



How NOT to Get Your Business Funded

Don't write a business plan

Prove to potential investors that you have not thought through all of the issues that affect the viability of your business. Without a business plan you are not expected to be able to discuss important issues – you can just sort of wing it and rely on the strength of your personality to get your business funded.

Develop an inflexible business model

Even if the real world does not embrace your business model, why bother to re-think it? Investors will understand that every business idea has to show a return.

Maintain complete control of the business

Focus on retaining control of your company rather than building the business for the investors. Investors are always willing to assume high levels of risk and are more than prepared to wait and see if the entrepreneur understands his/her limitations.

Make sure the management team depends on you

Always hire executives who know less than you do. A business plan is only as good as the founding entrepreneur, so there is no benefit to hiring executives to help make the business succeed. When you need it, you can find out everything you need to know for free with a little creative brain sucking.

Assume that your offering will sell

A clever idea, by itself, will bring in the sales. Even though there is not a need and/or desire for your offering, eventually, paying customers will validate your selling strategy. And if they don't, the investors will always give you more money to spend – no questions asked.

Project unreasonable revenues and profits

Everyone knows that revenues automatically increase by the same percent each year. And you need not waste your precious time to gain an understanding of the financial implications in your industry to determine expense ratios – just plan to work hard and see what happens.

You don't need an exit strategy

Potential investors know that your projected ROI will be achieved and that they will be making so much money that they will never need an exit plan. Potential investors are more than willing to take a risk on your business idea because they have no alternative investment opportunities.

Assume there's no competition

Ignorance is bliss. If you don't know your competitors' strengths and weaknesses, and if you ignore emerging technologies, you don't have to take the time or trouble to create barriers to competitive entry. Besides, your idea is so strong that as soon as competitors see it, they'll leave the market.

Guess your projected market share

Potential investors will be impressed with your allocation of managerial time resources if you just guess your projected market share without consuming your valuable time with market research. Besides entrepreneurs are experts at throwing investor money at a marketing problem until it just goes away.

Leave the numbers to the bean counters

Accountants always have an innate gut feel for how your business should have worked. Since the other members of the management team are really just there to make up a quorum, focus your energies on the past. This way, if the financial results are disappointing, you can always claim that you either didn't understand them, they were not clearly reported to you, they were late, or that the numbers are just plain wrong. In fact, any method that shifts the blame on to the bean counter, will be credible to investors, and they will reward you with more of their money.

Overlook legal requirements

Document nothing. Maintain your flexibility. Potential investors will understand that as circumstances evolve, entrepreneurs need to be able to change their understanding of the rules. That way the entrepreneur always wins, and isn't that what it's all about?

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