

VCs' Tips for Winning The Support of Investors

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Need funding to get your proposed business up and running? We asked executives and managers at venture-capital firms to advise entrepreneurs on how best to pitch their plea to angel investors. Here's what they recommend:

Brock Blake, chief executive officer at FundingUniverse.com

1. Find something you're passionate about.
2. Sell yourself as an entrepreneur. Angel investors are investing more so in you and the team, rather than just the idea.
3. Prove your concept or ideas through sales. Entrepreneurs often have great ideas, but they have not gone out to get paying customers. Most investors like to see that ideas are selling, which takes the risk out of an angel investment.
4. Pitch to everyone. Get out of the office and constantly sell your idea.
5. Draft an appealing executive summary on one to two pages. Investors are busy and most don't have the time to read a 20-to-30 page business plan. If you create a short and thorough plan, it's more appealing to the investor.

Tarby Bryant, chief executive officer at Gathering of Angels

1. Assemble a strong team around your business idea.
2. Fully develop a business plan.
3. Develop a strong and convincing 20-minute power-point presentation that can be used with venture capitalists, angel investors and investment bankers.
4. Develop a defensible unfair competitive advantage over the competition.
5. Develop a three- to five-year financial projection, valuation and return to early investors.

Hambleton Lord, managing director at Launchpad Venture Group

1. Management teams should understand the market they're selling to.
2. Look to have products the customer really needs.
3. We look for large market opportunities and we like the opportunity to be big enough to grow into a big company.
4. Entrepreneurs should listen and be coachable.

5. Entrepreneurs must have reasonable expectations of the current value of their company so that when angels invest, we, too, can make a reasonable return on the investment.

Ian Patrick Sobieski, managing director at [Band of Angels](#)

1. When raising money clear and well thought out communication with investors is critical. Good communication involves a careful balance between being sure the reader or listener is informed and intrigued, but not so much that they become confused and miss the salient point.
2. Planning is essential but plans are useless. You have to always be ready to change your plans in the source of new information and be on the look out. Be vigorous in looking for new information and challenging the assumption and details of the plan you are executing on.
3. Don't raise money from others unless you absolutely have to. Some of the best businesses are bootstraps. Don't assume you have to raise venture capital. Raise capital only if your plan requires it and you have exhausted every other creative alternative.
4. Plan for playing the game again. Most entrepreneurs start more than one company, the best way to raise money in the future is to have treated your investors today well.
5. Be careful who you marry. Not all angels and venture capitalist are the same. Know the temperament, risk tolerance and sophistication of people you're going to take money from. Once investors give you money the glow of the honeymoon will wear off soon and you have to have what it takes for the long hall.

Karl R. LaPan, president and chief executive officer at the [Innovation Center of Northeast Indiana](#)

1. Find angels who are interested in your industry and niche. Too often people assume all angels are the same and they're not. Many aggregate them in groups that are called angels, when some investors like to deal specifically with certain industries.
2. You have to be realistic with your evaluation. In many cases entrepreneurs are not putting their own net worth at risk. Make sure you're realistic in your valuation and you have done a good and thorough job in your activities. You should also be able to describe how the use of the money is going to be spent.
3. Be prepared for rejection in a sense that there are a lot of good deals chasing angels. Entrepreneurs should know everybody may not like your deal and deals do not stand alone. It's important to make sure you have a well-rehearsed deal and a plan that will resonate with investors.
4. Have a platform technology with a strong stable intellectual property. Create a product that is multipurpose and can serve vertical markets. You don't want to have a product that is a one-trick pony. It is also important to have a strong understanding of your industry and the unmet market's needs and how you can solve the pain in the marketplace.
5. Have a credible management team that has a successful track record of launching and growing companies.

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