

Venture Capital Funding Search Whitepaper Series

# How To Contact Venture Capitalists

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## Introduction

The process of contacting venture capitalists during a technology company funding search is mysterious to those unfamiliar with the industry. It needn't be so. While there may be many differing ideas as to how to conduct a funding search, this VentureDeal Whitepaper aims to provide a rational framework for developing and managing a time-efficient funding search process.

The most important concept to remember is that the venture capital business is extremely "people oriented." Venture capitalists value their personal networks more than anything else, because they have generally built up these trusted relationships over time in their specific industry.

There are four steps involved in contacting venture capitalists: preparing your company documents, targeting the right VCs, figuring out the best way to approach each individual venture capitalist and a strategy for how to contact your universe of VCs.

## I. Preparing Company Documents

Before approaching venture capitalists, your company should have the following documents fully prepared:

- One-Page Overview
- Executive Summary
- Business Plan
- PowerPoint Presentation

The reason for having these documents prepared prior to initiating your search is that different venture capital firms will want to see different documents based on their own internal processes. Another reason is that you may be pleasantly surprised to receive some initial interest for immediate meetings, so it is necessary to be fully prepared at the outset.

## II. Targeting Venture Capitalists

The first step in contacting venture capitalists is to determine which firms and individual partners are most likely to invest in your company. Utilizing a venture capital database such as [VentureDeal](#) can go a long way in helping you refine your search by such criteria as industry, region and preferred funding stages.

Once an initial universe of VCs has been identified, the database allows you to view the individual transactions funded by the VC firms, and to determine the individual partners who made the investments.

Your goal should be to create a listing of individual VC partners who have made similar industry specific investments to that of your company.

### III. Approaching Venture Capitalists

There are primarily four ways of approaching venture capitalists. We present each of the four ways in order of preference:

- 1. Introduction from trusted contact.** The preferred way to contact a VC is to be introduced to the VC by a trusted contact, such as the CEO of one of the VC's portfolio companies or past investment. This type of introduction is the most beneficial because it moves you over the gate-keeping hurdle.
- 2. Introduction from professional colleague.** The second best way is to be introduced to the VC by a professional such as an attorney, accountant or other consultant with whom the VC has regular contact or an ongoing business relationship. The professional will usually not be able to speak to the validity of your business plan, but serves as the first line of a vetting process for the VC.
- 3. Meet VCs at conferences.** Most venture capitalists periodically attend industry conferences and view them as a relatively efficient way to meet new industry contacts and entrepreneurs. You should use this opportunity to speak with VCs for a few minutes about your concept in order to gauge the VC's initial interest. If there is interest, exchange business cards for follow-up after the conference or seminar.
- 4. Over the transom.** The least preferable way to introduce yourself and your investment opportunity to VCs is simply to send in your information, usually by e-mail. Venture capital firms may have a specific process for handling the large number of submissions in this manner, or may leave it up to each individual partner to handle their own process. Nonetheless, companies have been funded through this method, although the success rate is usually low. One method of improving the odds is to research the VCs in great detail and provide a personalized e-mail to each VC that explains why your company would be of specific interest to that particular VC, due to their past investment history, their current focus, etc.

### IV. Contacting Venture Capitalists

Once you have your company documents prepared and your list of individual venture capitalists identified, you should determine for each venture capitalist how you expect to contact them based on one of the four concepts explained in the Approaching Venture Capitalists section above. Secondly, instead of attempting to contact all of the VCs at once, you should start by contacting a few VCs in order to gain some initial meetings.

During these initial meetings, you will be able to practice your presentation, iron out any rough spots and will likely receive valuable feedback from the VCs. After these initial few meetings, you will also be able to edit and adjust your presentation and/or company documents to better communicate your investment opportunity. Once this is accomplished, you will then want to begin contacting the bulk of your venture capital contact universe.

Once you have begun contacting your full list, it is equally important to keep track of each contact and the current status of those contacts. Tracking the status and results of conversations, which materials you have sent to particular VCs, when to follow up and other relevant details will be extremely helpful to you in staying organized and efficient throughout the process.

## Conclusion

Any business process can be helped by an organized approach and approaching venture capitalists is no different. Information sources such as the [VentureDeal](#) database can help in targeting the right venture capitalists. Combining this information with a rational, well thought-out process can only help to increase your chances of securing investment for your company.

## Notes

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