

**The Life Science
Executive's
FUNDRAISING
MANIFESTO**

**BEST PRACTICES FOR IDENTIFYING CAPITAL
IN THE BIOTECH AND MEDTECH ARENAS**

Dennis Ford



**LIFE SCIENCE
NATION**

Connecting Products, Services & Capital

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Straight Talk About Finding, Vetting, and Closing Capital

In concluding this book, there are a few important things I want to say about raising capital in general. Keep in mind that whether you like it or not, you have entered the world of sales, and you are tasked with selling yourself, your team, your firm, and your product to an investor. As I have stated throughout this book, outbound direct fundraising is a numbers game. Some 200 to 300 investor targets will net you 40 to 60 potential compelling fits with whom you will interact and thus create a dialogue. As you go through the relationship-building and vetting process, that list will likely be whittled down to 8 to 12 active potential clients. You can expect to have five or so in the final mix, which may result in one or two allocations of capital.

Starting a global outbound campaign to find capital takes time, dedication, commitment, and resources. You are not alone and more than likely face some stiff competition for those investment dollars. When you enter the arena, it's imperative to have clear expectations and understand the rules of the game. What follows are some kernels of advice gleaned from my many years of experience with this process.

Showcase Yourself—Get on the Road or on the Phone

As a life science fundraising executive, you must leave the building. The days of incoming inquiries are long gone. Figure out a way—any way—to get your feet on the road. You will never raise money by sitting around your office. You need to get in front of potential investors if you are going to market your product. Fundraising executives who spend more time in the office than they do at meetings will fail to reach their allocation potential. If this is you, you must regroup and get packing. There is no middle ground here. Once you have initiated the allocation process with several investors, you will need some in-office time—but not a lot. The allocation game is won in the field, through meeting with investors and developing solid long-term relationships.

I have a theory about successful life science fundraising executives: those who begin work first each day and quit last will generate the most allocation dollars. They rise early to create a daily schedule and make sure everything is prepared. Then they head out to the field or pick up the phone and spend the day in meetings or on calls, reserving time at the end of the day for follow-up. They usually work late, taking care of all action items, and then repeat the process the next day. This is how you achieve success in closing allocations.

At Life Science Nation (LSN), our salespeople engage in 30 to 40 calls, demos, or meetings with prospects a month, every month. Though meetings may not be occurring all the time, the sales team is working to secure those meetings every single day. Marketing is a full-time job that is as important as every other position at your firm. If you doubt this, your firm will be beaten by competitors who are beefing up their marketing efforts.

The Importance of Context

It is difficult to overstate the value of context. Context is basically the glue that holds the reality of a deal together on many levels. Keeping everyone in context means making sure that all the key players in your firm and all the key players on the other side of the table are on the same page and singing out of the same hymnal. This task is imperative; once people begin to get out of context, your deal is in jeopardy.

You know the moment: you're in a meeting trying to get a commitment that will move the process forward when someone pipes up and says, "I thought your product leapt tall buildings in a single bound." The scientist's eyes dart over to you and you say, "Well, not exactly, but it's faster than a speeding bullet."

Before the words are even out of your mouth, you know that was the wrong answer. But what's the right one? Who is that guy? And why do you get the distinct feeling that your allocation is suddenly on the ropes?

I'll tell you. During the allocation process, there are lots of meetings and many people moving in and out. It is hard to keep everyone on the same page, and this is the person that you missed. He has some wrong information. At this critical juncture, when you're looking to confirm that all is right with the world and the process, he's raising doubts.

Nothing can derail an allocation process faster than a prospect with the wrong information. It may be about your technology, your company, the time to market, their needs, their objectives, the fit, or any number of other things. It doesn't matter. The wrong information gets you off track.

This is why at the first appearance of a new individual you must rewind and start over. As soon as someone new comes into the room, deliver the summary of your presentation so far to him or her. When you move up a notch in the information exchange process, present your firm from scratch. At the moment when someone makes a statement or asks a question that could foul up the perception of your company or product, jump in with "Okay, Ms. Investor, let's take it from the top. Here's our expertise and new technology. These are the needs you have outlined in your mandate. Now, is that a fit?"

At every stage of the allocation process, you will meet people who will start brainstorming, think of what-if scenarios, or just go into fantasy overdrive. Don't let anyone derail the process. Put everyone in context. **THIS MEANS EVERY SINGLE PERSON, EVERY SINGLE TIME.**

This drudgery can drive a life science fundraising executive batty. It is tedious, repetitive, and difficult to accomplish. However, if you keep every sentient being who is involved in the allocation process on the same page, the process will go more smoothly and you will be in a better position than your competitors who don't worry about context. If you don't keep everyone in the loop, your prospects can miss important points about you, your company, and

your product or service. The growing number of people involved in the allocation process, and the difficulty of keeping everyone in context, is one reason why it takes so long to get an allocation these days!

A typical context-setting session might progress like this:

- This is who we are as individuals and why we are here.
- This is who you are and what your current mandate is.
- This is our firm and technology and how it fits your mandate criteria.
- Here is the executive team's domain experience and years in the field.
- This is a summary of our last meeting. Do you agree?
- The goal of today's meeting is to keep moving toward a relationship.
- Here is the agenda for our meeting today. Is this correct?
- Here is what we hope to accomplish today and what we want to achieve tomorrow.
- If there's a fit, here is how things work in our company.
- If there's a fit, here's how we understand things work in your company.
- Here's where we're heading next.

This is a simple approach to getting everyone on the same page.

Keep in mind that you are marketing in a dynamic environment. People, specifications, requirements, the market, and many other things that affect the allocation process can change. Despite it all, you must keep everyone aware of and in agreement about the status. You must provide the context for participants in calls and meetings. Follow up with status reports to everyone. Do it constantly. This habit will serve you in the long run.

Fundraising Is Not for Wimps

Even if you do your job well, the allocation process will rarely be smooth. Be alert, be aware, and don't be afraid to make the tough calls. Allocation

terms can change at any moment, teams can shift, the market can swing. Don't panic at each surprising turn of events. Under no circumstances should you get jumpy and start saying "yes" to things you should be saying "no" to. Always stay in control, and be clear-eyed and honest.

As you work with a prospect to understand the current mandate, rarely will you find it to be a perfect fit. You might be able to roll with some changes, by iterating your technology and pivoting your message. But if a mandate morphs and is no longer a fit for your firm, say so: "Mr. Investor, I've realized that my firm really isn't a fit for you. I appreciate the time you've spent with us. Here's the company to call. Ask for Bill. Tell him I suggested you call him. He can help you." Your good karma will be rewarded. Everyone appreciates a no-nonsense life science fundraising executive who doesn't waste time. Don't forge ahead and hope. Face the facts and move on.

Also be aware that the kiss of death can come from nice people. They will agree with everything you say, just to be nice. These people are easy to get by, but getting by people is not your goal. You want them to buy in, because that's the only hope you have of having a satisfied investor. Inevitably, as you get deeper into the process, you are going to run into the not-so-nice person, and when he or she starts asking all the nice people why they like your firm and doesn't get the right answers, your journey is over. If a prospect says he or she understands your firm but you can tell that he or she doesn't, the first thing you should do is verify whether you are speaking to the right person, as follows.

Life science fundraising executive: "Ms. Prospect, it doesn't sound like you're the person I should be talking to."

Prospect: "I'm not really. I'm just sitting in for Phil, who's on vacation."

Life science fundraising executive: "Perhaps I should call Phil when he's back and set up another meeting."

Prospect: "Yes, that would be a good idea."

Now we're getting somewhere. However, it is also possible that this is the prospect and you have to find a way to help her understand your firm even as she's saying she does. Moving the process along before a prospect

understands your firm will come back to haunt you. You must make sure that everyone along the way gets it, no matter what. Don't let yourself slip or you could hurt yourself!

The Battle for Control

You should never give up an opportunity to influence an allocation. Most life science fundraising executives, however, let these opportunities slip by time after time. Here's a common scenario: a fundraising executive has a meeting with a prospect. At the end, everyone agrees to a follow-up meeting. Someone at the meeting volunteers to organize the next meeting—and the fundraising executive lets him or her.

Just like that, the process has moved out of the fundraising executive's sphere of influence.

A smart fundraising executive doesn't let this happen. He or she sees that the ball is in play and grabs it before anyone else: "Hey, it's my job to move this along. I'll call so-and-so, get a list of who should be there, schedule it, and write up an agenda." The savvy fundraising executive realizes that after people leave the meeting and get involved in their regular work, it's unlikely that setting up the next meeting will be their top priority. If the fundraising executive doesn't step up to the plate, he or she will be stuck waiting on the prospect rather than able to move forward.

You must be vigilant and not let any chance to exert your influence elude your grasp. It is of paramount importance that you take advantage of any opportunity to move the process forward. Even the simplest and seemingly most innocuous of gestures (as in the example mentioned above) can halt the allocation process. That is why you must be aware of every detail along the way.

Your Time and Your Pipeline

Use your time wisely. If you spend a lot of time working to convert your target investors to prospects and you do it well, you will succeed. To ensure your targets and prospects are always on your mind, have a list with the

status of each in front of you at all times (see Figure 13.1). I recommend placing a whiteboard in your office and marking it with three columns:

- *Identified.* These are the investors with whom you have not spoken but who fit your predetermined investor profile.
- *In Play.* These are qualified investors with whom you have begun to have an ongoing dialogue by phone or email or in face-to-face meetings.
- *In Process.* These investors are conducting due diligence, asking for information, and monitoring your performance. You have received a verbal and understand the general timing of the allocation.

You must ensure that you are in charge of your own list. In some cases, life science fundraising executives choose to create a list via a customer relationship management (CRM) system or a list management application. This can very useful, and you can read more about creating this kind of cloud-based infrastructure in Chapter 8, but when it comes to the top 10 companies I want to watch, I always put them on my white board. No matter how you organize them, remember that you are going to be tracking interactions with many potential investors; as I've stated over and over, canvassing the market for investor fits is a numbers game.

After you put each investor target or prospect into one of these three categories, write down your next action or task for each. Then, any time anyone approaches your desk say, "Hey, here's my list and some ideas for



FIGURE 13.1: A graphical representation of identifying fits and the gradual process toward receiving an allocation

getting to the next step. What do you think?" Get everyone's opinion.

Start every day by reviewing your list and either taking action or thinking about what you can do to move each investor target or prospect along. "Moving them along" means moving them into the next stage or getting them off the list. Working through your list can take 20 minutes or it might take all day. After you do all you can, start to work on getting new targets—but only until the end of the day. The next morning, start again at the top with your hottest prospect and think about how you can move that process along on that day. Take whatever action you can, then move down to number two, and so on.

A big pitfall many life science fundraising executives fall into is beginning their day by focusing on their lukewarm prospects. This often causes them to spend their entire workday on them; by 5:00 PM they haven't spent a minute on their hot prospects. This makes no sense.

The way to fundraise effectively is to first focus on the investor targets and prospects that are furthest along in the process, every day. Taking this time daily to be thoughtful regarding your approach will make fundraising much easier. Another big mistake many fundraising executives make is that they don't stop to think. They like to take action and make things happen. Earlier I mentioned that cultivating prospects takes patience. It also requires a nimble strategy. Not only do you need to create a profile of who you need to go after and devise a game plan *before* you approach investor targets and prospects, but you also must consistently revisit your plan and anticipate the prospect's actions and your reactions *while* you're in an allocation process.

Summary

I hope this book has provided some insight regarding capital fundraising in the life science arena. Hopefully it has shed some light on the basic elements of fundraising, including aggregating a list of bona fide investor targets that are a fit for you, your team, your firm, and your product, and utilizing some inexpensive, Web-based cloud applications to help manage your target list and associated tasks. I also hope you have come away with some insight on what to expect as you undertake this process and under-

stand that you and your team will have to stay flexible and adjust your strategy and message as you execute your outbound campaign.

If you do not have previous sales and marketing experience, launching an outbound fundraising campaign can be a daunting undertaking. Acquiring a new skill set and learning a new language is never easy, and only your internal desire can drive your capability to succeed at this endeavor. Just as important as embracing this role is coming to understand, after learning about this new universe of sales and marketing, that you may not be the ideal person to lead the charge. Either way, now you can move forward with a thorough understanding and appreciation of the entire allocation process and how an outbound fundraising campaign works.

I founded Life Science Nation to help move science forward by trying to close the funding gap that exists between new emerging technology and the investors that are eager to assist in its development. Connecting emerging life science companies with emerging life science investors is what drives my LSN colleagues and me, and I feel blessed to be successfully making this passion a reality every day. I hope this crash course in fundraising campaign management has enlightened you and serves as a useful tool as you move forward to achieve your own goals and dreams.