

# The Seven P's of Raising Money from Investors

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## **GUEST POST from Arlen Meyers, M.D.**

Budding sickcare entrepreneurs inevitably want to know, “How do I raise money for my idea?” Most of the time, they are not ready for fundraising prime time and they have not taken the necessary steps to begin to do so or understand when and if it is the prudent thing or right time to do.

Here are the 7 P's of raising money from investors:

### **1. Preparation**

You should prepare to raise money by 1) derisking your idea as much as possible and 2) understanding what it will take to raise money i.e. technical, clinical and commercial (traction) validation.

When you have an exciting new idea, it's easy to focus on all its benefits and jump to action. But doing so can lead to failure. Your limited perspective may mean you're not seeing potential hurdles — and you may be leaving other promising options unexplored.

If you want the best ideas to flourish, you need to open your mind to different people from people beyond your team, whom you don't usually talk to — and ask open-ended questions. After presenting your idea, ask: What stands out to you, and what's missing? What would our critics say? Consider the failure of your idea: What would your premortem reveal? Consider other people outside the room and ask: What would someone on the frontlines say? Finally, put yourself in your competitors' shoes. What flaws or weaknesses in your idea would they celebrate if you were successful?

1. Do you understand the regulatory requirements and rules for raising private money?
2. Do you know how much money you should raise and in what form: debt, diluting funds or non-diluting funds, like grants, contracts or some proof of concept awards?
3. Have you validated the underlying hypotheses of your business model and demonstrated product-market fit? Do you have traction? What is the evidence? But, is product-market fit really enough?
4. Do you have a reimbursement or revenue plan?
5. Do you have a plan to create and protect your intellectual property?
6. Do you have a regulatory approval or compliance plan?
7. Have you created the appropriate corporate entity and corporate governance documents?

8. Are you prepared to bootstrap your startup and dedicate the time, effort and capital required to be successful?
9. Have you created the necessary fundraising and marketing collateral like a website, executive summary, social media channels to create awareness, engagement and buzz about your company?
10. Can you answer these three questions: Is the market for the problem you want to solve big enough to make your journey **worth it**? How many customers **want it** and are willing and able to pay for it or get someone else to pay for it? Can you **win at it** give market competitors?

## 2. Plan/Strategy

After answering these questions, assuming you decide to proceed, you will need a capital raising plan and strategy. A capital raising strategy is essentially a roadmap for how your organization will pursue and obtain the funds it needs to fuel its growth. The capital raising *process* can take a long time and it's a serious undertaking. However, while you may stay up late at night searching for new investors, writing pitch decks, and pouring over financial spreadsheets, building your *strategy* is the simplest part of the entire process. Here are the parts to the plan.

## 3. Pitch deck

Your pitch deck should tell your story. Who are the villains? Who are the heros? How did they win? There are many resources available to help you craft and polish your short, medium and long pitches, depending on the circumstances and the audience. Here is something to start:



Watch Video At: [https://youtu.be/UyaIEvq\\_GkA](https://youtu.be/UyaIEvq_GkA)

#### **4. Platform**

You will need a CRM or tracking platform to keep track of the people who have contacted and how you intend to convert them as leads to investors. [Crowdfunding platforms are another resource.](#)

#### **5. People**

Do you have the right people on your startup team who can raise money? Are the founders the right people to do it? Do you have robust enough networks and contacts? Do you need a fractional of full-time accountant, controller or chief financial officer?

#### **6. Process**

The process should describe how and who will execute your fundraising plan, whether you are starting a company or scaling one. Since what you are doing is selling and marketing your idea and your team, what is your marketing, sales operations and sales enablement process?

#### **7. Performance indicators**

Performance indicators help you measure your progress and inform your strategy and execution adjustments moving forward. [Here are some fundraising metrics for non-profits.](#)

Raising money from investors is a lot like renovating your kitchen. It will take much longer than you thought it would, the costs in time, money and effort will be much bigger than you assumed and, when you see the final results, you will wish you had done some things differently.

Good luck and be sure to follow the right rainbow.



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