How This Founder Raised $1 Billion—A Fundraising Playbook Every Founder Needs

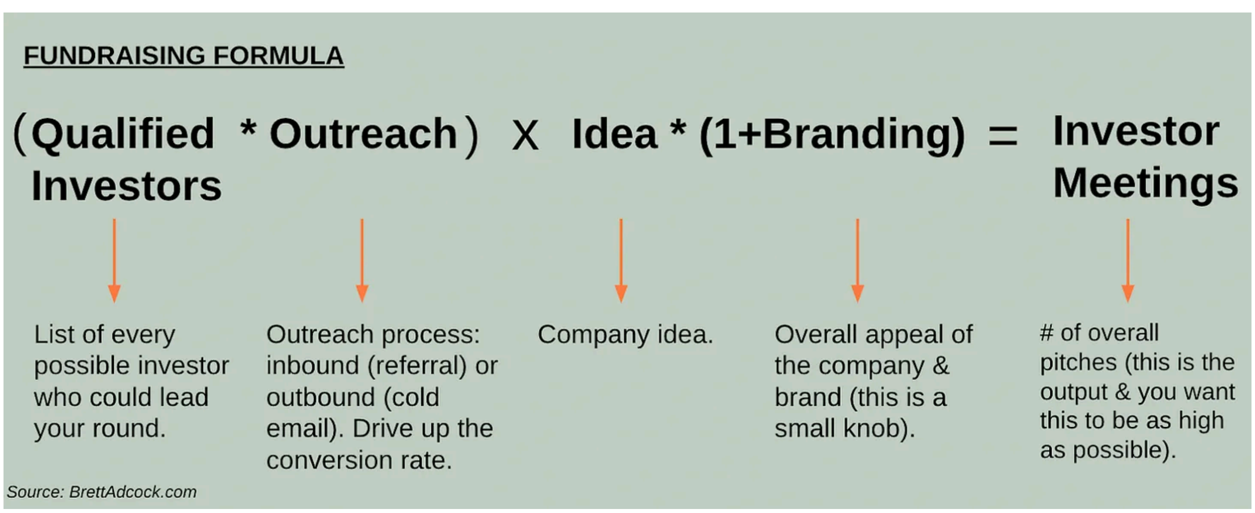
The probability of success for a high-growth company is predicated on your ability to raise capital. As a leader, you will never achieve your maximum entrepreneurial potential without being able to raise capital quickly and successfully.

Capital is the lifeblood of any high-growth company. It has to be treated as a key priority. It can never be outsourced or downgraded to a second priority.

Brett Adcock, the founder and CEO of Figure AI, secured $70 million in its Series A funding round in 2023. Also his previous ventures, Adcock has successfully raised significant capital: Vettery was acquired for $110 million, Archer Aviation went public with a valuation of $2.7 billion and raised over $1 billion. He shared the framework for founders to raise capital. So read along -

“**Remember - Investors are looking for certain traits. Without these, you have little chance of raising a single dollar.** Let's talk about how you can use the formula to build a repeatable process for raising capital.

Fundraising Formula:



You need to maximize the amount of shots on goal in fundraising. Aim to get as many meeting attempts with investors as possible. The above formula for capital raising is a combination of -

- the number of qualified investors you are targeting combined with
- the company idea & overall branding.

The first step in the fundraising process is defining success. The ultimate goal is to raise capital successfully. If you work backwards from there, getting to a lead investor "term sheet" is the next clear milestone. And if you work backwards once more, the goal is to maximize the number of unique investor meetings.

The Fundraising Formula is a way to compute how to maximize the number of qualified investor meetings. Fundraising is about talking to 200 investors and finding the 1 person who will take a bet on you. I've always experienced really low conversion rates in these efforts - it's never been easy for me to raise capital. And that's quite normal.

Here is the sensitivity to each part of the formula:

- Qualified investors: You want to drive this number as high as possible. I speak to so many founders who are "waiting for referrals". This inevitably means this number is too low. You want to identify every possible investor on the planet or else your equation will point to low odds of success.

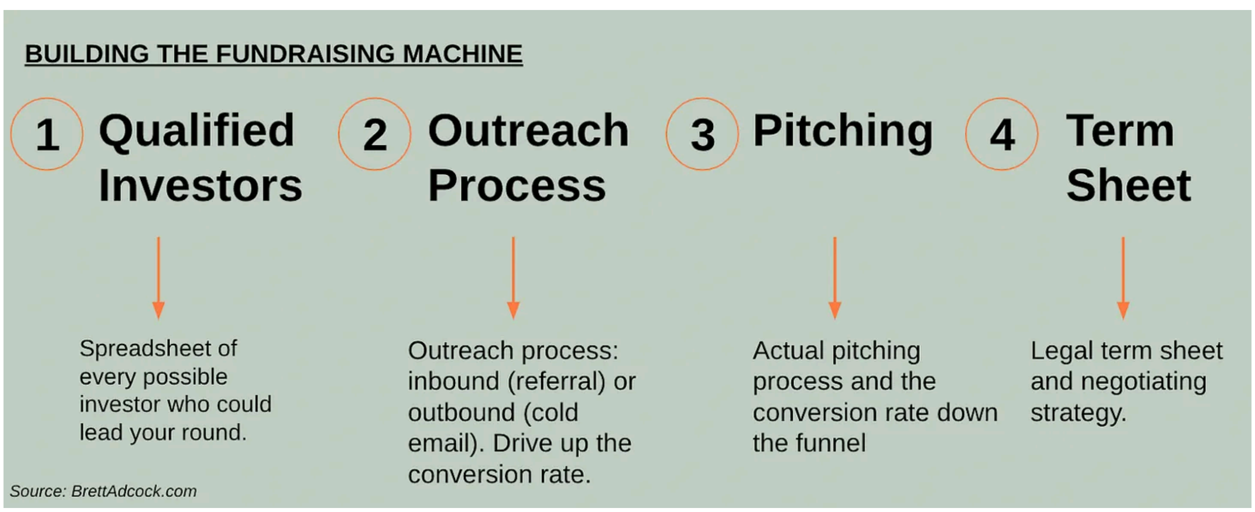
- Outreach: This is your reach-out process to investors. I gauge this as a percentage conversion rate. This will be really sensitive to the way you are reaching out (referral vs. cold email) and the messaging associated with the reach-out process (e.g. subject and body of a cold email). There is an art to this. The per cent conversion rate can greatly increase if you treat it as a recursive project to get better.

- Idea: This is the company idea —— and it's fixed. There is very little you can do besides pivot your company to a new idea. The idea will instantly either A) resonate or B) turn off investors based on their industry focus or their internal thesis of the market/industry.

- Branding: This is how well-branded or attractive your company is at first glance. You have limited time to impress an investor enough for them to commit to a meeting. There are many ways to drive this up, including a nice investor deck. But ultimately that's a small lever so don't stress too much over this.

- Investor Meetings: This is the output of all your hard work. The goal is to drive up the number of qualified investor meetings as high as possible. You want to do 50-200 of these meetings. The more qualified investor meetings, the higher your odds of raising capital.

Building the Fundraising Machine:



I believe in building and executing on a highly structured "machine" for fundraising processes. This machine is something you can wash, rinse, and repeat. This should be similar to how you would run a sales or marketing team.

I track this process in a Google sheet, similar to how you track items in a CRM. Let's break down the key elements of the formula so you can go out and execute it yourself.

Key Elements of a Fundraising Machine:

- Qualified List of Investors: This is a list of investors who are tailored specifically to your company. Start with investment groups that match well with your company sector. Research to find an investment partner who covers your specific industry and maturity. Ideally, you have found 100% of every investor on the planet that you think could give you a term sheet.

- Outreach Process: Reach out to investors with the goal of setting up a meeting. Try to get as many referrals as possible, then move to outbound for the rest.

- Pitching: Your first interaction with the investor that includes them previewing the deck. Optimize the conversion rate from the first meeting to the term sheet.

- Term Sheet: Receiving a term sheet is the ultimate goal for the first leg of capital raising. Negotiate quickly and fairly to get the lead investor signed up.

The entire process from start to finish will take at least 3 months. Spend 30 days preparing the investor deck, and data room, mapping out investors, and your cold email template. The next 30-60 days are for investor outreach and meetings. Once you have a term sheet, it generally takes <10 days to negotiate and sign, and you usually close in 30 days.

Additional Capital Raising Insights:

- Show metrics and customers that can potentially correlate to long-term success for early investors to understand your product's potential.

- Understand VC mandates and match them to your industry to avoid spinning your wheels.

- Showcase your "Championship Team" - there's no way you're building a great product without a #1 team.

- Aim for 80% of investor pitches to come from outbound processes (cold calls or emails) and 20% from inbound processes (referrals).

- Build a well-branded investor deck as it's often the first impression investors have.

- Recognize that interested investors move quickly. If they're not hurrying, it's likely a sign you don't have a deal.

- Focus on finding a "lead" investor who can give you a term sheet and lead your round.

- Balance fundraising time with product development, as fundraising can be distracting for founders.

Remember, fundraising is a competitive process. Once the round is complete, put your attention back to the product and get building. I suggest setting up a quarterly "nurture" sequence to keep investors updated."

Thanks, Brett Adcock, founder of Figure AI, for sharing this guide.

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