

# So Now that You Have Completed Your Financing...

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**M**ost entrepreneurs view fundraising as a “one-off” event and, once they are funded, that it’s business as usual. This is a mistake.

After you and your management team spend a few minutes celebrating your success in getting financed, it is time to focus on your new reality. You now have a partner(s) in your business. Your investors have now taken Board seats; expectations have been set. The way you manage this new “marriage” will be critical to your future endeavors with the business.

Some investors, some fairly but most unfairly, have been labeled as “vultures,” “impediments to my progress,” “a distraction from my business” or “not savvy enough to understand my business.”

Quite frankly, the majority of the time, the stress in the relationship lies with the CEO. Hopefully, you have done your homework out of the gate and have accepted financing from an investor who brings more than just money to the table. If so, then there are steps you can take to keep the “honeymoon” alive.

State of mind. When the investor’s wired funds hit your bank account, you became the custodian of someone else’s capital. To a large degree, the resources you allocate this capital to, and the future returns they generate, will govern the relationship with your partners.

During your presentation, you represented some milestones such as product development, commercialization of product or build out of your team. It is important that the plan you outlined to secure your financing is the plan you follow as you deploy the capital. You set the expectations, now you have to live up to them. There is a level of practicality to this, as well. Everyone knows that plans are a guide and there will be bumps in the road. Investors always leave a little extra cash allocated to tack onto their investments to cover unforeseen events. The key is to use your best efforts to execute on your plan.

Communicate! Actually, over communicate! The Board meeting should not be the forum to update your Board on the business. A smart CEO will use his time with his Board to make decisions, set strategic direction, engage the Board in discussions around challenges and ideas and leverage the collective knowledge they bring to the table.

A best practice is to communicate weekly with your Board. Really! Block your calendar for one hour each Friday afternoon and prepare a summary to your Board updating them on each week’s progress. These are not meant to be “feel good” correspondences, so get

all the news out, the good and the bad. By communicating weekly with your Board, they will be up to speed and will be better prepared when they attend meetings.

All of this is done to accelerate your relationship with your Board. It will give them confidence that they made the right choice to invest in you and your business. It also clears the way for productive problem solving sessions and addressing issues and challenges as they arise.

## Consider discussing these topics:

- Business Development
- Human Capital
- Customer Issues
- Finance
- Product Development
- Operations
- Marketing
- Sales

This communication does not need to be more than two pages and should stay at a high level, but with enough detail to keep everyone informed.

This regular communication will also impose a level of discipline on you, the CEO. It will help keep you organized and focused on the major issues. It will also help you manage your management team and keep them focused and on track. And, pleasantly, it avoids the Board meeting preparation scramble. The one hour each week you invest in building a better relationship with the Board will offset some of the time normally used when it comes to preparing for the Board meeting.

Finally, it is to communicate internally. The assumption is your management team was part of the fundraising process and knows the milestones and goals and objectives required to achieve them. What about the rest of the staff? Surely everyone will know the company was funded and people will feel better about their job security. But do they understand the real task at hand? Do yourself, and your management team, a favor and get everyone pulling in the same direction.

At the end of the day, we are all measured on these results we deliver. These best practices help to eliminate surprises and enable you to be a more diligent and organized manager. This is by no means all encompassing, but rather a guideline to help you formulate your own style with your investors/partners.