Right place, right time: a guide to knowing when to secure investment

The brightest ideas always come when you least expect them. We often bank them and bring them out when we think will receive the biggest possible impact. Founders, if you're seeking investment, you should do the same.

Temps de lecture : minute

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We know that when getting a business off the ground, founders get over excited and want to do everything at once, including finding the funds to make plans into reality. However, you run the risk of plans falling flat if you don't pay attention to investor behaviour and seek investment at the right time.

Just like founders, all investors are different and have different priorities when it comes to agreeing to handing over cash. Key to closing a deal successfully is knowing what investors want and when they want it. Here's how you can prepare to strike when the iron's hot:

1. Know your moment

Just *under half (42%)* of UK startups fail because later down the line, they find there's no market for their product. The simple solution? Research. You need to know if there's room for your business. In doing this preparation, you should also bear in mind the type of investment and investor you need to attract to get your project off the ground.

At SeedLegals, we've found that the best time to open and close a funding round is the first quarter of the year, with rounds more than doubling in this quarter compared to other quarters. Evidently, investors are most active at this time and therefore more receptive to signing deals. If you attempt to fundraise outside this quarter, you could put yourself at a disadvantage, pitching to an empty room.

Other key moments include the end of the year, and the end of May to early June, both to tie up loose ends before main holiday seasons of Christmas and New Year and then the July/August summer breaks.

2. Understand when your investor will want to close

However, with each investor there's a different right time to raise. Ask yourself who am I targeting snd when will they be most likely receptive to my pitch?

For example, if your target is an *angel investor*, you'll want to aim to complete your deal with them before the end of the financial year because they'll be interested in getting their tax relief through the Enterprise Investment Schemes (SEIS and EIS). If it's a VC you're after, they tend to plan annually around the calendar year so you'll want to make sure you complete the deal well before Christmas. When you better understand your investors, you can prepare accordingly.

3. Ignore the September deal spike – it's a red herring

Summer is commonly known as a no-go time to get any type of business deal done, let alone secure investment. A common misconception, and where many founders fall, is thinking that there might be a spike in funding in summer into September and so they try to pitch their business in summer, to no avail.

When we see a spike in deals closed in September, we believe this is due to some stagnant rounds becoming active again. This shows how long the process can be if you aren't pitching at peak times – if rounds that didn't make it before summer are still waiting to close in September, it shows these companies have been waiting several months or more..

4. Use agile fundraising to take an investment anytime

We know it's easy to get caught up doing a traditional funding round – they can take months to prepare for, plus the fact that your round will be on pause over the summer while investors take a break. But a traditional round isn't the only way to raise. You can now raise continually – this relieves the pressure on investors to commit and means you can top up your funds whenever the opportunity arises. So, if you don't want to run a full round from start to finish, or you simply don't have time to, agile funding might be the solution you need.

To stay on top of your game, make sure you're engaging with investors when they are at their most receptive. If you try to engage investors at low interest times – like when they're on August vacation – it won't make you stand out. In fact, your messages will get lost in their crowded inboxes.

They say that good things come to those who wait. Yes, you'll need to wait for the right time to suit your investor, but with agile fundraising you won't need to wait until your next funding round.

Abbie Main is sales manager at *SeedLegals.*

Article by Abbie Main