

Fundraising **Best Practices**

A playbook for founders raising Series A and beyond

How to raise bigger, faster and easier when investors are underwriting your metrics, your plan and you

Created by **Marlon Nichols**, Managing General Partner, MaC Venture Capital

The Fundamentals

Three Equations Behind Every Raise

LAW OF PERSUASION

$$\text{Persuasion} = \text{Desire} - \text{Fear}$$

Investors already want the upside. Fear blocks the yes: missed plan, burn, a weak next-round story. Name it and reduce it first.

LAW OF DIFFERENTIATION

$$\frac{(\text{Track Record} + \text{Edge})}{\text{Complexity}}$$

Your metrics are now your track record. Complexity still divides everything: your champion must retell the story at IC without you.

LAW OF PIPELINE

$$\text{Pipeline} \times \text{Conversion} \times \text{Check Size}$$

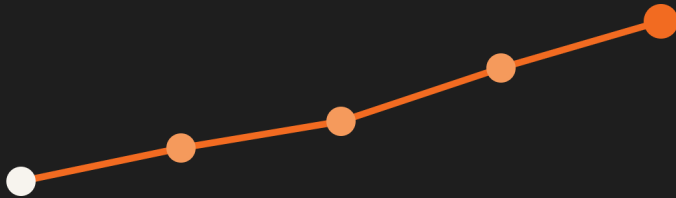
Most raises break at conversion, not at pipeline. Diagnose which variable is failing before you go looking for more meetings.

Timing

Start Before You Need the Money

MARK SUSTER

**Investors invest in lines,
not dots.**



One meeting is a dot. A plan shared early, then delivered on, is a line.

01 Meet likely leads early

Build relationships months before you raise. Tell them what you will do, then show them you did it.

02 Raise from strength

YC suggests deciding on your next raise with about 12 months of runway left. Low runway reads in the room.

03 Know your metrics cold

Growth, retention, burn and unit economics, answered without looking anything up.

Build the Process

Target Hungry Investors

01 Qualify for money in motion

Is this fund leading rounds at your stage and size right now? Check fund vintage, recent leads, check size and conflicts.

02 The right intros, not more intros

Your current investors are your strongest intro source. Their endorsement carries borrowed authority. Stop selling burgers to vegans.

03 Know who decides

Institutional funds decide by partnership or IC. Your champion must sell you in a room you are not in.

04 Land the lead first

Line up insider pro rata early, then find a lead. Followers move once a credible lead commits.

LAW OF TRADEOFFS

Size × Speed × Terms

Size

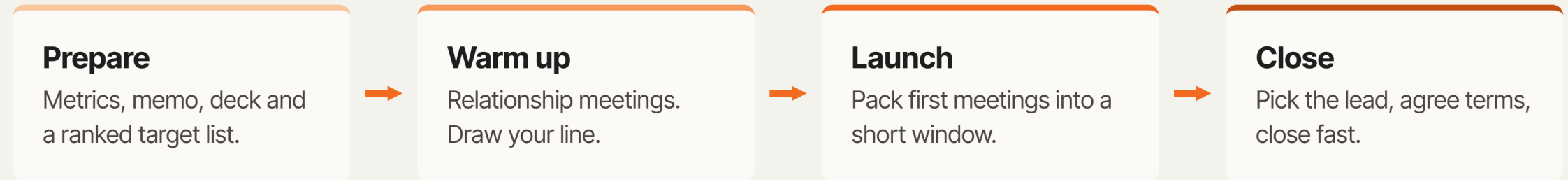
Speed

Terms

You can't maximize all three. Pick one before you launch. Remember: today's valuation is the bar your next round must clear.

Run the Round

Run a Tight, Parallel Process



Breadth-first, weighted by expected value

Talk to many investors in parallel, likeliest first. Serial pitching drags on and kills momentum.

Money, then investors, then valuation

Get the money you need, then the right partner. Valuation is at best third.

Real leverage, no invented deadlines

Competing interest creates leverage. Fake urgency destroys trust once it is spotted.

The Narrative

Build a Story That Travels

SEQUOIA'S TEN-PART STORY

- | | |
|--|---|
| 01 Purpose
One declarative sentence | 06 Competition
Your plan to win |
| 02 Problem
The customer's pain today | 07 Business model
How you will thrive |
| 03 Solution
Unique and enduring | 08 Team
Why this team wins |
| 04 Why now
Why not built before | 09 Financials
The numbers to date |
| 05 Market
Who buys, and how many | 10 Vision
What you build in 5 years |

WRITE THE MEMO FIRST

YC recommends writing an investment memo and sharing it ahead of meetings. If you can't write it clearly, the deck won't fix it.

Your purpose sentence is the seed of your portable phrase.

Before and In the Room

Prepare, Then Lead the Meeting

BEFORE: FOUR STEPS

Intent

The next step you want.

Character

Who this investor needs.

State

Game-day energy, on purpose.

Tools

Metrics, proof, answers.

Write your opening line and closing objective before you walk in.

1 Pre-frame

Set the agenda and the outcome you both want.

2 Rapport

Find common ground. Match their pace and language.

3 Discovery

Ask first. They talk 80% of the time.

4 Drivers

Speak to fear and upside, then prove it with data.

5 Objections

Ask: "What would stop you from investing?"

6 Next Steps

Leave with a dated step and an owner.

Belief Is Not Enough

Earn Trust. Clear Objections.

At this stage investors diligence the data. The yes depends on whether they trust you to execute the next plan.

Authority

Command your metrics, cohorts and market cold.

Reciprocity

Give value first: insight, intros, sharp updates.

Liking

Build real rapport. Charm without substance fails.

Consensus

Show insiders taking pro rata. Name who's in.

Consistency

Show the plan you pitched last round, and what you hit.

Scarcity

Only when true: real allocation limits and close dates.

OBJECTION PROTOCOL

1. Repeat it back, word for word.
2. Ask for more color before you defend.
3. Find the real fear underneath it.
4. Answer with proof, not assertion.
5. Close on it.

"If I can address this, are you ready to move forward?"

The Term Sheet

Negotiate What Matters

ECONOMICS

Who gets paid, and how much

- Valuation and round size
- Liquidation preference
- Option pool size and timing
- Pro rata rights

CONTROL

Who makes the key decisions

- Board composition
- Protective provisions
- Drag-along rights
- Information rights

BEFORE YOU SIGN

Pick the partner

Your lead sits on your board for years.

Model it forward

Run the terms through the next round and an exit.

Use experienced counsel

Someone who does venture deals every week.

The Golden Rule

Give them one phrase they can repeat at the partner meeting or IC.

Within 24 hours

Send exactly what you promised, tied to something specific they said.

Within 48 hours

Log the real objection and next step in your CRM. Track conversion by stage.

Between rounds

Update future leads on a steady cadence. Your next round starts long before you launch it.

Sources

Frameworks Behind This Deck

JOHN KIM

The Tao of Fundraising

The laws, belief vs. trust, objections, portable phrase

GEOFF BLADES / BLK

Raise Your Fund

Hungry investors, meeting protocols, Agree + Reframe

ROBERT CIALDINI

Influence

Six principles of influence, as adapted by Kim

SEQUOIA CAPITAL

Writing a Business Plan

The ten-part story structure

PAUL GRAHAM

"How to Raise Money" (2013)

Parallel, breadth-first process; valuation at best third

Y COMBINATOR

Series A Guide (2020)

Runway timing, investment memo, real leverage

MARK SUSTER

"Invest in Lines, Not Dots"

Build the relationship and the record before you raise

BRAD FELD & JASON MENDELSON

Venture Deals

Economics and control in the term sheet