

## 18 Great Things **YOU MUST KNOW** about Raising Money **for your Business**

1. DON'T wait till you run out of money. The amount you raise *is* correlated to the money you have.
2. DON'T ask for money just to pay yourself.
3. Determine how much you really need. Know EXACTLY how much money you're trying to raise. Nothing is scarier than an entrepreneur who appears not to know.
4. Raise more money than you need. Most entrepreneurs tend to underestimate their funding needs.
5. Build and execute a funding STRATEGY. Raising money can be time consuming and difficult. Without a strategy, raising money can easily become your full time business.
6. Look at all the different sources of capital. There may be better and cheaper alternatives depending on your particular business situation.
7. Never hide the truth of your financial situation from your investors. They'll find out anyway, and then you'll lose your credibility and their trust.
8. Evaluate both debt and equity alternatives. Depending on your business' present and projected valuation, one or the other may be the better choice.
9. RESEARCH every Investor; know their background and hot buttons before you talk to them.
10. Always solicit investors through personal connections. Never cold call or spam an investor. Investing money is a great leap of faith that nobody like to take with strangers.
11. Always keep impeccable accounting and corporate records. Nothing is scarier to an investor than a company with doubtful books or no corporate veil.
12. Everything is negotiable. Don't hesitate to negotiate any and everything — from loan interest rates to equity percentages and rights of refusal. Negotiate, until you can't negotiate anymore.
13. ALWAYS keep your business plan updated and current. Establish milestones and show how you've achieved them.

14. USE your business plan to actually measure and manage your business, not just as an instrument to raise money.
15. Honestly DESCRIBE the risks.
16. Be ULTRA CONSERVATIVE with your business valuation and GENEROUS with Investor returns.
17. Communicate your total COMMITMENT to building shareholder value through revenue and profit growth, but also have an exit strategy, aimed at maximizing shareholder returns.
18. PRACTICE a compelling elevator pitch. If you can't hook 'em in the time it takes to get to the 20<sup>th</sup> floor, forget it!

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#### About TBM

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