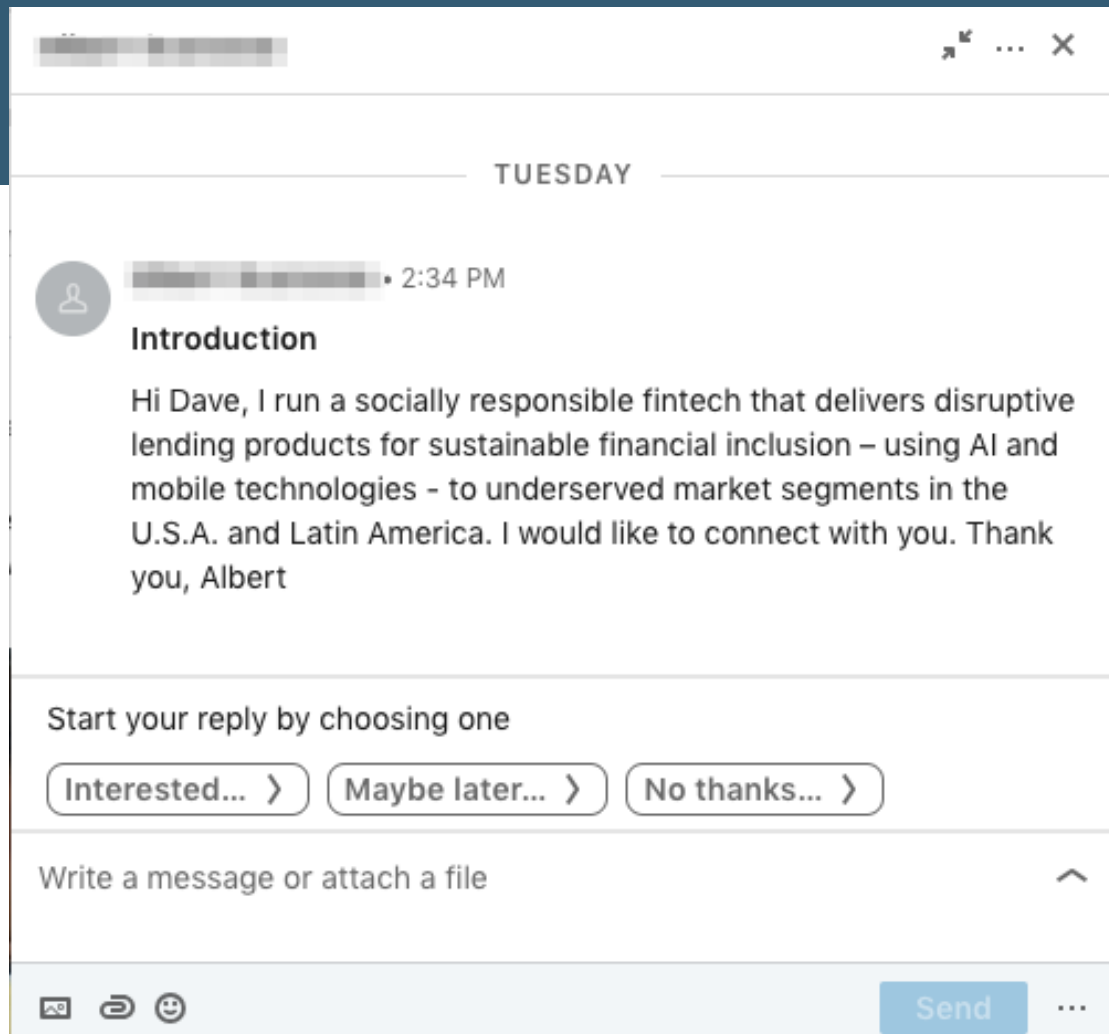
- Monthly updates
    - What we said, what we did, where we need help
  - ABC – Always be closing
  - Ask what they would like to see before we meet next?
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- Prep for the next round in 12-18 months

# About Them – Qualification

- ▣ Know what they invest in
- ▣ Know their typical amount
- ▣ Vertical
- ▣ Lead, follow or tire kickers
- ▣ Stage
  - ▣ Pre-seed - \$200k
  - ▣ Seed - \$500k
  - ▣ A - \$2M

# Cold and Warm Intros

# Not



# Cold vs. Warm

## Cold Intros

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- ▣ Do your research
- ▣ VC sites have contacts
- ▣ Not all will take cold intros
- ▣ Be persistent w/o annoying

## Warm Intros

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- ▣ Do your research
- ▣ LinkedIn
- ▣ Personal Relationships
- ▣ Intro Email



# Behind the Scenes

# What's happening with the VC?

- Most filter – sector, size, stage, growth, referral source
- Then Screen at Partner Meeting – looking for consensus
- Then invite in for presentation
- So! You need to make the presentation that the most Junior team member has confidence repeating! Have a lead within the firm
- No one's writing a check from an Exec Summary or PPT!  
Get the next meeting

# Due Diligence

# Due Diligence Process

- Deal Memo – internal memo used to validate why they are leading the round – it will likely be shared with other investors or future investors
- Document review [post](#)
  - Data room
  - Corporate Hygiene
- Customer calls – you likely have a few customers, don't over burden them with random call.
- Meet with other investor

# Your Due Diligence

- Ask to talk to their portfolio company CEOs – ask for a couple of companies they passed on investing as well
- Have a structured list of questions
  - Have they been a good investor
  - Give me an example of a time when they were helpful
  - Give me an example of a time they weren't helpful
  - Have they done the things they said they would do when they invested
- Not all money is good money

# Tactics for dealing with VCs

- You want to create momentum or a sense of momentum
- Create a reason to close – not a reason to wait!
  - Good news next month is a reason to wait
  - New features shipping next month is a reason to wait
  - Booked revenue is a reason to close = increased valuation
- Not all VCs are arrogant assholes (but many are)
  - Pattern matching – break the mold!

# Momentum

- ▣ Build with a plan for momentum
- ▣ More than one lead
  - ▣ Don't take your foot off the pedal because you have someone that loves you!

# Building a Syndicate

- Lead
  - Amount
  - Terms
  - Influence
  - Board Role
  
- Follow
  - Amount
  - Average Check



# Closing

- Close Date
  - Keep pushing to close
  - Don't fake a date
- Rolling Close
- Lead will push in first
  - Competitive deals will allocate to syndicate with you
  - Non-competitive it will likely come in via fits/starts
- Escrow with Min/Max

# Season and Timeline

- Short Season – Sept 15- November 15
- Long Season – January 15 – June 15
- Target 2-3 Month
- Momentum matters

# Final Do's and Don'ts

## Do

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- Keep your eye on the ball – don't miss your numbers
- Manage the process
- Qualify your investor
- Create optionality
- If there's an ELEPHANT room, call it out

## Don'ts

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- Get < 6 Month of capital
- Hide the ball on any bad news
- Be too transparent
- Let the investor miss a deadline – escrow example

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