3 tips from investors that harm your startup's fundraising

Eye-catching headlines in the media create a false impression that raising investment is a piece of cake. In fact, only 0.05% of startups raise money from VCs.

Temps de lecture : minute

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Some investors try to help startups, sharing tips on how to approach VCs in the right way, talk in the right way, and present themselves in the right way. My startup Wectory has raised $2.2 million, and it turned out that some of their tips aren't just bad — they are dangerous.

Bad advice 1. 'If a fund hasn't invested in you, don't ask it to intro to another fund'

The investment decision depends on many factors. The startup's industry, location, stage and more should match the fund's profile, while the founder and the fund's partner should share the same values.

If one VC doesn't want to invest in you, this in no way means other funds won't be interested. One of the rounds I raised ($1.2M) was led by an investor whom another VC introduced to me.

You should ask partners of funds to make intros, even if they themselves turned you down. You have the green light to ask for help when an investor writes you an email similar to this:

> "*I would like to keep in touch and catch up in the next few months. In the meantime, good luck with your fundraising. Please let me know if I can help you with anything.*"

Also, some VCs may offer to make an intro without you asking first.

Bad advice 2. 'Research investors in depth before the first meeting'

I was advised to study the VC's latest news, their funds and last investments, profiles of their partners and other info, which actually… doesn't really matter.

There's no telling how much time I wasted researching the funds down to the last detail before I knocked on their doors. But it turned out that you only need to know if this VC invests in your industry and stage. Everything else — they'll tell you on the call.

For you, it's much better to focus on a solid pitch deck, business plan, and financial statements and to show your big vision.

I got our first cheque from FJ Labs. All I knew at the time was that they were making investments at our then-development stage and helping raise new rounds. I am sure that their decision to invest in no way depended on my prior knowledge of the details of their business or the history of their founders.

Bad advice 3. 'Don't try to meet with a fund's

partner — start communication with analysts'

This is complete nonsense. There's no difference if your first conversation is with an analyst or with a fund's general partner. You may get an intro to either of them, and you will have to just grab your chance.

None of the investment rounds I've raised started with an analyst. In some funds, however, it's required to talk to them first before talking to partners. It depends on the process that a particular investor has designed or on your introduction.

Most of the people I know at big-name VCs are partners, but I also know many analysts who work for small local funds.

In any case, if you are raising a round, you need to do it quickly and efficiently. The rest is irrelevant.

Raising a round might be challenging, and you'll be rejected a lot. Be bold to ask investors who turn you down for feedback. The leading VCs almost always provide a detailed explanation of their decision — use that information.

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