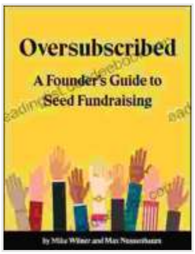
The Oversubscribed Founder's Guide to Seed Fundraising



Oversubscribed: A Founder's Guide to Seed Fundraising by Noah Brooks

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Raising seed funding is a critical milestone for any startup. It's the first time you'll bring on outside investors, and it can be a daunting process. But if you're prepared and you know what you're ng, it can also be a very rewarding experience.

This guide will walk you through everything you need to know about seed fundraising, from building a strong pitch to negotiating term sheets. By the end, you'll have all the tools you need to raise the funding you need to take your startup to the next level.

Building a Strong Pitch

Your pitch is your chance to make a great first impression on potential investors. It's your opportunity to tell them about your company, your team, and your vision for the future. So it's important to make sure your pitch is clear, concise, and persuasive.

Here are a few tips for building a strong pitch:

- **Start with a strong hook.** Your hook is the first sentence of your pitch, and it's what will grab investors' attention and make them want to learn more. So make it count!
- **Tell a story.** Investors want to connect with you and your company on a personal level. So tell them a story about how you came up with the idea for your company, what you're passionate about, and what you hope to achieve.
- **Be clear and concise.** Investors don't have a lot of time, so make sure your pitch is clear and concise. Get to the point quickly and avoid using jargon or technical terms that they may not understand.
- **Be persuasive.** Ultimately, you need to persuade investors to give you money. So make sure your pitch is persuasive. Explain why your company is a good investment and why you're the right team to lead it.

Finding the Right Investors

Once you have a strong pitch, you need to start finding the right investors. There are a lot of different types of investors out there, so it's important to do your research and find the ones that are the best fit for your company.

Here are a few things to consider when looking for investors:

- **Industry expertise.** Look for investors who have experience in your industry. They'll be able to provide you with valuable advice and support.

- **Investment stage.** Make sure the investors you're targeting are investing in companies at your stage of development. Seed-stage investors typically invest in companies that are pre-revenue or have just started generating revenue.
- **Investment size.** Make sure the investors you're targeting are willing to invest the amount of money you're seeking.
- **Alignment of values.** It's important to find investors who share your values and vision for the future. This will make it more likely that you'll have a successful partnership.

Negotiating Term Sheets

Once you've found the right investors, you'll need to negotiate term sheets. A term sheet is a non-binding agreement that outlines the key terms of your investment. It's important to carefully review the term sheet and make sure you understand all of the terms before you sign it.

Here are a few things to consider when negotiating term sheets:

- **Valuation.** The valuation of your company is the price that investors are willing to pay for a share of your company. It's important to negotiate a fair valuation that reflects the value of your company.
- **Equity.** The equity stake that you give to investors is the percentage of ownership they will have in your company. It's important to negotiate an equity stake that is fair to both you and the investors.
- **Liquidation preferences.** Liquidation preferences give investors the right to be paid back their investment before other shareholders in the

event of a sale or liquidation of your company. It's important to negotiate liquidation preferences that are fair to both you and the investors.

- **Vesting.** Vesting is a provision that requires investors to hold their shares for a certain period of time. This is designed to protect the company from investors who may sell their shares too early.
- **Board seats.** Investors may ask for board seats as part of their investment. This gives them a voice in the company's decision-making process. It's important to negotiate board seats that are fair to both you and the investors.

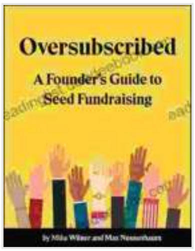
Closing the Deal

Once you've negotiated a term sheet, you'll need to close the deal. This involves signing a final investment agreement and transferring the funds to your company.

Here are a few things to keep in mind when closing the deal:

- **Due diligence.** Investors will typically conduct due diligence on your company before closing the deal. This is to make sure that you're a good investment and that there are no hidden risks.
- **Legal advice.** It's important to have an attorney review your investment agreement before you sign it. This will help you make sure that you understand all of the terms and that you're getting a fair deal.

Raising seed funding can be a challenging process, but it's also an incredibly rewarding one. By following the tips in this guide, you can increase your chances of success and raise the funding you need to take your startup to the next level.



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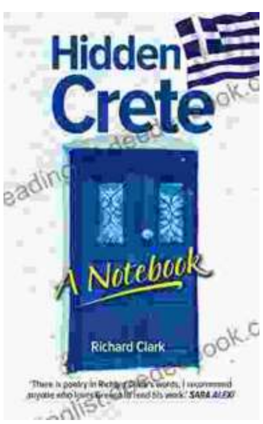

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