



**LIFE SCIENCE  
NATION**

Connecting Products, Services & Capital

# Top 10 Fundraising Pitfalls

Danielle Silva

Founder & VP of Business Development

Life Science Nation

# 10) Poor Contact Management

- Many fundraising companies attempt to keep track of their contacts via an Excel spreadsheet
- This makes it difficult to track outreach metrics, such as how many times the investor has been contacted, what materials have been sent to the investor, as well as the status of the outreach
- Using a CRM (customer relationship management) system can help to keep a more accurate track of contacts
- We suggest using Salesforce, but there are many inexpensive CRM options available

# 9) Focusing Regionally Not Globally

- Many fundraising companies only focus on reaching out to investors in their own backyard
- Investors are increasingly investing outside of their own region
- In the past angel investors would generally only invest in their own region. Many of these investors are now syndicating with other angel groups outside of their region in order to source additional dealflow
- Investors in Asia are also investing in companies outside of Asia to acquire distribution rights in the region

# 8) Too Much, Too Soon

- Fundraising companies often times send too much information to investors upfront
- Many companies will send intro emails that are much too lengthy
- Intro emails should only be a couple of short paragraphs. The response rate for short succinct emails is much higher than for lengthy emails
- Companies will additionally send extremely lengthy investor decks & executive summaries
- The deck should at most be around 12-15 slides, and executive summaries should be 2 pages max

# 7) Not Listening to the Marketplace

- Companies often times make the mistake of not listening to the marketplace
- It's important to start speaking to investors early to get feedback on your technology
- If there is negative feedback it's important to listen to that constructive criticism and use it to determine how to pivot

# 6) Having Too Many Balls in the Air

- Many companies make the mistake having too many balls in the air—trying to focus on too many different indications, or working on too many technologies at once
- It's fine to have a platform technology, but it's important to pick a lead indication
- If you do have multiple technologies that you are working on that are not all in the same area, perhaps consider spinning out these assets into separate companies

# 5) Not Doing Your Homework

- Many fundraising companies don't do their homework on investors
- It's important to determine what areas the investor focuses on prior to reaching out to them to make sure they are currently investing in your technology area
- It's also important to do diligence on the investor. For example, you could call current portfolio companies to see what it's like working with the investor, and possibly call investors that have syndicated with them in the past to see how likely they would be to work with them again
- It's just as important for you to do diligence on the investor as it is for them to do diligence on you

# 4) Having a Closed Mind

- Too many companies will close themselves off to a category of investors before they have even begun the fundraising process. A company may focus solely on VCs, or solely on angels, and ignore other investor types such as corporate VCs or family offices.
- Fundraising is a numbers game so it's important to start with a large list of potential investors and then categorize the investors into tiers
- Also, companies often times will only focus on one exit strategy. For example they will solely try to license the asset
- It is important to explore many different avenues including licensing, a private placement, or an acquisition

# 3) Raising Too Much or Too Little

- Many companies make the mistake of targeting a large raise at too high a valuation
- Raising at an unrealistically high valuation may cause you to have a down round next time you fundraise – a down round is a financing round where investors purchase stock in a company at a lower valuation than the valuation that was set for the company by previous investors
- It is very difficult to raise money in a down round
- It's also important to make sure you're not raising too little money
- If you don't raise enough money then you could potentially raise money and then immediately have to start the fundraising process again

## 2) Starting Too Late

- Many fundraising companies make the mistake of starting the fundraising process too late
- Often times companies will underestimate the amount of time it takes to raise capital
- Generally it takes 9-18 months to raise money in the life science space
- You don't want to be in a situation where you run out of runway, or where you are forced to take an unfavorable deal

# 1) Giving Up Too Soon & Not Following Up

- Too many companies give up on reaching out to investors
- Many companies will send one email to investors then give up
- It's important to reach out to investors multiple times. You should reach out until you get a yes or a no – and it's just as important to get investors on the table as it is to get them off of the table
- It's also vital to make sure that you follow up with investors after your initial intro conversation. Too many companies don't follow up with investors after a meeting on the assumption that the investor isn't interested
- Follow up is the most important part of fundraising. Even if you do get a no from the investor you can use that feedback to change your message, or you may find out that you're just not a fit currently but may be later down the road



# LIFE SCIENCE NATION

Connecting Products, Services & Capital

Danielle Silva

Founding Team, VP of Business Development

[d.silva@lifesciencenation.com](mailto:d.silva@lifesciencenation.com)

(508) 494-3584