Capital Raising Mistakes to Avoid

What to Get Right.
What to Avoid.

Xumane

Did You Know?

41% of startups find it harder to raise funding in to day's economy.

38% fail because they run out of cash or can't raise more.

What To Get Right Before Raising Capital?

What?	Why?
Most accurate financial projections	This will help you chart a realistic path to profitability and ROI
A strong team that delivers	Investors evaluate the team behind the business as much as they evaluate the business idea's potential
Openness to learn	Investors also look for founders who are receptive to guidance
Clarity on the equity structure	Have clarity on the ownership structure. Build a clear-cut ESOP pool.

Tip!: Use an ESOP management tool like **Xumane** that helps you maintain transparency regarding the ESOP pool and the cap table. This helps build trust among investors.

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8 Mistakes to Avoid While Raising Capital

1 Lack of preparation

Don't be the person who goes in with a weak pitch! Know what you're selling and why. Analyze your business potential, market potential and what your business needs going forward.

2 Raising too much/ too little

Raising the wrong funding can kill your business. Too much leads to over-dilution while too less leads to a cash crunch, forcing you to shut down.

3 Giving away too much equity

Giving away too much control means giving away control. This can get in the way while making decisions for your business or even while attracting future investors.

4 No stock option pool/ cap table

You lose investor confidence if you're confused about your ESOP pool or your cap table.

5 Fundraising too early

If you fundraise too early, there may be pressure to perform before hitting the product/market fit.

6 Oversharing with VCs

Keep things transparent but don't overshare because there may be risk of IP theft or idea leakage.

7 Ignoring an evolving market

Be aware of what's happening in your product or services' space. What new improvements have been made? Make relevant changes and then pitch accordingly.

8 Not maintaining the cap table

Maintaining the cap table is tough, but not a good enough reason to not make it! Not keeping one can lead to equity chaos, making it harder to close funding rounds.

Tool Tip?

Use an ESOP & Cap Table Software (like Xumane)

- Auto ESOP pool tracking
- Real-time ownership insights
- Accurate grant/dilution calculations

Smart fundraising isn't just about raising capital. It's about raising confidence. Happy pitching!

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