

FINANCIAL POST

Keep your concept short and sweet when seeking to raise capital

Sapient Capital Partners

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Entrepreneurs looking to raise capital should have a plan in hand. Experts at Sapient Capital recommend the following key points:

- Be able to fully explain your basic concept in 60 seconds or five PowerPoint slides.
- Show why you or your team have even the remotest shot of succeeding in your chosen business. Past successes in starting, building and selling companies are the best, as VCs love "serial entrepreneurs," for the same reason veteran quarterbacks are more valuable than rookies! They've been there, and done that.
- Prove your target market is large. Try to find third-party research to back up your claims. The U.S. market must be a key part of your plans. Canada is just too small to be the only market you are aiming at.
- Everything else is details. Don't spend a lot of time or space on them!
- Keep your financial forecasting and analysis simple and nimble. Being in an early stage is no excuse for not planning ahead with the next couple of years in mind.
- Don't say your product or service is unique. It's not true. Use every means at your disposal to learn about competitors -- trade shows, the Internet, news information, the speaking circuit, even posing as a customer. Not being able to name any of your competitors just shows you haven't done your homework.
- Ignore the Canada/U.S. border. There is no real distinction between Canadian and U.S. VCs, other than the zip code!
- Take the commonly held views, cliches and stereotypes about VCs with a grain of salt. They are not all the same.
- Don't get frustrated while you are talking with VCs and always bite your tongue. You will get ignored, and may be turned away, repeatedly. Don't try to make sense of the process, just keep answering their questions. VCs talk to each other, so don't burn bridges.
- Don't wait until you need money. Keep at least a minimum of six months ahead of you at all times. Achieving this will make you look prudent and forward-thinking.