

**T H E** **ART**  
**O F T H E**  
**START**

# The Art of Raising Capital

Bill Reichert  
Managing Director  
Garage Technology Ventures



## Question #1: Is Your Business Venture Fundable?

Must pass three critical tests: Potential for . . .

1. Rapid sustainable growth
2. Significant size and scale
3. Disproportionate profitability

# What is the Best Way to Raise Venture Capital?

**1**

Start smart

**2**

Tell a good story

**3**

Make sure the numbers add up

**4**

Find the right investors

**5**

Build credibility



## Start Smart

Put together a simple, clean company foundation . . .

1. Incorporation and founders stock
2. Employees, consultants, advisers
3. Intellectual property
4. Seed investors and loans
5. Corporate governance practices

. . . get the right attorney.

## Tell a Good Story

Know how to articulate the fundamentals of your business

1. Team
2. Problem / opportunity
3. Technology / solution
4. Sustainable advantage
5. Business model
6. Partnership / leverage.

## Make Sure the Numbers Add Up

Demonstrate a solid grasp of your economics

1. Long-term financial projections
2. Near-term operating plan
3. Capital requirements
4. Capitalization structure over multiple rounds
5. Levers of profitability / Key metrics.

4

## Find the Right Investors

Use your sales and marketing skills:

1. Generate momentum
2. Target your venture contacts
3. Herd the cats.

Factors that enhance . . . and detract:

1. Customers
2. Strategic partners
3. Investors / board members
4. Advisers / industry experts
5. Milestones
6. Defensiveness / bull pucky
7. Lies . . .

## Top Ten Entrepreneur Lies

10. Our projections are conservative
9. Our target market is \$56 billion
8. We have a world class team
7. Our average sales cycle is 90 days
6. We have no direct competition

## Top Ten Entrepreneur Lies

5. No one else can do what we do
4. All we need is 2% of the market
3. We'll be cash flow positive in 12 months
2. Our contract with Nokia will be signed next week
1. I'll be happy to turn over the reins to a new CEO!

## In Summary

- Make sure your business is venture fundable
- Set up your business the right way
- Tell a good story
- Understand your economics
- Demonstrate your selling skills with investors
- Build credibility

# The Art of Raising Capital

Bill Reichert  
Managing Director  
Garage Technology Ventures

[reichert@garage.com](mailto:reichert@garage.com)

