

Field work with potential investors

1. Go through your contacts, Facebook friends, LinkedIn connections, etc. and make a list of people that you could ask to invest in your business. Add that to the list of possible investors you generated in the second step of this Module. For now, don't worry about how wealthy they may be.

2. Choose five people from the list from step #1 that you trust. Make an appointment to talk to each one.

At the meeting, after you've broken the ice, tell them that you have a list of some questions you would like to ask them. (This assumes they already know about your business. If they don't, take a few minutes to describe it.) Here is your script:

I am thinking about raising money from investors for my business. I'm not raising money now, but I am doing some thinking about the best way to go about it. I really wanted to talk to you because I value your opinion and I think you could help me make some decisions about what fundraising strategy to pursue. So here are my questions:

- If I were to raise money for my business, what kinds of people do you think would be interested in investing?
- Imagine that I was approaching you as a potential investor, what would be your biggest questions or concerns about investing?
- What would be exciting or interesting to you about investing?
- What kind of financial return would you be looking for?
- What kind of investment would you be most interested in making? For example, would you want to own a piece of the company (equity), would you want to make a loan (debt), or some other kind of investment? (some people will not know the answer to this question which is fine)
- How long would you be willing to have the money tied up before you could get it back out?
- Are there any special considerations related to tax that you would be concerned about? For example, do you like to generate passive losses from your investments to offset gains? Do you prefer not having to deal with K-1s (the tax forms you receive when you're an equity investor in a pass through entity like an S Corp)?
- What kinds of things could I do to make the investment more attractive? (higher return, perks, discounts, community, etc.)

- What do you like and not like about where your money is currently invested?
- Do you know anyone else that might be willing to answer these questions to help with my research?

Once you've completed this exercise, you should have a much better idea of who your highest probability investors are and what they are looking for.

Note: Don't actually offer an investment opportunity to anyone without first making sure you are in compliance with state and federal securities law!