

How to navigate first engagements with investors



We're lifting the hood on Folklore's investment process to give founders, particularly early founders, insight into how to approach VC engagement from your first conversation through to what to expect from your VC after receiving your first cheque, or even rejection. In part one of this series, we share how to approach your first interaction with a VC, drawing upon the insights gleaned from her experience reviewing more than a thousand pitch decks and meeting hundreds of founders.

When I'm not supporting existing founders within Folklore's portfolio, I spend the majority of my time learning about new companies and meeting founders. Since joining Folklore 1.5 years ago, I have had the incredible opportunity to consider over 1000 startups (~3 per day).

First-time founders often ask the investment team: *"What should I expect from my first meeting with Folklore?"* But I'd flip that question on its head. What do you, as a founder, hope to get out of the conversation?

Before approaching any VC, you as a founder should try to figure out if the VC is the right fit for you. Does your industry or stage align with the VC's mandate? Does the firm offer what you'll need to grow your

company, such as a strong **Support Stack**, a network of experts as well as learning and development opportunities and pathways to follow-on capital from the VC and other VCs?

It's important to keep in mind that each firm is different in terms of mandates and processes. However, there are many universal ways founders can improve their chances of getting noticed and subsequently getting investment.

I hope this helps to demystify the process and empowers you to approach relationship-building with investors with more confidence and clarity, and to maximise the ROI for both your startup and the investors you meet.

Building your pitch deck

A pitch deck is a great way to provide an overview of your business and to give investors an initial picture of what problem you're solving and why you're raising money. If you Google pitch deck examples, you'll likely be shown countless examples. It's important to keep in mind that your deck should be unique to your startup and its stage of growth. A pre-seed startup may not have traction or the business

model completely mapped out yet, and that's okay! If this is the case, my suggestion is to figure out what metrics you think are important to your business and to have goals to ensure you're on the right path.

When Folklore invests in pre-product startups, it's because the founder has been able to clearly articulate their startup's purpose and product vision, and the team has had a deep understanding of the problem, market and its customers.

When pulling together a pitch deck, it's important to concisely and clearly communicate the key takeaways for each section. I know it may be tempting to include as much context as possible to paint the picture, but this makes it less digestible for the reader, and any additional context can be provided in the meeting. There is no hard and fast rule about what needs to be included in a pitch deck, but here are some things you should consider including in yours.

The first touchpoint

VCs like to have a clear understanding of what your objectives are before going into any call. If you are looking to raise capital, feedback or just a general catch-up, be upfront about that as you start reaching out to investors to arrange first meetings. A catch-up is a great way to get on a VCs radar and build a relationship prior to raising. It is also an awesome opportunity to ask for any feedback and talk through things. If you are wanting to pitch, make sure that you've spent time researching the VC to ensure that your startup fits within their core focus areas for investment.

Every VC will vary when it comes to intros, but below are some of the ways you can land a first meeting:

- Going through the VCs portfolio and seeing if you have any connections that you could leverage for a warm introduction

- An introduction from another VC (it's okay to ask an investor who has said 'no' to you if they know anyone who might be a good fit)

- Reach out directly to a VC on LinkedIn or Twitter

- Or submit a pitch via their website

If you are reaching out directly to an investor, I suggest providing a high-level snapshot of your business and attaching your pitch deck.

This saves you both time, as it ensures your startup is potentially a good fit for the fund before scheduling a call.

Once you've secured a call or meeting, keep in mind that you will likely only have 30 minutes with the investor. Some VCs may prefer a formal pitching session, however, at Folklore, we tend to run our first conversations pretty casually and are flexible to how the founder wants to run the call and share their vision. You can assume that we've read the deck ahead of time, so the conversation will likely consist of pointed questions.

In terms of what to prepare for coming into a meeting, our conversations and questions always differ from startup to startup. My objective during these first chats is to learn more about you and your vision, and to see if there are ways we can be supportive along your journey through investment. I want to see how well you know your problem, your market and your customers.

It's also best to ask a VC's level of understanding of an area rather than assume, especially if you're building a complex, technical startup. Think about and practice how you'd approach explaining your company at a high level to someone with no knowledge in the area. I

think it's a very underrated skill to be able to synthesise and clearly articulate complex concepts – I am always blown away by founders who are able to master this skill.

I also want to emphasise that a first call is an opportunity for you as a founder to ask VCs questions. After all, you're potentially going to be setting out on a 10-year journey with a VC, so you want to make sure you're on the same page in terms of how they view your business.

What happens next?

After an initial screening conversation, we try to get back to you as soon as reasonably possible after we have a chance to digest the materials shared. During this time, we may also ask for additional materials or access to a data room.

Generally speaking, the team at Folklore aims to give you a steer one to two weeks after our initial meeting to either line up another meeting, or, if we don't feel that your company fits into our investment strategy, we'll give you some feedback quickly.

At the end of the day, it's the substance of a founder's vision and what they are building that matters most – not the font you use in your pitch deck or the t-shirt you wear to our first meeting; focus more on how clearly you can communicate your vision to the right potential VC partner.

And don't feel deterred if you get a 'no' from an investor. This doesn't necessarily mean it's the end of the line with that investor or others. More to come on that soon, though...

In the meantime, if you're an early-stage founder who is pushing the boundaries of what's possible through software-based businesses, then I'd encourage you to **put these principles into practice!**