

The Ultimate Angel to Series A Startup Fundraising Strategy Guide

Startup Funding is hard to get, and it's going to be near impossible if you don't have a strategy on how to raise capital. In 2017 when I was raising pre-seed capital from angels and VCs for SIERA.AI, I struggled to go beyond the first meeting. I was rejected by over 30 investors. Looking back, the lack of traction was not my problem (I was raising pre-seed after all), the problem was that I didn't have a strategy on how to conduct the fundraising process.

Eventually, through 2018-2021 I raised more angel and venture capital (\$6.8M). In the fall of 2021, I decided to write down all the advice from my mentors and my own experiential learnings into one fundraising strategy guide. This guide synthesizes all my 4 years of learning from the mistakes I've made pitching to over 100 VCs into ONE easy-to-follow guidebook for your own fundraise.

About Sawruv



Sawruv (a.k.a Dr. Saurav Agarwal) is an entrepreneur, internationally recognized robotics expert, author, and startup adviser. Saurav is the Founder of [SIERA.AI](#). He was the founding CEO of the company from 2017-2022 and moved into the CTO role full-time in 2022. He started SIERA.AI in 2017 right after a Ph.D. in robotics. Since then, he has raised more than \$6.5M of venture capital (without any prior network), built a team of 30+ people across 2 continents, launched 2 unique Robotics and AI product lines (with complex hardware), built a go-to-market program, and onboarded over 60 enterprise customers (several of them in the Fortune 500).

Saurav is passionate about helping other Hard Tech Founder CEOs build and scale incredible companies.

Introduction

A fundraising strategy helps structure the fundraising process and removes ambiguity.

Golden Rules of Fundraising

1. Investors invest based on social proof
 - a. Who else is investing in you?
 - b. Brand names of customers that you work with.
2. If you don't have social proof
 - a. Revenue, traction, growth
 - b. Accelerating growth is even better
 - c. Show Quarter over Quarter growth metrics, show conversion from trial to rollout
3. Investors will not value your past so focus on future growth.
4. Be 100% confident, and present with gusto, passion, and energy
5. If you're not ready for the meeting, cancel the meeting and move it

Do's	<ol style="list-style-type: none">1. Show a big market using the right trends.2. Focus on growth and expansion.3. Focus on what can go right.4. Delight in the call.5. Use data points and metrics for traction.6. Talk about the expansion potential.
Don'ts	<ol style="list-style-type: none">1. Don't try to get credit for what's done in the past.2. Don't jump to an answer for a question, read between the lines, and ask a question to understand the question.3. Don't be defensive for a tough question, smile, acknowledge, attempt to answer with humility, and say you will have to get back to them with more data.

3-Step Strategy

- ❑ Identify the right investors (Ideal Investor Profile)
- ❑ Create the right pitch (messaging)
- ❑ Run a parallel fundraising process (breadth-first search).

Ideal Investor Profile (IIP)

Investors have a lot of criteria to consider before they make an investment:

1. Company Stage
2. Geography
3. Industry sector
4. Category

If you pitch to investors whose criteria you don't fit you will waste a lot of time. Find the investors that invest in similar stages, geography, and industry verticals.

How to find the right investors?

1. Look at CrunchBase to find companies similar to yours.
 - a. Get a CrunchBase subscription, it's worth it.
2. Find out which angels and VC firms (and which partner at the firm) invested.
3. Check recent funding activity to make sure the fund/angel is active.
4. Connect to the angel/partner on LinkedIn.
5. Find a warm referral to connect with the angel/VC Partner.

The Pitch (Messaging)

After you have the right investors identified, messaging is key.

1. Have the right messaging around your company, stage, and market.
2. Pick the right macro-trends to focus on:
 - a. Investors like to move with the times
 - b. What trends show a big and growing market?
 - c. What trends show an acceleration in your space?
 - d. What trends show that is the right time to invest in this space?
3. You will be compared to startups with similar fundraising history/stage/industry.
4. Follow TK's 12 Slide Pitch Deck template [[training video](#)].

Using the Right Terminology

Even though VCs are looking for technical founders, most VCs are MBAs with financial backgrounds. In my experience Angels have a bias towards founders with a sales/marketing background. So learn to talk like an MBA (sounding smarter than you are). It really helps. Even if the investor is technical, technical talk with an MBA flair is a huge plus.

Market	Adjacencies, Optionality, Go to market, Land and expand, Customer profile, Beachhead market
Financials	Risk-Adjusted, Discounted values (volume discounts etc)
Others	Segment any strategy into 3 buckets, Provide a framework for each analysis/hypothesis – why we use this model/framework

Selling Your Team

1. Show that you know each other and trust each other
2. Show complementary skill sets
3. Show relevant domain experience

Answer Questions Intelligently

Key things to remember:

1. A deep dive deck will help. Although you won't have time to present it live, it should be shareable.
2. A lot of the questions will be the same across VC conversations. Some questions will be the same worded differently.
3. Some questions will be truly unique BUT can be framed differently to answer with prepared talking points :)
4. Investors will try to pin you down on details and find a reason to say no with aggressively demotion-focused questions:
 - a. Acknowledge the question, address it quickly, and then focus on promoting growth
 - b. *Do not* get stuck in a downward spiral of arguing a demotion question
5. Keep a Data Room Ready: Keep clean and structured due diligence data ready. Some key data; financials, sales pipeline, customer contracts, cap table.
6. Remember, you can always ask a question to clarify a question.
 - a. You can always reframe the question to better suit the conversation.
 - b. You do not have to answer every question in the exact terms that the investor asks.

Specific questions and their answers:

1. How much runway do you have?
 - a. We have sufficient runway to execute our current plan and to raise our next round.
2. How much cash do you have in the bank?
 - a. Sufficient cash to meet operational needs and hit the next fundraising goal.
3. What is your current burn rate?
 - a. Share the trailing 3 months' average.
4. When do you plan to close this round?
 - a. We are talking to several VCs and conversations are moving fast
 - b. We should be able to close it soon

Data Room

1. Keep a google drive folder ready to go before you start reaching out to investors.
2. Make it a routine to update your data room at the end of each month with the latest data.
3. The data room should be structured in the way investors like to approach due diligence.

Parallel Pitching Process

Remember:

1. Do not do fundraising as a serial process. It will take way too long, and it will make you look bad as you will need more time to complete the fundraising.
2. There will be more Nos than Yesses, so get to the Yesses faster.
3. Even if you're tempted to do it sequentially, don't do it sequentially.

Parallel Process:

1. Schedule and send all emails in one go
2. Move investors through the process from start to finish at the same approximate time.
 - a. It is okay to send reminder emails once a week, including a quick business update to make it interesting.
3. If an investor is getting ahead, slow them down by delaying taking meetings.
4. If an investor is getting behind, create urgency. If they stop responding for more than 2 weeks, just drop them.

Investor Engagement Journey

An investor engagement journey is the process you will go through with any investor. There are typically 5 steps in an investor engagement process. Each step has its own gating factors and should be supported by relevant talking points and data.

Step	Talking Points	Supporting Data
#1 Introduction 1-2 calls [why should I care?]	Use broad strokes, focus on growth story, talk about future potential	Deck, customer testimonials and logos
#2 Deep dive 1-2 calls [is this real?]	Repeat the story, Show your deep understanding of the market, and competitive differentiation, send drip emails with progress	Market datasheet, Customer engagement sheet
#3 Partnership meeting [we're serious]	Repeat the story, stay high level, focus on growth potential, send email drip with progress	Deep dive deck, conversion metrics, sales pipeline
#4 Due Diligence [let's cross check]	Have a story to back up each data point and vice versa	Sales pipeline, financials, cap table, customer references
#5 Closing [move fast, get money in]	Maintain momentum and get money in the bank, investors panic easily	FOMO

Questions and Answers

Always answer questions with a blend of your own customer data, market data and state your assumptions clearly.

Basics

1. What does your company do?
 - a. Short: Insert 1-sentence value prop
 - b. Long Version: Insert 2 sentence value prop
2. How do you do it?
 - a. 1-sentence on solution
3. Who is your customer?
 - a. Describe your ICP.
4. How do you make money?
 - a. How do you charge your customers?

5. What is the customer problem?
6. Why do customers want your product now?

Market and Competition

1. What is the competition in the market?
2. What advantage does the competition have over you?
3. How soon will the competition catch up with you?
4. What is the difference between you and the competition?
5. Why would a customer choose you over the competition?
6. Will the incumbents kill you? How do you stay ahead of incumbents?

Sales & Onboarding Process

1. What is your sales cycle?
2. Who is your buyer?
3. What is the expansion process?
4. What's stopping your customer from rolling out to all their business today?
5. How do you run a customer trial? What are the trial KPIs?
6. What is your customer onboarding process?

Metrics

1. How many total customers do you have?
2. How many licenses per customer on average?
3. What is your install base?
4. What is your sales pipeline coverage?
5. What is the ratio of sales between your different products? (if you have more than one)
6. How many customers are trial vs. expansion?
7. What is your trial-to-expansion conversion rate?
8. How many expansions do you have?
9. What is your NRR?
10. What is your customer acquisition cost?
11. What is your customer lifetime value ACV/LTV?
12. What is your LTV to CAC ratio?
13. What is your churn rate?
14. What is your ratio of subscription vs upfront revenue?
15. How much of your revenue is from trials?
16. What is the monthly cost to you or what is your gross margin?
17. What is the setup time?
18. What is your customer onboarding cost?

Vision and Future

Talk about a world where your company changes the world in a meaningful way. Help the investor understand how you will get from where you are to where you want to go.

Funding Questions

1. Why are you raising now?
2. How will you use this money?
3. Why not raise more capital?
4. Why not raise less capital?
5. Why did you choose to work with your previous investor?
6. What are you looking for in an ideal investor?

Questions to ask the VC

1. What fund are you investing out of?
2. What is the vintage of this fund?
3. What is the lifecycle of this fund?
4. How much capital do you reserve for follow on?
5. Will you be able to lead our next round?
6. Who are some of your co-investors in other deals?
7. Can you introduce me to two founders you have funded, preferably one where the company could not raise future financing?

Struggling to Grow Your Business? Book a Free Strategy Call

I coach high-growth founder CEOs like you through 1on1 working strategy sessions. As part of the coaching program we will:

- ✓ Take your idea and turn it into your mission statement (“the strategic narrative”)
- ✓ Design a product development strategy to achieve rapid product-market fit
- ✓ Assemble a repeatable Go-to-Market program (magnet pitch, ideal customer profile, product)
- ✓ 10X your velocity with my high-performance hiring and management systems
- ✓ Craft a winning pitch to raise funding from top investors

To book a free 30-minute strategy call, click here  [**BOOK FREE STRATEGY CALL**](#)