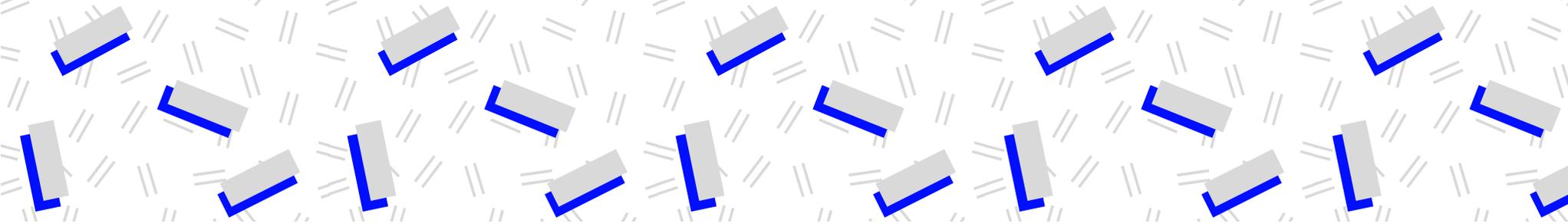




5 Tips
TO SCORE
INVESTMENT

For Your Idea

Pitchblak

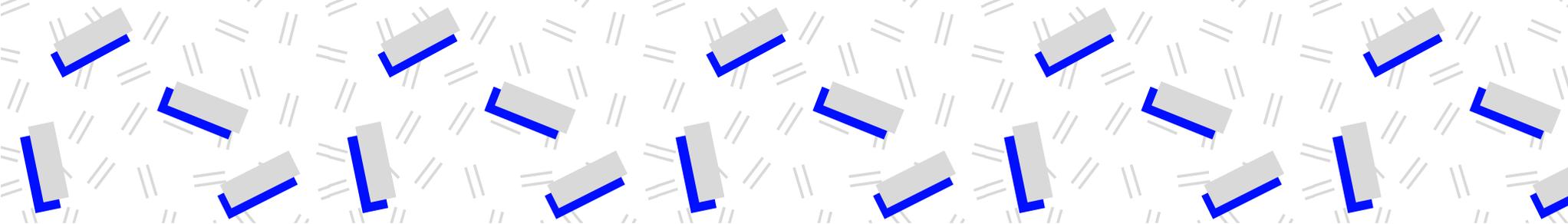


After raising just under \$20M for our own companies and helping other entrepreneurs to raise millions, we've seen all the mistakes, and we've learnt some very useful hacks for capital raising.

A lot of people imagine startups as two Californian university kids hacking away and 'hustling' until a big VC (venture capitalist) backs them. No cash changes hands, as both kids are working on 'sweat for equity', meaning they work for free to have ownership of the company.

This is very far from the truth.

While some startups do start in universities, the majority are founded by people who have a career, family, and often a mortgage.



'Sweat for equity' (or someone working for ownership of a company with zero pay) isn't really an option when you have high living expenses... you need to pay the bills somehow!

This is why it's super important to understand how to get 'Pre-Seed' investment for your startup. Pre-Seed is the first round of investment a startup will raise, and it allows you to quit your job and hire a technical person to build and improve your tech product.

Read on for our top five tips for entrepreneurs who want to raise money.

1. Don't build your product right away

If your product needs to be coded from scratch (which is the case for most tech startups), you don't want to build it without having some money in the till.

I can't count how many times I've met founders who built a sub-par, under-funded product and were struggling to raise any money. The second you have a product, you are subject to very factual questions being thrown at you.

“How many users do you have?”

“Why is the product so buggy?”

“What's your customer retention rate?”

The key to raising Pre-Seed investment is doing it BEFORE you build your product.

2. Prove people actually want your idea

You're probably thinking, how do I get investment when I don't have a product?

The answer is 'momentum'.*

You can find a way of running it manually to prove you can get customers BEFORE you have a product. Whether it's using spreadsheet formulas, consulting, running Facebook ads to test what language works, or connecting people in a Facebook group - you can start proving your idea with very little cash in the bank!

This will help massively in getting investment because when people tell you don't think it will work. You'll have an ace up your sleeve. "Well I've been running a sh*tty manual version of the product, and people love it". It's hard to argue with that.

*The startup industry tends to use the word 'traction' in relation to investment. We believe traction is post-product, so we use the term 'momentum' to describe the pre-product equivalent.

3. Use your network + their connections

If someone you'd never met asked you to invest in their idea, you'd be hesitant and quite skeptical. Even if you liked the idea, you'd need plenty of time to get to know the founder intimately before you'd seriously look at the opportunity.

Over 80% of Pre-Seed investment comes from people within a founder's networks. Think about your friends, family, colleagues... and their connections.

They know, trust, and respect you. Three key ingredients for getting investment for early-stage startups.

The best hack we've found for this is to bring all your connections along the journey. Keep updating them on how your idea develops, and the highs and the lows. The more you speak to people about it, the more curious they become.

Then the FOMO sinks in. People hate missing out, so you'll find people offering you investment before you even have to ask when you do this right.

4. Crush your fear of asking

I promise you that as long as you consider investment as someone 'doing you a favour', no one will invest in you.

If you're not confident that you can create a successful startup, why should anyone else be?

You need to view this as what it is: an opportunity for someone to potentially make a lot of money by backing you.

If you do build a successful company, and you didn't give people you know the opportunity to invest, they will be pissed! They'll say, "Why didn't you let me in on that before you were huge??"

5. Show your conviction and passion

Starting a startup is the equivalent of starting a cult. You need to be obsessively passionate, and figure out how to get others just as excited about the vision as you.

Empathy is the best tool for this. Imagine you are listening to your own pitch or, even better, record it on your phone and watch it back. Most founders cringe when they watch themselves for the first time on video, but over time with enough practice, you'll get there!

Be passionate and convince people to join your cult!

I hope learning these tips in advance has helped you. If you have an idea or early-stage startup and would like support in getting investment for it, reach out to our team!

Click here to get feedback on your idea!

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