

Straight Talk About Finding, Vetting, and Closing Capital

In concluding this book, there are a few important things I want to say about raising capital in general. Keep in mind that whether you like it or not, you have entered the world of sales, and you are tasked with selling yourself, your team, your firm, and your product to an investor. As I have stated throughout this book, outbound direct fundraising is a numbers game. Some 200 to 300 investor targets will net you 40 to 60 potential compelling fits with whom you will interact and thus create a dialogue. As you go through the relationship-building and vetting process, that list will likely be whittled down to 8 to 12 active potential clients. You can expect to have five or so in the final mix, which may result in one or two allocations of capital.

Starting a global outbound campaign to find capital takes time, dedication, commitment, and resources. You are not alone and more than likely face some stiff competition for those investment dollars. When you enter the arena, it's imperative to have clear expectations and understand the rules of the game. What follows are some kernels of advice gleaned from my many years of experience with this process.

Showcase Yourself—Get on the Road or on the Phone

As a life science fundraising executive, you must leave the building. The days of incoming inquiries are long gone. Figure out a way—any way—to get your feet on the road. You will never raise money by sitting around your office. You need to get in front of potential investors if you are going to market your product. Fundraising executives who spend more time in the office than they do at meetings will fail to reach their allocation potential. If this is you, you must regroup and get packing. There is no middle ground here. Once you have initiated the allocation process with several investors, you will need some in-office time—but not a lot. The allocation game is won in the field, through meeting with investors and developing solid long-term relationships.

I have a theory about successful life science fundraising executives: those who begin work first each day and quit last will generate the most allocation dollars. They rise early to create a daily schedule and make sure everything is prepared. Then they head out to the field or pick up the phone and spend the day in meetings or on calls, reserving time at the end of the day for follow-up. They usually work late, taking care of all action items, and then repeat the process the next day. This is how you achieve success in closing allocations.

At Life Science Nation (LSN), our salespeople engage in 30 to 40 calls, demos, or meetings with prospects a month, every month. Though meetings may not be occurring all the time, the sales team is working to secure those meetings every single day. Marketing is a full-time job that is as important as every other position at your firm. If you doubt this, your firm will be beaten by competitors who are beefing up their marketing efforts.

The Importance of Context

It is difficult to overstate the value of context. Context is basically the glue that holds the reality of a deal together on many levels. Keeping everyone in context means making sure that all the key players in your firm and all the key players on the other side of the table are on the same page and singing out of the same hymnal. This task is imperative; once people begin to get out of context, your deal is in jeopardy.

You know the moment: you're in a meeting trying to get a commitment that will move the process forward when someone pipes up and says, "I thought your product leapt tall buildings in a single bound." The scientist's eyes dart over to you and you say, "Well, not exactly, but it's faster than a speeding bullet."

Before the words are even out of your mouth, you know that was the wrong answer. But what's the right one? Who is that guy? And why do you get the distinct feeling that your allocation is suddenly on the ropes?

I'll tell you. During the allocation process, there are lots of meetings and many people moving in and out. It is hard to keep everyone on the same page, and this is the person that you missed. He has some wrong information. At this critical juncture, when you're looking to confirm that all is right with the world and the process, he's raising doubts.

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