

Why the f*ck can't I raise investment?

Why the f*ck indeed, founders, because most of you can't! Here's the simplest answer I can give you - investors would rather invest in something or someone else. I'm an angel, we have too much choice and, if you don't want me to sugar-coat it, you haven't made the cut

October 6 th 2022 – a memorable day for me. My book *AngelThink* was published. I tell founders if they want to fundraise they have to get inside angel's heads, think like angels do, second-guess what we want.

When you ask investors for the reasons why they might decline your 'incredible opportunity' the answers you get are often not a lot of help – 'I'm not looking for an opportunity at the moment (insert reason here)' or 'I couldn't make the story stack up. I was expecting more / less (insert reason here)'. You can probably guess why we might not have the time or inclination to 'coach' you to a better presentation.

AngelThink is still available, still highly acclaimed, but I'm turning my thoughts to a new book- working title "Why the f*ck etc." as titled here. Market research says yes, go for it.

So, let me tell you what I'm trying here – a trial run of a few ideas that'll most probably make the book.

Let's leave aside timing, the state of the economy, politics, human quirks, (remember PESTLE factors?) and anything else you have no control over and

concentrate on what you can control – you and your idea. From working with hundreds of founders over many years (mentor, coach, adviser, investor) here are five main things that founders don't always seem to 'get' – and what I'll unpick in detail in the book in due course. All important. No particular order.

You don't really understand what an investor is looking for in an opportunity. You might think you know – because almost everyone starts a pitch the same way. Here's a big customer problem and here's a big solution. And then you show me a hockey-stick graph of how much revenue it'll be making to year 5. What I really want is to be persuaded you can do it, you are the guy or gal that can pull it off. I want to be confident that you can execute, scale, raise again and again, stay standing, get people to follow you, and exit. Investors are investing in you as much as your idea.

You haven't mastered the art of telling a compelling story. To be compelling you have to grip investors emotionally as well as with logic. You have to build the love of you. Investors have to love you – more than any other idea they know about – to invest in you. You have to be skilled at choosing the story, choosing the emotional notes to play, and composing a business narrative. Investors will chime with a powerful origin story (sharing where your passion came from), an engrossing vision (sharing what you are going to change in the world for a target group, tribe, cult, etc.), and an ability to perform.

You don't look like a winner. You have to know what has to be at the heart of your offer that will give you competitive advantage, that will make you look like the winner of the contest you're in? Do you know that? It will always include your authority in the space you're in, your command of it. It could include many other things too, your IP, insider knowledge, superior team, prior successful exit.

You don't have enough appreciation of why you might fail (as the majority do) and how you are going to cover that risk. At the top of most lists of reasons for failing is building a product that not enough people want. You're gambling with years of your life and you're asking investors to gamble with hundreds of thousands of pounds. I see some pretty flimsy attempts to evidence a market exists. Lack of ownership of a product is not proof of need. Apathy and = inertia are the greatest competitors you'll face in trying to sell anything. Show me how big a market is, how you'll reach these customers and why they'll buy.

Lastly, you probably haven't considered investor psychology – the tactics you can use, entirely ethically, that positively influence investor's feelings and decision-making about you and make them talk themselves into saying 'YES'. I'm not talking about 'in your face' FOMO or scarcity tactics – investors are not giddy-kneed teenagers. You have to be more subtle. I'm

talking about rapport building, I'm talking about balancing honesty with ambition, I'm talking about de-risking to balance loss-aversion with thrill-seeking. I'm talking about being your authentic self and letting investors see what they're getting.

For many founders I'm talking about personal growth, the 'inner work' you suspect you need to do to look like a leader and make investors choose you. In my experience, most investors make decisions about founders over ideas, and usually when you stop talking and let them talk themselves into or out of an investment. You have to be the reason they say 'YES' – you are the prize. Become it.

Phil McSweeney MA MBA is an angel investor, board advisor of various companies, mentor, qualified executive coach, educator, course developer and the author of 'AngelThink: The founder's guide to how business angels think and how to raise money from them'.

Article by PHIL MCSWEENEY