

Raising Capital for a Start Up? *close all your mouse holes*

Have you found out that raising capital for a business venture is not an easy thing? Your anticipated success in raising business capital from your activities hasn't quite gone the way you planned? Time for a reality check! It is time to understand why and change your strategy. Most entrepreneurs and even seasoned business people acknowledge after going into the capital raising exercise that it has a few peculiar features like:

- it takes all their time, much longer than they allowed for
- the intense focus detracts from developing their venture
- the specific skill-set they thought they had is not at the level they need
- their activities are not getting results

Why is it that over 95% of entrepreneurs (and seasoned business people too) seeking capital fail? They fail for a host of reasons, but many failed because they never realized what it takes to raise capital. Their knowledge gaps thwarted their honourable, though mistaken efforts in these 5 key areas.

1. the need and method to identify and target the most suitable investor type
2. how to show viability where it matters to investors
3. how to show value in the proposition to investors
4. they were not genuinely investor ready
5. the failure to comprehend their capital raising literature was not good enough

How good is your idea?

Entrepreneurs often think their idea is so good that it will 'magically' go before them on its own appeal fulfilling the ingredients required to be accepted in the 'real' commercial world they are entering to seek capital. The fact is **"It's not about your idea, it's about how to make it viable and executing a plan that gives it value"**.

Your innovations must have value to investors - your business needs to feel and look viable above and below the surface - it must stack up when looked at closely. And value needs to be in the proposition to investors. Being 'investor-ready' is about having these in the deal and your house in order so investors feel the risk is worth it.

Have you really put yourself in an investor's shoes? Would you see value in your offer proposition? Would the risk/return ratio warrant your own valuable time and money? And then, are you targeting the right audience? Can you list all the things that make your venture and, you investor-ready?

Close mouse holes

Deals are elusive not because of lack of investors, but because too many mouse holes are left open in too many places. Investors are seeking qualified opportunities through a disqualification process. The key is to close all mouse holes which disqualify you - make everything viable, and then you become credible. When you are credible you can win an investment partner.

Raising capital is linked to understanding the process; the preparation to become genuinely investor-ready, and in creating viable propositions to investors who are suitably matched.

Your capital raising document needs substance more than gloss

Constructing an appropriate business plan and investment offer document is part of the process of becoming investor ready. In other words, you build a viable business model, implementation plan, and proposition around your product as a process to investor readiness. The game is simple; get investor-ready, get an investor on board, execute the plan with their money, and exit with multiples on the investment for everyone.

Do not underestimate the importance of your investment document! This is your best tool to show that you are credible, viable and investor ready. Often your documentation is your first point of call, or at least the most meaningful way to prove you have substance. But the 95% of those who never got funded ever realized just how much their documentation let them down.

Documentation should be a testimony to an entrepreneur's viability, but many cling to pseudo plans lacking soundness and being proffered with too much gloss and uncommercial notions.

The background and specialized skill sets required to construct truly good documentation and, to raise capital are hard-won - they are only honed by experience in the field.

Tapping into the resources and skill sets of a well-chosen, experienced corporate advisor/mentor for your venture will assist you to bring in all these elements to show viability to investors. This professional service like any professional service cannot be expected for free, but will return immeasurable value above what is paid and will greatly enhance funding chances.

Few entrepreneurs have the complete skill sets or contacts to deal with the critical elements of serious capital raising. The question you should be asking is this: "can I afford not to seek out a good advisor in these matters when so much is at stake, and when I especially need to continue to focus on my venture and product?"

No commercially minded entrepreneur should treat raising capital as a hit-and-miss when it comes to the exercise, unless they enjoy failure and have nothing better to do! Raising capital takes up not some, but huge amounts of your time - it takes even more when you don't get funded.

You can make sure your venture does not join the many entrepreneurs who have lost momentum going down a fruitless and time-consuming road because of lack in knowledge areas which are essential to attract the investment they need.

The simple facts are these: Investors are attracted to viable models and viable people. When you are viable and investor-ready, you are credible. A sound method applied to these will make you successful in attracting investment, but that's another topic.

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