

Doron F. Eghbali Business Planning

[How to Get Funding from Venture Capitalists](#)

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Despite the fragile economy, venture capitalists could be one of the promising sources of funding for entrepreneurs who know their game relatively well and understand its intricacies.

Let's review some strategies that might improve your chances of securing funding from venture capitalists.

1. THE IMPORTANCE OF CHANGING MARKET CONDITIONS

Venture capitalists follow the changing market looking for opportunities. In fact, venture capitalists rarely stick to particular investing themes and industries. May be, today, they see opportunities in raw materials because of the rather hostile regulatory environment. Tomorrow, however, they may see opportunities in financial sector because they perceive the newly implemented regulatory regime protecting them against undue risks.

2. THE IMPORTANCE OF NETWORKING

Connections, connections and connections. Network with like-minded entrepreneurs who have done it and succeeded. In addition, do the following:

- Look at trade journals.
- Scan new announcements to see who is giving money.
- Join or follow the activities of The National Venture Capital Association, a reliable source in Arlington, Virginia.

3. THE IMPORTANCE OF BUSINESS PLAN

As you know, business plan is of paramount of importance. Venture capitalists might not studiously review your business plan. However, they are usually very savvy business people who rely on their guts and your business plan's Executive Summary to decide how determined and prepared you are to wisely spend and grow their money.

Make sure you answer the following questions in your executive summary:

1. What is the problem you are trying to solve?
2. Why are you qualified to solve it?
3. How much does it cost?
4. What problems do you foresee?

4. THE IMPORTANCE OF BEING HONEST AND FORTHCOMING

As you know, the more honest and forthcoming you are about the challenges you might face, the more likely venture capitalists can TRUST you to manage the business.

Of course, you do not want to sound alarming or beseeching. But, you need to maintain some level of caution and pragmatism in your business plan and presentation. In fact, do not overstate your strengths and downplay your weaknesses. Indeed, everything will be wonderful is what most likely turns off savvy venture capitalists.

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