6 Fundraising Lessons To Learn From Failed Startups

According to a study conducted by Allmand Law, at least 90% of startups fail.

The fundraising period for most startups is the make or break period, yet even making it past the fundraising thousands of startups still fail. So, to help all business owners looking to fundraise for their business, here are 6 lessons brought to you by Entrepreneur.

1. Confirm your product with customers. This is number one for a reason. If your product does not resonate with your target market, then you may as well throw in the towel now. Numerous business owners fall into the false hope of believing that their product is good solely because investors tell them it is. However, every business owner looking to make it past the fundraising needs to listen to their customers. You'll get the warning signs of whether your product is ready or not to move forward with, and believe me, you better listen or you'll end up like the 90% of businesses that fail.

2. Know your strengths and build a great team. No matter how great your product is, you need to have a great team behind you. You'll never be able to do everything on your own, and certain tasks will always lay beyond your skills. Without the necessary skills in the most vital positions, it will be difficult to seek and find funding for your startup business.

3. Aggressive = Good. When you're trying to get funding you'll need to be aggressive with your approach. You'll need to get a number of customers and be able to prove you have a recurring revenue model. Without an aggressive approach, you'll have a hard time proving to investors that you're worth their capital.

4. Fundraising is not a sprint, it's a marathon. You may think it only takes a couple days to raise

$1 million in seed funding, but let me tell you, it's not true. Regardless of whether you have funding or not, it takes money to run your business and many businesses tend to fail before they can even raise capital.

Expect to spend days and even months pitching to investors. You may pitch to over 100 investors without getting a single dime, but it takes perseverance to finally get your funding. So make sure to plan out the money you do have wisely because you'll need it to last until you get your seed funding.

5. Understand your financials. When you go to pitch your company to investors, one of the most common things you'll be asked about are your financial plans. Yes, you may have an amazing product and a great marketing team, but how do you plan on making money, how much money have you made, and how much money do you project to make in the next 3 months, 6 months 1 year, and more.

6. Find the right investors. The best way to ensure that you're startup business gets funded and survives to tell the tale, is to get the right investors. Find investors who share the same goals and philosophy, and avoid people who are unfamiliar with startups. People unfamiliar with startups will have unrealistic goals and expectations, and will push you too far too early. In other words, working with investors what don't understand what startups go through will set you up to fail.

It's scary to think that over 90% of startups fail to make it past the fundraising stages, but with the proper planning you can do it. We specialize in helping startups and small businesses get their financial planning in order and even provide interim CFO's with decades of expertise and experience. If you think you may need some help with your financial planning before you meet with investors, then don't hesitate to contact us at (415) 461-2586
or http://www.pcg-services.com/contact/. We hope to hear from you!