



RAISING VENTURE CAPITAL

ROADMAP

+ Pitch Deck Bundle

The Tenth House



Raising Venture Capital Roadmap + Pitch Deck Bundle

Consider this your roadmap to raising venture capital, no matter what.

The roadmap is a comprehensive guide to everything you've ever needed to know before raising venture capital. Learn how investors operate, how to find the right one, where to connect to VCs, and how to create the ultimate pitch deck.

This is a deep dive full of practical resources and valuable tools to help you successfully get the funding you need that's right for your business. In this guide, you will also have access to 20 Masterclasses with VC leaders and top fundraising experts who discuss everything from the best type of funding for your business, pros and cons of working with VCs and angel investors, the elements of a winning pitch, and ways to find alternatives to institutional money.

On top of the comprehensive roadmap, you'll get access to two pitch deck templates. These plug-and-play templates include the exact slides and information you need to land your dream investor. Make a copy of each pitch deck to customize it with your brand colors and business information.

Oh, and that's not all! Inside your bundle, you'll get the opportunity to learn from world-renowned venture capitalists and fundraising experts like Jesse Draper, Rachel Springate, Deena Shakir, and more. These masterclasses are packed with transformational insights that will set you apart from the rest.

EDUCATIONAL CLAUSE: The purpose of this guide is to educate and entertain. Please consult a legal or financial advisor for personalized guidance.

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SECTION

01

Introduction to Venture Capitalists: What is a VC?

In the not-so-distant past, it was easier to distinguish between an angel investor and a venture capitalist (VC). However, the boundaries can be unclear nowadays. It might be challenging to stand out when more organizations are looking for funding and more avenues to fund those companies. What's the best avenue for your startup?

VCs or angel investors? It's simple to become overwhelmed by your possibilities, given the ecosystem's abundant funding sources.

Let's define some of these concepts and evaluate the important distinctions between the two primary investor groups, angel investors and venture capitalists. Then, we'll focus on raising through venture capital, though many of the concepts you will read in this roadmap apply to raising capital of any sort.

What is a VC?

What is an Angel Investor?

An individual who invests his or her money in an entrepreneurial company.

What is a Venture Capitalist?

A fund partner investing money in a high-growth company for and/or alongside a group of limited partners (LPs) in exchange for equity.

	Angel Investor	Venture Capitalist
Professional Status	Individual Investor	Institutional Investor in Partnership
Preferred Funding Rounds	Pre-Seed - Series A	Series A+
Deal Structure (Equity)	20-30%	25-55%
Voting Interests	Minimal, Advisory Role	Operational Voting Power
Characteristics	don't lead rounds, their own LP, tend to follow institutional capital	lead rounds, report to LPs, specific expectations, ROI expectations, mandate terms

The Process of Raising Venture Capital

Now that we've got the basics out of the way, let's take a deeper look at the process of raising venture capital. In all cases, knowledge is power, and this is no exception. Entrepreneurs can reduce their risks and maximize their rewards by understanding how venture capital works.

Venture capital is a form of financing that provides capital to high-potential growth companies. It is typically provided by venture capital firms or funds that invest in exchange for equity, or an ownership stake, in the companies they invest in.

Venture capital firms typically look for companies with high growth potential that have a high chance of generating returns. They provide capital to help these companies grow and develop, and in return, they receive a share of the profits generated by the companies they invest in.



Venture capital funding is a multi-stage process that begins with an initial pre-seed or seed funding round and can progress to Series A, B, C, and D.



01

PRE-SEED + SEED

Pre-seed, and seed funding usually comes from angel investors, grants, loans, and friends or family, and is used to prove the concept and gain traction for the startup (Tucker and Cardon). However, it is possible to raise capital during these stages as well.



02

SERIES A

Series A funding is used to build the product and begin to scale the business.



03

SERIES B

Series B funding is used to expand the business, acquire new customers and potentially expand into new markets (Tucker and Cardon).



04

SERIES C

Series C is used to consolidate and refinance the company in order to extend runway and expand the company further.



05

SERIES D

Finally, Series D is used to accomplish the exit strategy (Tucker and Cardon).

Here's how it works.

Venture capitalists typically receive investments from large institutions such as pension funds, financial firms, insurance companies, and university endowments. These investors expect a return of 25-35% per year, and the venture capitalists must structure each deal to meet these expectations at an acceptable risk level. The investors' decision to invest in a fund is also based on the firm's track record, the fund's story, and their confidence in the partners.

The expectation of a high return rate is why most VCs invest in high-growth areas to take advantage of exit opportunities and high relative valuations. Investment bankers receive high commissions for these deals, and venture capitalists can reap extraordinary returns if they are able to exit the company and industry before it tops out.

In a typical start-up deal, a venture capital fund will invest a certain amount of money in exchange for a percentage of ownership. This ownership comes with certain protections, such as a liquidation preference and blocking rights, as well as antidilution clauses to protect against equity dilution.

If the company is doing well, investors may also have the right to put additional money into the venture at a predetermined price.

Venture capitalists provide high-cost capital to start-up companies in exchange for a return of capital that is ten times the original investment over five years. This loan has a 58% annual compound interest rate and cannot be prepaid, but it is necessary to generate average fund returns of over 20%. The venture capital partners guarantee investors that their capital will be returned before any profits are shared.

Venture capital firms also protect themselves from risk by investing with other firms. This allows them to diversify their portfolios, decrease the workload of the VC partners, and add credibility to the investment. It is often the case that one VC will not finance a company entirely, but rather two or three groups will be involved in most stages of financing. It is suggested that the smart fund will always be a follower of the top-tier firms.



Seven Steps to Raising Venture Capital

1
Determine Business Valuation

2
Determine Funding Need For Your Current and Future Raises

3
Put Your Pitch Decks Together - Pre-NDA Teaser and Long-Form

4
Target Venture Capital Investors Who Make Sense

5
Negotiate If Needed

6
Proceed Through Due Diligence

7
Close The Deal

SECTION

02

Glossary of Relevant Terms

There are a few key phrases related to raising venture capital that should be understood before you start your search for funding. Although you won't be required to know every single investment phrase, you should have a basic understanding of the ones mentioned in this glossary.

Keep these terms with you before you enter important rooms to have those possibly life-changing conversations. There is nothing more powerful than knowledge, and the knowledge of these definitions will help you walk into rooms with more confidence and clarity.

Glossary

Angel Investor -

High-net-worth individuals who contribute money to early-stage firms, typically in exchange for equity, are known as angel investors. Oftentimes, they prioritize supporting growth.

Board Seat -

An individual whose legal obligation is to oversee the company and ensure it serves the best interests of the shareholders. (Private companies aren't required to have one; public companies are required.)

Customer Acquisition Cost (CAC) -

This is an estimate of the overall cost of obtaining a new customer, including expenses for customer service, marketing, and advertising.

Cap Table -

A cap table, short for capitalization table, is an important tool used primarily by venture capitalists and startups to keep track of the equity ownership split among shareholders of a company. This document is an essential source of information used to measure a company's progress as well as potential investments.

Common Stock -

Typically for founders and the company's employees.

Convertible Note -

A convertible note is an investment vehicle often used by seed investors investing in startups who wish to delay establishing a valuation for that startup until a later round of funding or milestone. Convertible notes are structured as loans with the intention of converting to equity. The outstanding balance of the loan is automatically converted to equity at a specific milestone.

Data Room -

Companies store information necessary for due diligence in a physical or digital archive known as an investor data room.

Discount -

The convertible note's conversion rate in relation to the following qualified priced round is determined by a discount in the note. In essence, this enables an investor to convert the principle amount of their loan (plus any interest accrued) into shares of stock at a lower price than what investors in that round paid for them. Discounts range from 0% to 35%, with 20% being the average.



Glossary

Due Diligence -

Prior to making an investment or purchase, investors do due diligence, which is an audit or examination of the financial records and intellectual property of the target company. Each investor will have their own list of due diligence requirements.

Equity -

Equity is the measure of a company's ownership stake. VCs frequently invest in return for equity, or a portion of the company's shares.

General Partner (GP) -

The general partners actually manage the business as they assume full responsibility. (see Limited Partnerships.

Lead Investor -

A lead investor usually sets the price and terms of the investment, takes a large part of the round, and usually agrees to represent the entire round on the board. An additional benefit of a lead investor is that the balance of the investors has terms to anchor on - and a majority of the diligence has been done.



Limited Partnerships (LP) -

When general and limited partners collaborate on a business venture, a limited partnership is formed. The firm is truly managed by the general partners, who also bear full responsibility for it. Limited partners are only responsible for the debt of a company up to the amount they contributed to its founding. They have a small number of votes and are not involved in running the business on a daily basis.

Information Rights -

Beyond what is required by state law, the information that a corporation must provide to investors is outlined in a term sheet's information rights clause. Typically, this includes a promise to give investors regular financial reports and a budget.

Option pool -

Shares of stock set aside for employees of a private company make up an option pool. A startup company can attract outstanding workers by offering them stock options in exchange for their assistance in making the business successful enough to go public.

Glossary

Post Money Valuation -

Startup valuation after a newly priced equity round.

Portfolio Company -

A business that has received investment from the fund.

Preferred Stock -

Investors typically negotiate for preferred shares.

Pre-Money Valuation -

Startup valuation before a newly priced equity round. *Pre and post-money valuations typically don't apply if the security being issued is a seed round convertible note.

Pro-rata Rights -

An investor may be granted this right to continue to control a certain percentage of the company during additional rounds of fundraising.

Qualified Financing Round -

A Qualified Financing Round is typically defined as equity financing by the startup to raise capital, in which a certain amount of equity is issued by the company to prospective investors. It is the benchmark used by investors and companies to track progress in the company's valuation.

Runway -

Runway, which is dependent on your income and expenses, describes how long your business can operate without running out of money.

SAFE -

Simple Agreement For Future Equity. SAFE was created out of YC as a protection for founders to have a standard set of terms that are typically used for early-stage businesses.

A SAFE note is convertible security that, like an option or warrant, allows the investor to buy shares in a future priced round... Startups may prefer SAFE notes because, unlike convertible notes, they are not debt and therefore do not accrue interest.

Side Letter -

A side letter is an agreement between the company and one particular investor to vary the terms of the investment with respect to that particular investor.



Glossary

Special Purpose Vehicle (SPV) -

Utilizing SPVs in venture capital allows investors to pool their funds and invest them in a single company. An SPV makes a single investment into a single firm, whereas a fund makes many investments in various companies. This is the primary distinction between an SPV and a fund.

Term Sheet -

The investment's plan is outlined in the venture capital term sheet. Terms are typically not defined even though term sheets include a set of formalized components. The meanings of the terms may vary according to the people involved.

Trigger Fund -

Trigger funds are a type of drawdown private credit fund structure created to aid institutional investors in deploying capital fast in distressed debt strategies, where it can be challenging to predict the cycle and where an event might materially increase the likelihood of a profitable investment.

Valuation -

Valuation can change every time an event occurs that impacts the value of an investor's stake in the company. Share price can also fluctuate depending on how many additional shares the company issues to later-stage investors in follow-on rounds of funding.



SECTION

03

Are You Ready to Raise Capital?

The milestones and deal metrics listed below are the global averages that we are tracking on the day shown.

Please be aware that agreements vary significantly across industries, firms, and geographic areas, making these numbers only a rough average. The following information should only be used as a starting point; ultimately, a company is only worth what an investor or potential acquirer is prepared to accept it is worth.

Benchmarks For Raising Venture Capital

	Pre-Seed	Seed	Series A
Traction	Customer Validation	Product-Market Fit	Expansion
Growth Rate	0 - 20% MoM	15% - 30% MoM	25%+ MoM
Monthly Revenue	\$0 - \$75k	\$75k - \$200k	\$200k+
Team Size	2+	10+	20+
Product	MVP	Robust	Commercial
Investors	F&F, Seed Accelerators, Angels, Pre-Seed/ Micro VC Funds	Seed Accelerators, Angels, Seed VC Funds	Series A/ Growth VC Funds, Existing Investors
Round Size	\$25k - \$750k	\$750k - \$4m	\$4m+
Company Valuation	\$1m - \$5m	\$5m - \$12m	\$30m - \$60m
Investment Vehicle	SAFE/ Convertible Note	Priced Round	Priced Round

SECTION

04

Where Can You Find The Right Investors?

Investors can help you with the funding required to start and grow your business. The good news is that investors are widely accessible, but landing on the right one might be challenging, especially if it's your first time.

We suggest utilizing investor networks and communities that foster meaningful owner-to-investor relationships. This will help turn cold emails into hot leads.

Here are some platforms for finding the right investor for you:

- The 10th House
- The NORTH
- LinkedIn
- Twitter
- Crunchbase
- PitchBook
- FundersClub

Now that you've started your search, it's time to get strategic. We've talked to many investors, and they all say the same thing... there is nothing worse than receiving emails or direct messages from hopeful fundraisers who haven't done their research.

While you make your investor wish list, it is crucial that you only add potential investors who are aligned with your business.

These are the elements of their portfolio that you should pay attention to when creating your outreach list:

- Average check sizes
- Previous and active investments
- Investment strategy
- Their investment timeline
- How they make decisions
- Boards they are a part of
- Individual expertise



SECTION

05

Investor Outreach: How Do You Present to Them?

A pitch deck is one of the most important documents you will produce in the early stages of your funding journey. A pitch deck refers to the presentation you will deliver to potential investors in which you will highlight your company's strengths and convince them that investing in it is a wise decision.

Investors evaluate you against other possible investments and evaluate your existing performance and future projections using the pitch deck. Though conceptually, a pitch deck may seem like a straightforward subject, it is actually fairly complicated. People frequently want to include a lot of stuff, but there are times when less is better.

These next two sections of the guide will go into how to be effective in your outreach and pitch deck creation.

Steps for Effective Investor Outreach:

- **Who should you reach out to?**
 - Create a Shortlist. The first step here is to identify your shortlist of target investor groups (refer back to chapter two for more on this). Then find out how to connect with them.
 - Warm Leads. It is far better if you can find a direct connection through a gatekeeper and influencer in the group who can get your pitch deck viewed, considered, and give members a chance to make their own decision. Build your network in a thoughtful way to build an in-road to investors.
- **How should you share your deck?**
 - Create a Pre-NDA Teaser Deck. You may begin by leading in with your shortest teaser deck to get their attention. If they are interested, you may be able to present your full pitch deck to the group live in person or online in a video presentation format. P.S. Before you send your pitch deck, you want to ensure you have designed it specifically for the type of investors you are reaching out to. This information will also play a big role in how you create your pitch deck, which we'll get into later.
 - Be Strategic When starting out, don't just send your pitch deck as an email attachment. Sending a link to your pitch deck hosted online is far better.



How do you write a response-worthy email?

- Personalize. After you do your homework and research the investor you are contacting, make sure to personalize your email (or LinkedIn Direct Message) outreach strategy. Create an email that's easy to digest and forward, short and sweet but substantive. Include:
 - About/Intro - Include who you are and why you're the right portfolio fit at this time by including what stage they invest at, what companies they invest in, and what their rolodex looks like currently. This section should always be personalized and well-researched.
 - Always include your stage, why this would be a good partnership, and what that partnership could look like. This section should be hard-hitting but can be in a bulleted format.
 - Problem - What is the problem you are trying to solve?
 - Solution - Describe how you plan on solving the problem.
 - Pre-NDA Teaser Deck - This short-form deck includes a quick overview of your problem, solution, and market. It's recommended that you share information about your team and trajectory in this document as well. You won't add financials or confidential information to this deck.



SECTION

06

Putting Together A Backable Pitch

In the last section of the guide, you learned how to be effective in your outreach. The moment has come for you to sit down and think about how to make a pitch deck that will wow investors and earn you their funding.

Developing the ideal pitch deck is essential if you want to attract investors for your business.

The perfect pitch deck begins with a mindset shift. Seth Godin said, “People don't buy goods and services. They buy relations, stories, and magic.” We couldn't agree more. Here is how to create a pitch deck that oozes reactions, stories, and magic.

Principles of Creating a Deck:

- Be clear and concise. This includes how you present your research. Be sure to present enough information to educate but not overwhelm. A rule of thumb is 12 Slides Max. Remember, you can always have an appendix.
- Focus on your superpowers. Confidence is crucial. But so is knowing your stuff. A self-aware, well-researched founder is a winning founder, and investors want to know that you have the perfect team to build this particular business.
- Tell a story. The process of telling a good story is 80% research, 15% writing, and 5% design. But also, remember to make it personal - it will be easier to pique your investor's emotions and engage them if it's authentic.
- Don't forget branding. Your pitch deck should be considered part of your packaging - it's a chance to shine and stand out. Don't send any decks that you wouldn't put on a retail shelf.

Now that you've got the basics now let's go into the specifics. A typical slide deck is anywhere from 10-20 pages in length. Use these two slide deck outlines as your guides when creating your next teaser of full presentation.

Experiment with this information and see what gets you the most bites (from the right people).



OUTLINE: OPTION 1

Slide 1 - Introduction/Overview

Your 'story' --- the "why" I built this moment to capture attention and hook the audience In.

Slide 2 - Problem

What is the problem you are trying to solve? Use big, sourced stats, show articles, and give examples. Bring this problem to life so that the Investor Is there, experiencing It with you.

Slide 3 - Solution

Describe how you plan on solving the problem. Without getting into the nitty-gritty product features, what are the company's core values, mission, and vision?

Slide 4 - Product Differentiation

What is your silver bullet, your secret sauce? How are you uniquely different from what's out in the market now? Do you have proven efficacy In solving your problem?

Slide 5 - Market Opportunity

How big is your target market? What is the total addressable market? Do you plan on launching with a smaller niche? If so, include the growing market size as your product continues to develop and reach scale.

Slide 6 - Competitor Analysis

What other companies are playing in your sandbox, and how are they doing? If you don't think you have direct competitors, what are adjacent businesses that might crossover into solving the same problem, albeit in a different way? How are you doing It is different, and hopefully, 10X better?

Slide 7 - Traction

Have you spoken to your target audience? Have you run a beta test? Do you have sign-ups, initial survey info, or baseline traffic? What data do you have that proves the early stages of product-market fit? It's Important to quantify your proof of concept.

Slide 8 - Product Roadmap

What does your product look like today, and what will it look like tomorrow? What will it look like if you haven't developed it yet (prototype or demo?) How about in 3 years? It's important for investors to understand where the company is going, even if it's just broad strokes.

Slide 9 - Business Model

How are you planning to make money? This is often accompanied by a financial model, but most VCs care about the high-level expectations for return on capital. Potential exit plan?

Slide 10 - Team

A more elaborate explanation of your core founding team and key advisors, including a brief bio with accomplishments from each member. Your team should blend different expertise and skill sets that map to your business model.

Slide 11 - Financials

These can be very basic (especially if you're pre-product, pre-revenue), and a good rule is to do a 36-month forecast. This will give your investors a sense of how you're thinking strategically about spending and the overall business opportunity. It is false precision, but it's a blueprint.

Slide 12 - Investment Opportunity

Clearly outline how much money you're raising, on what terms, and the use of funds. This can be consolidated into one slide.

Slide 13 - Appendix

A pitch deck appendix includes all financial data, risk assessment, legal status, patents and trademarks, performance and projection metrics, and information on previous or existing high-profile investors, and any other salient information you didn't include in your main pitch deck for brevity.

OUTLINE: OPTION 2

Section	Slide	Content
Intro	Cover	What is your company and what are you building?
Status Quo	Problem	What existing problem in the market are you solving for?
	Opportunity	What is the opportunity in the market?
Product	Product	What is the product you're building? Where is it now and where is it going?
	Differentiation	How is your product different / better? What makes you special?
	Use Cases	What are the primary use cases / examples?
Business	Business Model	How are you making money?
	Customers	What does your target customer profile look like (now vs. later)? Who are the buyers vs. users?
	GTM	How are you bringing your product to the market? Who are you selling to?
	Traction	What are the KPIs for your business? What have you achieved so far?
	Potential Outcome	What is your long-term vision for the business? What could success look like?
Market	Market Size	What is the TAM / SAM / SOM? What's the market growth rate / potential?
	Timing	Why now? What's happening in the market?
	Competitive Landscape	Who are the existing players (legacy vs. emerging)? Who are your main competitors?

SECTION

07

Pitch Deck Templates

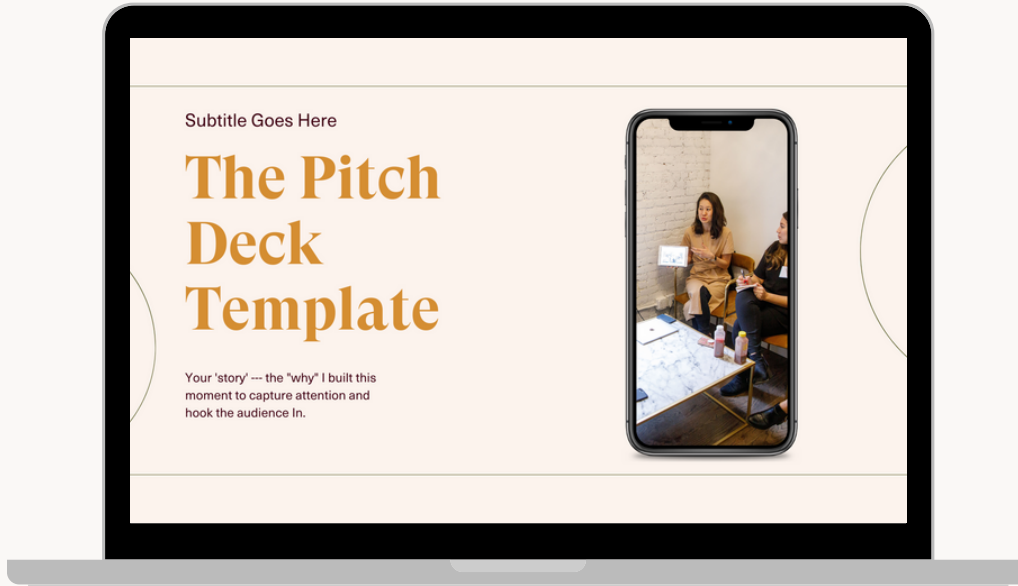
Select the template that is closest to your brand style, and update it with your own brand colors, fonts, illustrations, and images. Although this is a template, you should customize it so it's in total alignment with your brand style.

Investors should be able to tell that it's 100% unique to you.

We're just here to give you a head start!

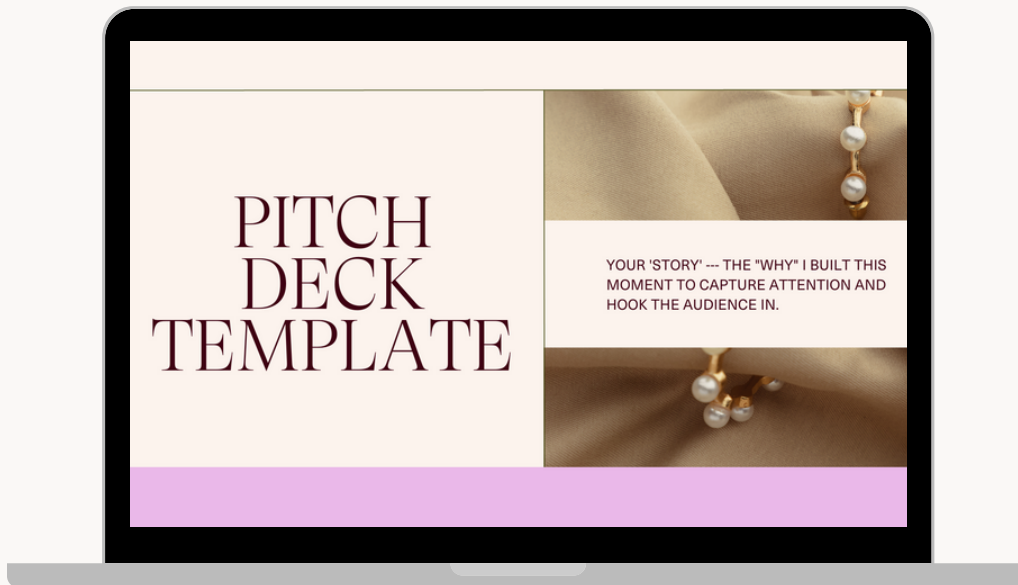
How to use your templates: Go to file > Make a copy

CHOOSE YOUR TEMPLATE



The minimalist. Download this template for a sleek, minimal pitch deck design fit for almost any brand.

[CLICK HERE TO USE THIS TEMPLATE](#)



The creative. Download this template for a fun and bold pitch deck design. This template is perfect for fashion, jewelry, and creative-based brands.

[CLICK HERE TO USE THIS TEMPLATE](#)

SECTION

08

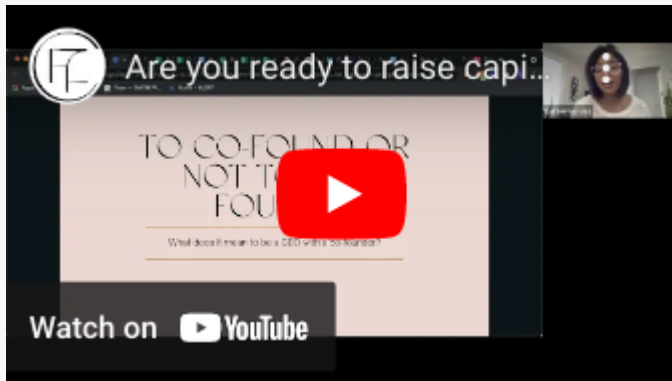
Venture Capital Masterclasses

Sometimes words aren't enough. It can be easier to learn visually through workshops and masterclasses that lay everything out on screen. If you're looking for extra support, we have just the thing.

learn from world-renowned venture capitalists and fundraising experts like Jesse Draper, Rachel Springate, Deena Shakir, and more in our venture capital masterclass digital library. These masterclasses are packed with transformational insights that will set you apart from the rest.

Get your notepads ready, because you won't want to miss a word!

IS VENTURE CAPITAL RIGHT FOR YOU?



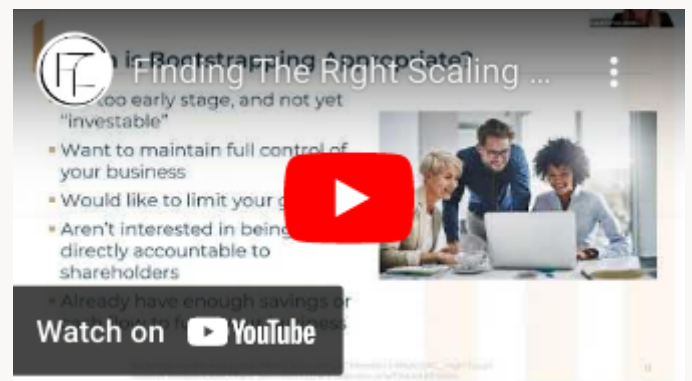
Are you ready to raise capital? with Cat Hernandez



Raising Funding & Scaling a Start-Up: From Bootstrapped to Venture Backed with Dr. Lyndsey Harper



Demystifying Venture Capital Workshop & AMA with Hayley Barna of First Round Capital



Finding The Right Scaling Model For Your Business: Bootstrapping vs. Raising Capital



Fundraising Chronicles: A Conversation with Self-Funded & Venture-Backed Founders



Funding, Fundraising & Hiring Fireside Chat with Morgan Debaun

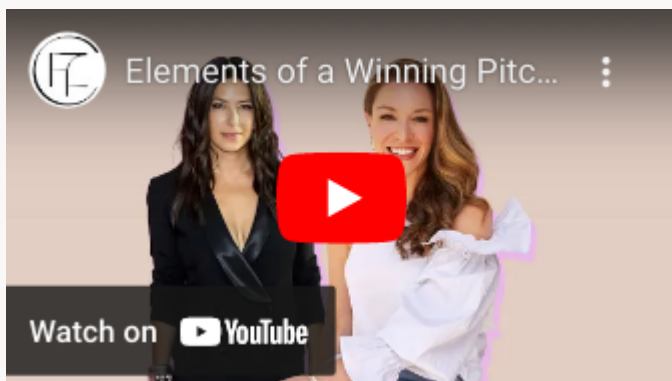
CREATING A BACKABLE PITCH DECK



Pitch Deck Discussions: Creating the Perfect Funding Proposal for Your Business with LVLUP Legal



Pitch Deck Prep and Pitch Scriptwriting Workshop with Pitch Strategist, Lauren Kane



Elements of a Winning Pitch with Rebecca Minkoff and Alison Wyatt

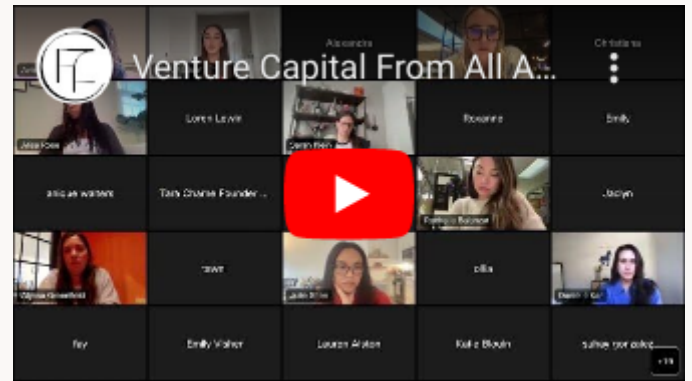


The Anatomy of a High-Converting Pitch Deck Workshop with Sloan Kurak of PitchLift

CONVERSATIONS WITH VENTURE CAPITALISTS



Fireside Chat with a Venture Capitalist: Jesse Draper



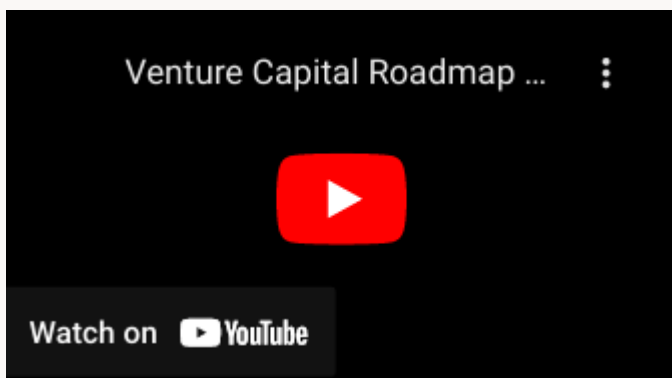
Venture Capital From All Angles with Kira Jackson of Rx3 Growth Partners



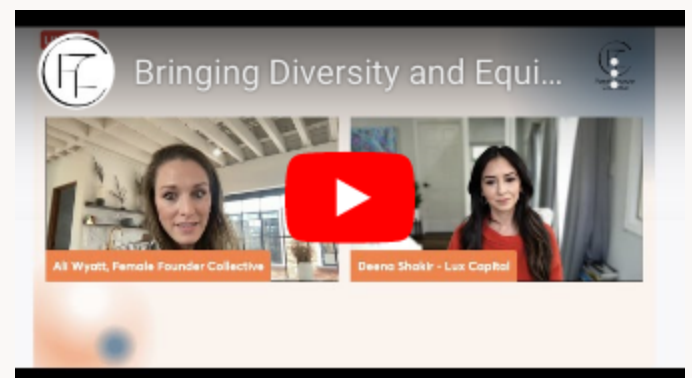
Deena Shakir | Underdog Unicorns: Founding and Funding at Venture Scale



The Future of Venture Capital with Rachel Springate



Venture Capital Roadmap Keynote with Founding Partner of Muse Capital, Rachel Springate



Bringing Diversity and Equity to VC Capital Funding: Why Deena Shakir is Betting On The Underdog

Learn More Inside The 10th House



In this guide, you learned what you need to do and know before getting started with angel investor outreach. That included the basics of what language you need to know before networking, understanding how angel investors operate, how to find the right one, and where to connect to angel investors. Finally, you dove into the terminology and psychology of an angel investor, so you're one step ahead in any funding meeting.

Now, it's time to land your dream angel! If you want more fundraising resources, join The 10th House for workshops, workbooks and more.



[Click here to join The 10th House](#)

The 10th House Team

