Ron Bauer On How Businesses And Entrepreneurs Can Raise Capital After COVID-19 Dissipates

Five Tips for Startup Companies Looking to Shore Up Capital Reserves in a Post-Pandemic World Raising capital to fund a startup company is never an easy thing to do.

2020/07/02

Five Tips for Startup Companies Looking to Shore Up Capital Reserves in a Post-Pandemic World

Raising capital to fund a startup company is never an easy thing to do. But now, amid the coronavirus pandemic and accompanying economic slowdown, it has become a more difficult task than usual and could prove to be so for quite some time. By the same token, the economy, while injured by the current state of affairs, has not stopped altogether. The underlying foundations of capitalism are still very much intact. Companies are still being created every day, while investors are searching for smart places to put their money—although, under present conditions, they are much more careful in doing so. It is likely that even after the COVID-19 pandemic dissipates, this attitude of hesitancy among the investor class will linger. So, how can new businesses looking for start up capital give themselves an edge in securing capital, post-pandemic? Seasoned Venture Capitalist, Ron Bauer of Theseus Capital, www.thescapital.com , provides a list of five helpful tips.

Laura Bartlett

Northern girl Laura is the epitome of a true entrepreneur. Laura's spirit for adventure and passion for people blaze through House of Coco. She founded House of Coco in 2014 and has grown it in to an internationally recognised brand whilst having a lot of fun along the way. Travel is in her DNA and she is a true visionary and a global citizen.

LAURA PROMO

Concentrate on 'Angel' Investors

The term 'Angel' investor refers to a wealthy individual using their own resources to make investments. This is in contrast to Venture Capital firms, which are the other major source of investment capital, and are more risk-averse, having to answer for their failed investments to internal governing bodies. So, whereas Venture Capital firms—even during the best of economic climates—rarely fund startups and instead prioritize mature, established companies, Angel investors generally tend to be more open-minded to such propositions. Concentrating efforts on wooing Angel investors is an excellent starting point for entrepreneurs looking to raise capital in these troubled times, primarily because all that is required is to persuade a single person of a startup company's merit, rather than a panel of overly-prudent financiers and corporate officers.

Pitch Like It's Going Out of Style

In many ways, securing capital from Angel investors is a game of raw numbers: the more potential investors listen to a pitch, the more likely a positive result. This will surely be the case even more so in the aftermath of the present crises, as investors will almost certainly be much less willing to take risks on new startup businesses. For example, if, before the pandemic, in order to attract three or four Angel investors one had to pitch to one hundred or so of them, it is fairly safe to assume that after the pandemic, attracting three or four Angel investors may require pitching to two hundred or so of them. It will serve any entrepreneur well in the months and years after COVID-19 has passed to leave no lead unfollowed, to leave no stone unturned, and to leave no potential investor un-pitched. Be ready to kiss a lot of frogs before you find your prince or princess...!!!

Utilize the 'Flywheel Method'

The 'Flywheel Method' is a fairly new concept amongst those trying to attract Angel investors. It is simple enough: when reaching out to an Angel investor who is receptive of the proposed enterprise, ask them to name another investor who might be interested, as well. Then, proceed to set up a pitch meeting with that person. The process is repeated again, and so on and so forth. Whereas, in times past, upon the completion of a successful pitch, it was common practice for an entrepreneur to ask for the names of anyone and everyone in the Angel investor's network, the 'Flywheel Method' is far more subtle and targeted. It puts less pressure on the investor, and it comes across as better form.

Explain Why the Business is 'Anti-fragile'

The concept of a business being 'anti-fragile' is oftentimes misinterpreted. It does not mean that a business is resilient, recession-proof, or good at weathering tough times. No, anti-fragility means that the particular nature of the business in question is such that it thrives during times of crisis—that it is uniquely positioned to benefit from the pandemic, economic turmoil, and after effects, rather than simply withstanding them. For example, given the current situation, a tech company that's developing COVID-19-related case tracking software could easily be described as anti-fragile. An argument could well be made for any kind of home-based entertainment companies, as well. The point is, if the larger negative situation of COVID-19 can be spun into a positive point for a company's pitch to would-be investors, it ought to be. Any effort that can be made by an entrepreneur to frame their enterprise as anti-fragile will surely be of great benefit to their cause.

Ron Bauer Assures Young Entrepreneurs Persistence is Key

Although this may seem like common sense, it is well worth repeating. Right now, entrepreneurs and startup businesses looking to raise capital face the most challenging conditions under which to do so in living memory. It is highly probable that the rate of investment pitch dismissals and outright rejections will skyrocket as the COVID-19 pandemic continues to spread, and even well into the global recovery. Under such circumstances, persistence is key. It's important not to be discouraged. If an investor passes on a pitch, simply concentrate on nailing the next pitch, instead of wallowing in despair or defeatism. A good idea and a solid business plan will always attract capital eventually, and the probability of that happening sooner rather than later will increase exponentially by following these five tips.