



# Capital Raising

A 5-Step System for Raising Capital  
From Private Investors



**Richard C. Wilson | [CapitalRaising.com](http://CapitalRaising.com)**





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## **Disclosure**

The contents of this book, including any videos presented herein, do not constitute an investment recommendation. As such, this book does not contain all information that a prospective investor may desire in evaluating an investment strategy or individual investment.

Each investor must rely on his or her own examination of an investment strategy or individual investment, including the merits and risks involved in making an investment decision. Prior to making an investment decision, a prospective investor should consult his or her own counsel, accountants, and other advisors to evaluate the merits of an investment strategy or individual investment. Additionally, any discussion of the past performance of any investment strategy or individual investment should not be relied on as a guarantee of future performance, and no warranty of future performance is intended or implied.



## Capital Raising Worksheet

To ensure you and your team get real value from this book please take the time to complete this worksheet.

### Step 1 – Analyze

#1 take away on competitive analysis: (Page 19)

\_\_\_\_\_

#1 take away from analyzing the market:

\_\_\_\_\_

#1 take away from analysis of your firm and self:

\_\_\_\_\_

### Step 3: Architect

Investor Funnel Design: Write in the pieces of your investor funnel to the right. (Page 51)

Which of the local investor strategies will you employ? (Page 44)

\_\_\_\_\_

What does your geographical map look like? What distribution points will you acquire first?

\_\_\_\_\_



### Step 4: Execute

What marketing materials do you need to create immediately? (Page 56)

\_\_\_\_\_

Key Performance Indicators: What are the top 5 KPIs that you will track? (Page 63) 1) \_\_\_\_\_

2) \_\_\_\_\_ 3) \_\_\_\_\_ 4) \_\_\_\_\_

5) \_\_\_\_\_

### Step 5: Iterate

Speed of Implementation: What are the top 3 actions you will take immediately to improve your capital raising?

1) \_\_\_\_\_ 2) \_\_\_\_\_ 3) \_\_\_\_\_

Unique Ability: What is your unique ability?

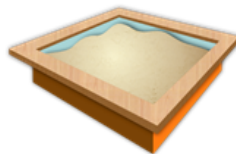
(Page 87): \_\_\_\_\_

### Step 2 - Position:

Avatar: Describe your Investor Avatar (Page 30):

\_\_\_\_\_

Sandbox: Write in the sandbox what you define as your turf that you look to occupy long-term. (Page 28)



Timeline: When is your goal to have your basic investor funnel operational?

\_\_\_\_\_

What Choke Points Do You want to Own? (Page 34)

\_\_\_\_\_

Who will you need to leverage or hire part-time to help you execute this plan?

\_\_\_\_\_

Systems: What are your top 7 processes that you could turn into systems across your operations and capital raising? (Page 65) 1) \_\_\_\_\_ 2) \_\_\_\_\_ 3) \_\_\_\_\_

\_\_\_\_\_ 4) \_\_\_\_\_ 5) \_\_\_\_\_

\_\_\_\_\_ 6) \_\_\_\_\_

7) \_\_\_\_\_

What is one influence principle you know you should start using immediately? (Page 73)

\_\_\_\_\_

Download this worksheet here for free: <http://CapitalRaising.com/Free>





# Introduction

I have close over \$1B in capital raised and assets advised on within the private investor and family office space. As I write this, I'm in a coffee shop waiting to go upstairs to give a 3-hour pitch to a billionaire, his son and investment committee on why they should hire me to create and help operate their single family office.

Despite having great traction in the ultra-wealthy investor space now, I went to school at Oregon State University for my undergraduate degree and started my business in the basement studio of an old Victorian house on Putnam Avenue near Harvard Square in Boston, MA. I learned the hard way how to raise capital with no training, no guidance, just a lot of trial and error and doing things the hard way for several years. From 2003-2006 I had been working I risk consulting and raising capital and studying the family office investor niche and how to influence others and attract them through thought leadership. After helping raise over \$250M at a third party marketing firm I left to go out on my own. As I started my business, I figured I had nowhere to go but up. I used the lessons I had learned in raising capital the hard way to start my business in 2007 and grew it in 3 years into a 7-figure operating business that was designed to provide me with investor leads and over time led to my advising over billions in investor capital. I had discovered part of a system to raise capital and attract investors in my past job and over the past decade since starting my business, I have developed and refined over and over again my system for raising capital and developing investor leads consistently each month. Throughout this book there will be lessons woven in from these investors experiences through our Centimillionaire Advisors, LLC division, the 100's of investors who speak on stage at our Family Office Club events each year, and from our investor relations agency, PitchDecks.com.

This process has included failures, nights of anxiety over making ends meet, euphoric moments of making more money in a day than I had in an entire year in the past, and mind-expanding experiences of being cold-called by roughly 100 billionaire families and signing agreements and meeting face-to-face with over 1,000 family offices in locations such as Liechtenstein, Monaco, Paris, and Singapore.

**Free Video:** In case you are new to the family office concept, here is a short video I recorded near Zurich

[www.CapitalRaising.com/Free](http://www.CapitalRaising.com/Free)



on family office investment priorities: [CapitalRaising.com/Priorities](http://CapitalRaising.com/Priorities)

In any normal job, you can read a book or take a class on the subject to get a basic mastery. But with capital raising, there was no book; I learned my lessons through practice. My teachers were the investors who would hang up on me, change their minds last minute, and challenge every assumption I had about what they wanted and what I was selling. My textbook was an out-of-date green book of investors that yielded more wrong numbers than dollars raised. I realized pretty quickly that if I wanted to be successful in this business—and really any business—that I needed to work smarter and create a process. So I set to work building a system to raise capital and I've spent more than a decade testing, tweaking, and perfecting this system. Over the years since my days as a third party marketer, I've taught my systems in my private workshops, to Fortune 500 CEOs, billionaire families, and on stage at the investment industry's biggest events. Now: I'm giving this book to you—a book that I would have killed for back in my Boston apartment—in the hopes that you use it to beat your competition, raise more capital, and succeed where so many have failed.

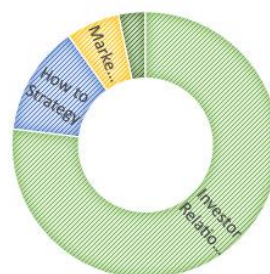
Many of the thousands of capital raisers who come to our workshops all have the same challenge. They come from a career being a real estate developer, CPA, risk manager, or business builder and now they have been thrust into a capital raising role. They were never planning on having to raise capital as part of their career, and yet now they have to—this is almost always the case. In fact, not only do these capital raisers feel unprepared for the task, but typically it is the founder and person with more technical, rather than marketing or sales expertise, who has to take on the capital raising mantle.

In all of the fifty-three events my company has hosted and in the crowds of more than 25,000 participants at the conferences I've spoken at, I can count on one hand how many CEOs have stated that they started their firm because of their ability to conduct marketing, raise capital, or their innate ability to sell. No, these CEOs and founders started their business to solve a problem for their clients, build a creative product, or maybe just use their investing savvy to make their customers more money.

Whatever the reason, it is almost never related to selling and raising capital, but those are skills that these executives have to learn on the job—and quickly—if they

## CAPITAL RAISING FRUSTRATION

Investor Relationships    How to Strategy  
Marketing Materials    Peer Connections



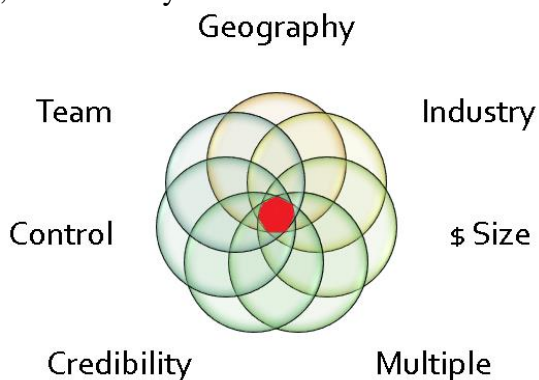
are to survive.

Furthermore, we surveyed our event participants and, after collecting over 500 survey responses from active capital raisers over the past few years, we have found the #1 issue is “investor relationships or investor lead generation” and “getting our foot in the door.” In other words, the big trend is that those who think they have something excellent to offer just can’t attract investors, get meetings booked, and attract interest to their investment offering.

The good news is that most of your competition with less than \$50M in assets know how to raise capital; this is a very common frustration for new business owners or

investment managers. The bad news is that the funds and businesses that do know how to raise capital are also the ones that investors see as more credible. To make the capital raising process even more challenging, there are hundreds of additional

reasons for why you may not close an investor. The average investor won’t do you many favors in understanding his objections, concerns, desires, or other factors influencing his decision. You’ll have to sift through the investor’s responses and comments to find the reasons behind the decision. You’ll find above a diagram of some of the major determinants that go into whether someone invests or not. This diagram cannot be detailed enough to show the top-25 factors, but if even one of these 7 basic factors is not aligned with the investor’s preferences, you may be wasting both your time and their time. This diagram shows just how hard capital raising is, as you could easily get all 7 of these top variables right and still not raise capital because of another factor such as timing, or liquidity, or structure of the investment. There are so many people competing for the attention of investors and so many ways that deal closings and capital raising can go south that you need to avoid the major mistakes that most capital raisers make while also employing every strategy you know to ensure your success.



## **\$100,000 Capital Raising Mistakes**

To get out of the way some misconceptions and assumptions you may have about capital raising right away, below are some of the biggest myths and most expensive mistakes in capital raising. These misconceptions get

repeated over and over again because a percentage of those raising capital have gotten lucky or had great market momentum behind them, so their tactics did not matter as much as they will in your case:

1. *“You need to hire people who have a current network with real first name relationships in order to raise capital.”* This is the belief that all you need to do is find that one person who will do all the capital raising for you because they are so well connected. These people are extremely rare, very expensive, and they are probably successful because they have invested in building their capital raising system.
2. *If you build it, they will come.* Also known as the “fund of dreams.” This is simply believing that if you build a great product or an impressive investment track record, investors will find you and you don’t need to work at raising capital. Even the founders of the legendary firm Blackstone Group had to pound the pavement in the early years, travelling from city to city to pitch investors to come aboard.
3. *Not dedicating any resources to capital raising.* This is the most obvious mistake that I see in the industry. Many fund managers will manage the portfolio full time, make 2-3 phone calls a week (or even per month), and then wonder why they have not raised more capital. Performance does NOT market itself; pedigree does NOT swing all doors wide open. You need to have dedicated resources, an internal marketing person working at least 20 hours a week, investor databases so you can spend your time calling on real prospects instead of always having to qualify them, and have a growing internal CRM in place to track your investor relationships.
4. *Completely missing the boat on authority positioning, educational forms of marketing, and improving their own pedigree standing in the industry.* Many people are stuck in their old-school cold-call and networking strategies. Sure, this works some of the time, but most of us prefer to rely on a more sophisticated system that works all of the time and builds real relationships with investors.
5. *A complete lack of capital raising training or fund marketing instruction.* You do not have to pay to have your marketing staff trained, but at the very least you should document your own best practices, processes, and investor pipeline plans. In this way, your strategies and processes can be easily communicated to team members and board members and improved each quarter. If you run an investment firm and you are running a model that requires capital raising, you should estimate that 20%-33% of the firm’s energy and expenses may need to go towards raising capital.

6. *You need to maximize outgoing phone calls and touches at all costs because it is purely a numbers game.* This is one of the most time-consuming and painful myths to buy in to. It's a brute force mentality that doesn't build much momentum.
7. *You have a 3-month capital raising goal.* This is unrealistic and the wrong mindset with which to go out of the gates. You need to plan, build relationships, educate potential clients, and design high-quality marketing strategies and materials for the long term. It takes time to raise lots of capital and usually the more valuable the investor, the longer the sales cycle. Don't try to cram everything into a 1-3 month capital raise.
8. *Underestimating the value of being on a first-name basis with your investor relationships.* Some professionals, especially those with technical backgrounds, think that marketing is a numbers game. Yes, you sometimes have to reach out to many to develop relationships with a few; but relationships are at the core of everything that gets done. As sales expert Jeffrey Gitomer says, "All things equal, people like to do business with friends. All things being unequal, people still like to do business with friends."
9. *Spending \$4,000 on graphic design and website design but \$0 on hiring someone who is an expert at sales letter construction, writing copy, and creating taglines for your positioning in the marketplace.* Many times I see fund managers that spend their whole marketing budget on a fancy website and a killer logo, but they don't allocate any of that budget to the areas of marketing that actually bring money in the door.

I recently recorded a video in Asia on the three fastest ways to kill your capital raising success. To watch that video now please visit: [CapitalRaising.com/Failure](http://CapitalRaising.com/Failure)



## No Magic Bullet or Silver Medals

The bad news is that there is no magic bullet to raising capital. There is no single strategy, no secret approach, and no special tactic that will change everything. Most industries are so



competitive when it comes to capital raising that even when you have the right team, remove the wrong actions, and pay attention to the top variables as to why investors could say no—you still need to work hard and use as many strategies as possible to make sure it goes well. In the capital raising game, it is more brutal than the Olympics: there's no reward for second place. Anything but a gold medal finish in capital raising means you lost the sale.

## **Building Momentum Through Alignment**

This book is all about getting your firm's positioning, focus, and energy aligned with market trends. We want to make sure that everything is working in concert to help attract, engage, and close investors. In my experience, it helps to think about how to make everything you are doing as highly-integrated and aligned so there isn't disconnect or even friction between the moving parts. Everything from your firm's competitive advantage, your team, your own unique abilities, and being very clear about how you add value to your industry or client's portfolio.

Most capital raising is still done the old-fashioned way, starting with friends and family and then cold-calling potential investors or slowly networking in local circles to form new relationships. What this book does is put forth a system, a set of strategies which pull from influence, direct response, and authority-driven inbound lead generation and thought leadership-based marketing strategies to attract investors to you. By the end of this book, you will have learned a system for positioning yourself to be in the flow of qualified investors rather than calling on people who don't know who you are.

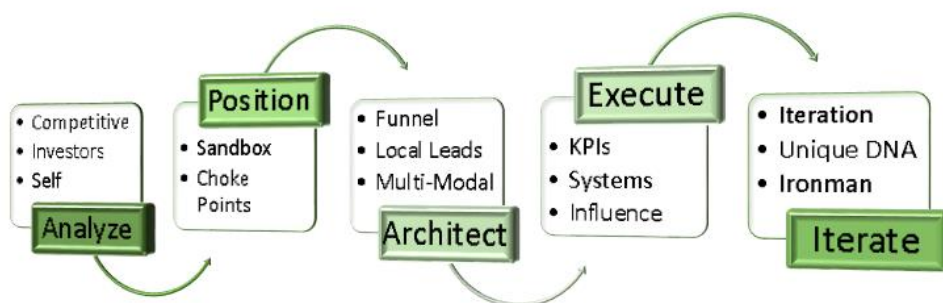
This book only contains capital raising strategies that are being used today—either by us or others in the industry—to successfully raise capital. It leverages numerous interviews and my experience in speaking with dozens of capital raisers who have each raised over \$1 billion in their career and more than a hundred capital raisers who have each raised over \$100 million. This book also has lessons I've learned starting the Family Office Club from scratch to now having more than 1,000 registered family offices globally who manage well over \$1 trillion in assets. Using the methods suggested in this book, we went from not knowing a single family office in 2006 to raising capital from them consistently and then building up advisory agreements on the buy-side representing over \$4B in family office assets.

Finally, this book includes many different resources including videos, audio



interviews, worksheets, and exercises to supplement what can be taken just from reading a normal book. I have written 80-page books and 500-page books and I have found that the more concise we can keep a resource while linking out to audio interviews and video resources for those that want to take a further deep dive on a topic, the better. My goal here was to add the most value as possible in less than 150 pages, with as much as possible of the content in this book being ideas not shared anywhere else today. We want the book to be easy to consume, but to also have dozens of additional resources. Finally, we are pricing this as low as Amazon.com will allow us to in order to get it out to as many people as possible.

While most books would start with capital raising fundamentals, marketing materials, where to find investor leads, etc., we wanted to contribute a more unique approach and skip most of the obvious suggestions. This book is broken up into five sections which include: Analyze, Position, Architect, Execute, and Iterate.



A few fundamentals must be mentioned, but we will also refer you to webinars, videos, and audio interviews on these fundamentals to save space in this book for more unique ideas that will help you attract investors and raise more capital over time.

We hope you find this book useful and provide us your feedback as you get through the content so we can continue to improve it over the next several years. Please send your feedback and questions to [Help@CapitalRaising.com](mailto:Help@CapitalRaising.com) and try to complete the worksheet available online as you move through the 5 steps. You may download the worksheet for free by registering here: <http://CapitalRaising.com/Free>. Thank you for taking the time to read this book.



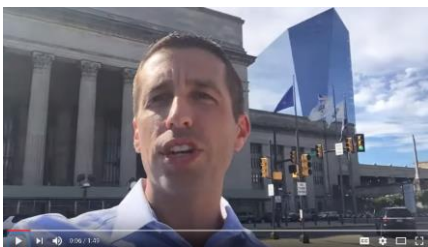


# Chapter 1: Analyze

*“If you know the enemy and know yourself, you need not fear the result of a hundred battles. If you know yourself but not the enemy, for every victory gained you will also suffer a defeat. If you know neither the enemy nor yourself, you will succumb in every battle.”*

- Sun Tzu, *The Art of War*

Before you can decide where you should compete in the marketplace and how to be in the mind of an investor, you need to understand the marketplace. Analyzing the marketplace is just step one to the five steps to create your inbound capital raising program, but this is the foundation for everything else. It is only through understanding how others have raised hundreds of millions of dollars that you can develop a high-conviction capital raising strategy. If you have conviction in your strategy, you will trust the process and disregard hiccups along the way to your end goal.



I was negotiating a deal in Philadelphia and stopped to record this video on the importance of a high-conviction mindset and how it is relevant in deal making and capital raising. Here is that short video if you would like to watch it:

[CapitalRaising.com/Conviction](https://www.CapitalRaising.com/Conviction)

**Unique Investment Proposition:** We will get into this more in the next chapter, but for now you should keep in mind that valuable investors hear dozens, hundreds, sometimes thousands of pitches a year. Yes, some high-net-worth (HNW) investors that you know may only have a handful of

opportunities shown to them in a given year, but the most active (and therefore most likely to seriously consider an attractive deal) see many more than your average HNW individual. So, why not put a lot of work into making sure that these valuable investors see that you bring something unique and interesting to the table? While analyzing the competition and yourself, look for what could really make you stand out from the noise in the marketplace. Provide something that is different in a way that matters to the investor. I have stopped many confident executives in their tracks with a simple question of, “What makes you unique?” Often, there is something that is truly unique about the business, the fund, or the individual, but they have failed to complete the basic analysis of their competitors, their clients, and their own firm.

There are three parts of the analysis: analyzing the competition, analyzing investor needs, and analyzing yourself.

### **Analyzing the Competition**

When you are raising capital, you are not judged independently. Investors are always looking to compare you against your competition. If you are a hedge fund, the investor compares you against the S&P500 or BarclayHedge index. If you are a private equity fund, the investor will look at your performance compared to others in your vintage year and whether you are a “top-quartile” fund. If you are an oil and gas company, the investor is looking at your valuation and financial performance and comparing it against comparables in the industry of a similar market capitalization.

Beyond the industry benchmarks, investors are evaluating you against your competition in countless other ways. This is because investors have myriad opportunities to invest and, chances are, one of your competitors is meeting with one of your target investors this week (maybe even this minute) to make the case for why they deserve that investor’s money more than you and others in your industry. So how do you compare with the competition? What separates you from the crowd? Why should a busy investor take a meeting with *you*? This is where your analysis of the competition comes in handy.

To begin with, you have to know what others are offering in your space. The following are angles to consider in your competitive analysis:

1. What are competitors are offering?
2. How strong is their positioning?

3. How valuable is their offering?
4. How credible are they in reality?
5. Analyze their strengths, weaknesses and stance in the marketplace.
6. What are the fund structures, sponsor terms, fee levels, transparency, and terms of the investments being offered?
7. How professional is their branding?
8. How do they develop relationships with investors, public appearances, word-of-mouth, billboards (for those that have registered to publicly solicit), public relations, etc.?
9. How professional and credible is their branding and website presence?
10. What investor set or subset are they appealing to and raising capital from most?

### **Analyzing Potential Investors**

Once you know who you are competing with, you will have a better sense of the investors that you can conceivably target. I took on a private equity fund client several years ago and the first thing I did was analyze their performance, team pedigree, and track record against their peers in the industry. This competitive analysis led me to focus more on family offices, foundations, and HNW individuals, largely ignoring traditional private equity LPs such as endowments and pension funds. I understood through my first phase of analysis, where I looked at the competition, that despite strong performance in the firm's first two funds, their track record was likely too small for serious consideration from the top institutional investors. Part of that decision was informed by my competitive analysis, but another part came from my knowledge of the different investors in the industry and knowing what was a credible lead and what wasn't. That's why it's so important to do this analysis of your customers, too.

1. What potential investors are there to choose from for your specific investment type?
2. What is the most common investor for your asset type or offering?
3. What is the most profitable type of investor to serve that realistically would give you an audience?
4. Do you perceive any issues that most investors in your space complain about? Lack of transparency? Fees? Blind Pool structures? Lack of clarity?
5. If you could get inside the minds of potential investors, what would be the ideal offering in your space?

## Analyzing Yourself and Your Firm

It isn't hard to get an executive to talk at length about their own offering, their product, or their fund. We, as humans, love to talk about ourselves and we can expound endlessly on anything tied to our ego, such as a business we created, a product we are pitching, or what makes us remarkable. It is much harder, though, to get an executive to really take a hard look in the mirror, to critically evaluate what he or she is selling, and to judge the actual value to an investor. It usually requires you getting banged over the head with honest feedback from an investor, a friend, a spouse, or even the person you're chatting with on a flight before you actually internalize the criticism and do something about it. But, as I've written previously, there are no second-place medals in capital raising and most of the time, there are no second chances either. So, rather than waiting for a valuable investor to point out the flaw in your product, or suggest a strength or weakness in your offering, why not take the time right now to really analyze you and your firm?

1. Why does your firm exist and what is the creation story behind it?
2. What is your unique ability, your #1 area of strength, and how does that relate to your firm's unique offering?
3. Based on what the competition is doing and what investors are wanting more of in your space, what are three obvious areas to focus on to differentiate yourself?
4. What is a positive quality that makes you completely different than the big competition? Responsiveness? Business-minded? Flexible? Lean Infrastructure (lower fees)?
5. What could you do as a small firm which a large firm could never replicate due to their size and bureaucracy?
6. What are you passionate about? In what ways are you involved in your community? What do you have fun doing which could naturally help produce new investor relationships?
7. Now that you have looked at the top 7-10 competitors in detail, what do their brands stand for vs. yours? What is the gap, the empty space, the high-end niche appeal that you could take to edge out the competition for the most prized turf? Is there a way to appeal to a top segment of their investors more than your competition by targeting this group and ignoring the rest?

*"I would rather earn 1% off a 100 people's efforts than 100% of my own efforts."*

- John D. Rockefeller

**Considerations & Analytical Conclusions:** While completing your analysis, make sure and look deep into fee structures, levels of transparency, fund sizes, minimum investment requirements, conflicts of interest, and sharing profits with investors. Many investors are successful business professionals themselves and if you can come up with a proposal to these investors where they get far more transparency, risk less capital, or get charged fees only when the investment “wins,” then you are more likely to win them over. Everyone wants to feel like they got a good deal and if you are offering the same terms as your competition, or even worse than some, you are making the decision to decline very easy for your would-be investors.

I hear too often from fund managers or business owners that they are leery of giving up too much equity, or too much performance upside, or too high a royalty percentage to an investor. Be smart, but don't be stupid. There are certainly investors that will try to gouge you, but if you're inflexible, then you won't have much room to negotiate the sale. I began this section with a quote from John D. Rockefeller, "I would rather earn 1% off a 100 people's efforts than 100% of my own efforts." That speaks to the fear of giving up too much equity, or cutting too sweet a deal with your investor. The founders of great companies and massive funds all tend to have one thing in common: they gave something up. It might have been equity in their company to raise the capital they needed to grow, or it might have been cutting their management fee in half to sway an anchor investor, or it could have been a sweetheart deal they struck with a joint venture partner to seize control of the industry. How does this relate to your analysis? If the investor you are targeting has endless options, how are you going to convince them to select you? If your competition is willing to discount, are you prepared to match them? If your product isn't yet superior to your biggest competitors, can you at least undercut them on fees or price?

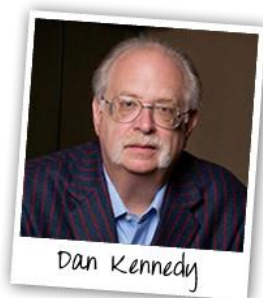
In capital raising you are essentially making a sale, but you're starting typically with a massive disadvantage that others around you are already far better funded. So they not only have more resources, but their track record is more trusted and they are seen as more stable in the marketplace. You are asking them to be “first on the beach,” meaning they may feel like they are taking a relatively big operational risk with the question whether you will survive and make this into a real ongoing concern



over time. This is exactly why you must use every strategy possible to increase your credibility, relevance, and effectiveness—so you are less likely to go out of business before raising the \$5M, \$25M, or \$100M you need to make your operating business, real estate project, or investment firm viable.

Ever hear the phrase, “Nobody ever got fired for buying IBM equipment?” This phrase encapsulates the logic behind investors not wanting to be first on the beach. If you are a venture capitalist, or you manage the investments for a billionaire, or you are the Chief Investment Officer (CIO) of an endowment fund, chances are you worked pretty hard to get that job and you probably would like to keep that job. One way to ensure job security is to do the investing equivalent of buying IBM equipment—you invest in only the proven funds, you fund only the companies that are already backed by the Kleiner Perkins of the world, you spread your capital across treasuries, corporate bonds, large cap stocks, etc. as suitable for the investor. After all, even if that hedge fund with \$1 billion in assets under management (AUM) goes belly-up, you won’t be the only one and no one can blame you for making the safe bet, right? *Why risk it*, your investor might be thinking. That is the logic you are up against and you need to be prepared with a strong case for what makes your firm different, what the upside is, and why they should take a leap on a company like yours that isn’t a household name.

**Piss Your Competitors Off:** In some cases, it is better to be open in your industry to partnerships, joint ventures, and share distribution lists with others rather than treating everyone as competition. But there will inevitably be several counterparties that openly will dislike your positioning, question your credibility, or try to rain on your unique positioning parade. I never knew how to put this message down in a concise way until I was reading some of business marketing author Dan Kennedy’s materials and came across this gem: “If you are not pissing off someone before breakfast every day you are not doing anything.” It’s true; the more progress you make, the more you stand out in your industry, and the more clients you gain because of your unique positioning, the more your competitors will criticize your ideas or approach.



There are a lot of really nice businesspeople who enjoy a great reputation and no one will say a bad word about them. But those typically aren’t the same people dominating their industry. Listen to what is said by competitors of Goldman Sachs, Blackstone, Bridgewater Associates, Amazon, or Related



Group. Those negative stories in the news with anonymous sources are almost always a competitor looking to put a nice dent in the reputation of an industry leader. Would you rather be towering over your competition while they throw pebbles at you or get a Christmas card from all your rivals because you don't pose a threat to them at all?

Another rule Dan Kennedy has is to look around and see what everyone else is doing and do the exact opposite. Most businesses go under, most people never reach big success, and most competitors don't know how to raise capital. So don't worry about pleasing everyone and don't shoot for the status quo. The more you specialize your offering and positioning, the more you will probably turn off your competitors, but who cares? They aren't your clients. If you have crafted everything to really appeal to just one targeted high value group then, by definition, it will not appeal to anyone outside of that specific group.

**Identify Inevitabilities** – While interpreting the results of your analysis, think through what trends you see. Are investors demanding something routinely that only a few companies offer? Are investors seeking something that nobody is offering? Or is there a trend among the most valuable set of investors vocally asking for a solution or structure?

Kevin Plank is the CEO of Under Armor, a growing competitor of Nike, and has a corporate value of “Expedite the Inevitable.” I interpret this as seeing what trends are coming and beating your competition to the punch—even before the trend has unfolded 100%.



We routinely do this in our own business, from creating the Family Office Club, starting our Family Office Podcast, and buying [www.FamilyOffices.com](http://www.FamilyOffices.com) more than 10 years ago to hosting events such as the Family Office Super Summit or CapitalCon because we see a consistent and growing need for education and connections both with family office investors and those who have raised \$100M+ or \$1B+ in capital. We knew if we didn't fill these needs someone else would and we weren't going to wait around and watch someone do something that inevitably would emerge in the marketplace when we could pull it off immediately. This is largely what keeps me motivated in growing Wilson Holding Company over time:

identifying medium and long-term trends and moving on those ideas in the short term.

As you think about the answers to the questions asked in this chapter and think through your analysis of investor needs, competitive offerings, and your own abilities, make sure you identify a few trends, rising tides, and expanding niche segments of the market. This will help you consider all entry points to building investor relationships before committing to any single approach. The main idea here is to encourage you to put the work into real thoughtful analysis of what is going on and in what direction it is moving so that you can swim downstream with the momentum of markets and change instead of making things harder than they need to be.

As you start to zero in on answers to where you fit in the marketplace, it can be very helpful to decide what 1-3 competitors have the best brands, marketing materials, thought leadership, or approach to the market so you can have someone to mark yourself against and emulate. Having someone you hold yourself up against in terms of standards of professionalism and reputation helps you up your game and be the best version of yourself and your firm as possible.

**Conclusion:** This chapter is about getting set up for the strategic parts of this book which are only meaningful if you understand your market well enough to build your position on meaningful ground. If you skipped over the analysis step of the system, then the rest of this book will only be fractionally as effective as it will be for those readers who take the time to really understand their competitors, their prospects, and their offerings.

Since this book is just under 100 pages long, please do read or at least skim read every page as the ideas in here are meant to build on each other and the most important chapters are less powerful if you skip steps along the way.



## Chapter 2: Position

*“It's not easy being number two. As a marketer, you have limited choices - you can pretend you're not defined by the market leader, or, you can embrace your position and go directly after your nemesis.”*

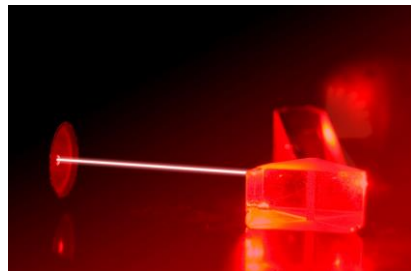
- John Battelle, media titan and co-founding editor of *Wired Magazine*

This chapter will help you think through what position you want in the marketplace. This is a key part of the process which almost everyone skips over while designing their offering because it takes upfront planning and commitment to an approach using imperfect information on what is going to work. Your very resistance to this process is just more confirmation of why most people don't even consider doing this, and therein lies the unique value of leveraging this process for your capital raising efforts.



**FOCUS:** My mentor Brian Tracy (pictured above interviewing me on *The Brian Tracy Show*) always talks about how a \$5 disposable camera can take a better picture than a \$20,000 camera if the expensive camera doesn't do one thing: focus. The point? You can beat your competition with a smaller staff, with less financial resources, and less experience if you learn to focus.

Focus can be powerful, and this chapter is about focusing your positioning efforts on the most important area. Now that you have completed the previous chapter's analysis exercises, you are better informed about your marketplace and investors' needs. This chapter will discuss how to narrowly focus your positioning using those insights.



**Why Niche?** If you already dominated a marketplace or raised \$100M+ a year, you wouldn't be reading this book. If you are not already dominating, then you need to gain traction, a foothold, or some momentum as a first step to build confidence in the capital raising process. It is much easier to compete for a niche segment of the market rather than trying to be the best option to everyone in the marketplace. Typically only the largest dominant players, long-time incumbent players, or very well-financed players can use a mass-market generic approach and make it profitable before running out of cash or patience on their path to profitability.

**Cereal Aisle:** If you started a cereal business in 1920, you could get away with a generic approach, as the Kellogg Brothers did. At that time, the brothers who started Kellogg's cereals were really only competing with oatmeal and grits. Now if you walk down the cereal aisle at any major U.S. grocery store you will see over 100 options, and in the U.S. alone there are over 1,000 cereal options available. You can't just offer corn flakes; you have to offer gluten-free, organic, fair trade, locally grown, Olympian-endorsed super flakes to appeal to niche demographics while also standing out from the noise.



It's a safe bet that if there is an opportunity in the market you're competing in, then it will soon get more crowded and competitive, if it isn't already. I have seen so many industries, be it the venture capital space, the hedge fund industry, or even the multifamily real estate segment, where a few players are dominating for years and then masses of competitors catch on. My advice is to anticipate the crowds if they haven't arrived already and find ways to specialize and guard your position.

This will happen if it hasn't already in your niche. So you must do this to survive from day one. If your space isn't that competitive yet, you can wait until the noise crowds around you or you can obtain valuable turf from the start while the picking of what entry point you use is easier. In other words, one more reason to niche is the ever more competitive nature of the marketplace in which you operate. Whether you are an investment banker, real estate developer, or operating business looking to raise capital, your

marketplace is getting more competitive every year.

**Picking a Sandbox:** If you visit Rio, Brazil during their annual lively celebration Carnival, you will see literally hundreds of thousands of people on the beach partying and dancing all day and night. If you look at this image to the right, you get a sense of what the beach looks like during Carnival, and while it may be hard to pick out what is going on, that is the point. If you ask someone who is the tallest person in the photo or who is the youngest, can they tell? Does anyone stand out from anyone else? No, they don't, as there is so much noise going on you can't distinguish one person from the next.



If you contrast this image with this next one here of my daughter a few years ago playing in a sandbox with her two friends, you could guess with pretty good accuracy which is oldest, who may be tallest, etc. You can tell them apart from each other.



The point here is to select a sandbox to compete in that is not crowded and to make sure that you carve out a niche that is well defined and valuable. This part is critical. The sandbox you decide to play in while closing deals, raising capital for your company, or closing real estate deals should be confined to a sub-segment that is clearly defined and where you can stand out. There needs to be enough investor interest that there is no doubt that there is enough capital to be raised from the approach, but at the same time, you want to define your sandbox such that you have only zero to at most five competitors vying for the investor's attention in the same way that you are.

The most important part of this process is that you know that sandbox is so valuable to dominate that you will do any amount of hard work, value-building, and implementation to get the attention of the investors you are positioning for that sandbox. If you don't settle on a sandbox that is so valuable as to make it inevitable that if you held a strong position in the

sandbox you would raise a lot of capital, nothing else in this book will matter. You will not be motivated to carry out any of the ideas put forth here if you do not have the absolute conviction that this is valuable turf to strategically hold over time, regardless of whether that takes 18 months or 4 years to accomplish. Is it more important to be one of a hundred exhibitors at your industry's annual trade show or to be seated at a private dinner with five of your key target prospects? The more thought you put into your sandbox, the more you can capture a small but valuable market share.

**Be Fast-Acting Excedrin:** If you walk into a Pharmacy with a migraine so bad that the light hurts your eyes and you can barely walk, the last thing you want is a generic red syrup cure-all medicine or a blue pill. What you really want is fast-acting gel cap extra-strength Excedrin



Migraine medicine. You want the catered niche solution to your acute problem and with the internet now we have become accustomed to being able to get that, to receiving solutions curated for our issue rather than some generic solution or worse yet something that doesn't feel like a solution at all. This is how you need to think about what sandbox you operate in and how you want investors to find you; you must be the Excedrin pill to their migraine and not a "real estate fund" or something generic.

**Example:** My most valuable single family office client sold his business to a large private equity fund. After the liquidity event, he looked around and realized he didn't want to keep more than 15% of his net worth with his private bank. He found my book on single family offices while conducting his research and 6 weeks after our first phone call, he hired me as the CEO of his single family office. If it wasn't for niche solutions and advice on how to start a single family office, then I never would have attracted him as my client. He didn't just want wealth management help, trust and estate assistance, private banking services, or access to fund managers; he wanted someone who only worked with single family offices and how to create one, as that was his current challenge to overcome. He didn't want to waste time with someone who sometimes dabbled in that area or knew a few things about it—he wanted someone who solved his specific problem.

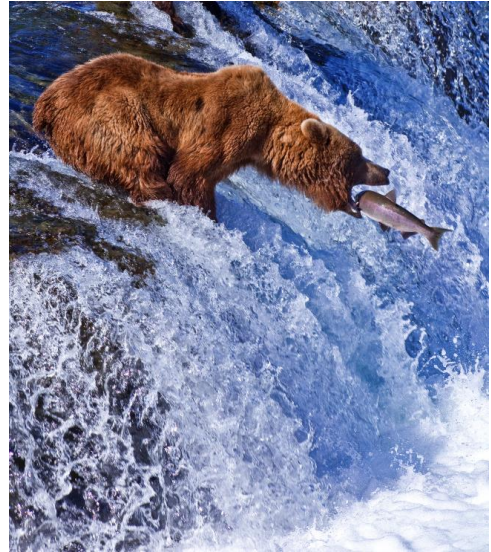
**Reverse the Flow:** One thing I learned early on from my sales and marketing mentors Jeffrey Gitomer, Brian Tracy and Eben Pagan was that you want to reverse the flow of how sales typically occur. You don't want to chase, target, or hunt down customers; you want them to come to you and find you over and over again. Google says that the best way to find



customers is to have them find you when they are looking to solve a problem by searching online for solutions. In other words, position yourself to solve a problem that is unique to the individual and your customer will find you, instead of having to hunt down your prospects.

**Grizzly Bear:** Another way to see how this is different from old-school capital raising strategies of spray-and-pray cold-calling and slow-moving local networking through friends and family is imagining catching fish in one of two ways.

In the equivalent of old-school capital raising, you get a spear, walk out to a lake, and stab into the water, hoping to impale a fish swimming by. With what I call “Inbound Capital Raising,” you act instead like a grizzly bear. The grizzly bear fishes by identifying when the fish are spawning, swimming up river, finding that shallow water, and positioning himself so the fish jump right up into his mouth. Positioning in this case allows you to position yourself on the valuable turf where your prospects are already “swimming” and let them come to you. This is the mindset which will help capital raising get easier. By identifying an ideal sandbox to compete in, providing a niche solution to an investor headache, and positioning yourself in such a way that investors are attracted to you instead of you having to chase them are all important angles to have working together to help you raise capital.

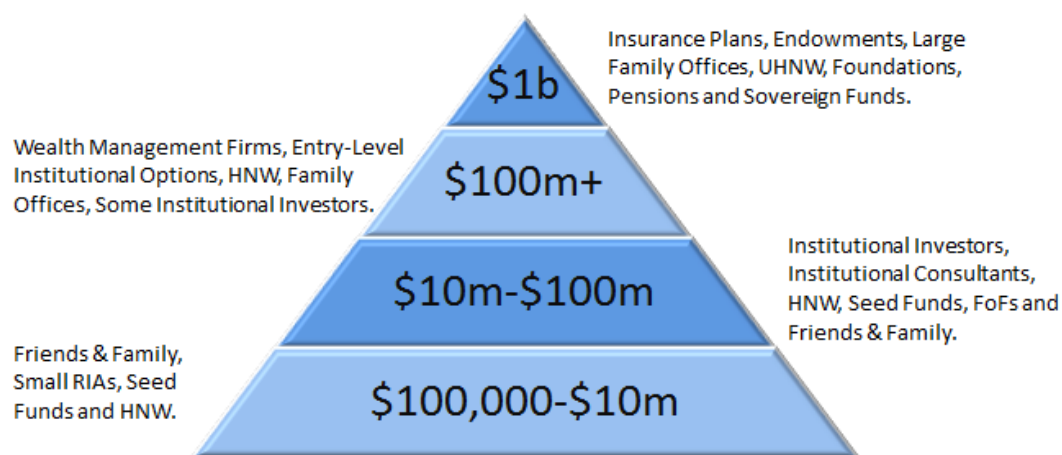


**Define Your Investor Avatar:** Before you try to improve your capital raising strategies, it's important to step back and consider what types of investors you are targeting. It is never a good idea to go after every type of investor because the returns or potential of an offer is so appealing. Not every type of investor will agree with you, and you will want to maximize your time with those who are most likely to understand the investment and have a natural interest in it.

This sounds obvious, but in practice most people raising capital don't have a focus. They are going after several different types of investors at one time with equal investment of energy and no customization of marketing materials for the group which is most likely to invest. Are the investment objectives

and criteria of a high-net-worth individual different than those of a sovereign wealth fund with \$1 billion in assets under management? Yes. But even fairly successful capital raisers often make the mistake of not adjusting their presentation to account for different types of investors.

If you have no idea who you should be raising capital from, then you may want to see how your competition has raised capital in the past in order to pick up a few clues. Which types of investors have more easily taken meetings with your team? If you find that you have two investor focuses, just pick one and provide the one you choose with 80-90% of your capital raising efforts. The remaining 10-20% can be spent on the second alternative. By doing this, it'll allow you to meet with investors of just one type often enough to get to learn about their common needs, challenges, fears of investing in your offer, etc. Below is the Investor Pyramid that shows how the target investors change based on how large a fund is. Whether you are an entrepreneur seeking growth capital or a hedge fund managing \$100 million, it's instructive to see how many different types of investors are out there and how you may need to adjust to serve different investors as you grow:



If you have not raised any capital and you are starting from the bottom, then it is likely you will need to raise capital from friends and family, local HNW contacts, or HNW individuals who know your space well so that you don't have to teach them the ABC's of manufacturing or the media business. Learning curves are expensive to bring people up when you are trying to raise capital because you are already trying to move them up the learning curve of your strategy and build their trust at the same time, and that is hard enough without having to teach them how the basics of your industry works.

There is a great learning effect when focusing on a single type of investor and their needs. If you reach out to just one type of investor, you will become extremely competent by meetings with these investors and listening to their questions, concerns, and feedback. You will get better at booking those meetings and setting yourself up for success when you get in the meeting.

On the other hand, if you reach out to several types of investors while raising capital, you will learn more slowly due to your lack of focus and you will never gain the same level of expertise as you would by focusing more narrowly on one group. Imagine you are hitting the road for your Series B round of financing and on Monday you're meeting with a hedge fund in Dallas, on Wednesday you're having dinner with a HNW individual in San Francisco, and Friday you are hosting a group of venture capitalists at your headquarters in Chicago. By failing to focus geographically or by investor group, you are making your job that much harder. How many connections in common will you have between these different investor groups? Not many, I'd venture. Are you confident that you understand the concerns, industry trends, pressures, and pain points for each of these different investors? I, and many other investors, can tell when a pitch has been carefully prepared with me (or at least my peer group) in mind, in stark comparison to when a pitch is obviously conceived for everyone and anyone.

Once you have chosen your investor focus, dedicate yourself to learning everything about them. For example, if you focus your capital raising efforts on HNW individuals who are surgeons; you will want to attend their conferences, learn about their work schedules, and meet with enough of them that you learn about what their risk preferences are, etc. You will want to embed yourself in their communities, see things from their perspective, and re-align all of your efforts to serving them. It's not only about understanding your clients' needs; studying your investor avatar helps you come across as more authentic, more in tune with their daily lives, and more like someone that they can relate to and trust with their money.

An investor avatar is a well-defined picture of the exact type of investor from which you hope to raise capital. If you try to raise capital from all types of investors, you'll fail or struggle. If you don't know the specific needs, challenges, and fears of the investor you're approaching, you are more likely to fail. One of my clients offers an investment that has an attractive feature for trust and estate planning. By creating the investor avatar, we know that an ideal prospect is someone later in life who understands the benefits of passing on an investment to the future generation. A 30-year-old bachelor, on the other hand, probably isn't interested in tax deferral to future

generations. Many times you can have a well-defined avatar and you can still fail because it is so challenging to raise capital. You need every strategy possible working for you so that you can raise capital consistently, because it is very hard to succeed even if you're intelligent, hardworking, and focused.

While thinking over your investor avatar consider:

What risks are your investors considering while reviewing your offer?

Why would they not invest?

How educated are they about your type of fund and asset class?

Think about the client's history and experiences. For example, let's say you're approaching a wealth management firm: you need to walk in their shoes and understand—have they been burned before by investing in small hedge fund managers? Will they have trouble explaining your strategy to their own clients if they allocate client funds to you?

Are they scared of small businesses or investment funds who have offices based out of their house or non-professionalized marketing materials or branding?

Are they scared to invest in teams which have few employees or no board of advisors?

Do they expect you to have certain types of audit firms or service providers?

You need to understand everything about that type of investor that you're focusing on. Then craft all of your marketing materials, everything you do, the types of e-mails you send, what clothes you wear, where your office is based, how often you call, whether you request to meet in person, what fees you are charging, etc. Everything in your business should be formed around those 1 or 2 investors that you've identified as your number one focus for capital raising.

You have to first conduct the analysis, then decide what sandbox you want to position yourself in, and after that you can get more specific about the investor avatar that fits your research findings and positioning. It is great to have a unique proposition in the marketplace, but it shouldn't just be unique for your industry; it should be positioned in the marketplace to segment a valuable and explicitly targeted demographic—the precise type of investor you want to attract.



While it is common in the marketing world to talk about your client avatar or investor avatar, much of your competition that is raising capital has not thought this through and adapted every piece of their marketing materials and capital raising approach to one investor avatar. This gives you a real advantage in the marketplace.

**Avatar Description Exercise:** If you haven't already defined it internally, it may help to write out your investor avatar on the few lines below as a starting point to have something to share with others on your team:

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### Identify & Plan to Own Choke Points:

Choke points are a concept that I learned from Verne Harnish's book, *Mastering the Rockefeller Habits*, which has since been re-released under the title *Scaling Up*.



A choke point is a strategic bottleneck or critical limited resource in your industry that if you controlled would provide great leverage over your own ability to succeed and others as well. A choke point for a railroad freight brokerage business may be owning the only physical railroad operating company in a region. A choke point for our Family Office Club has been having the #1 book, podcast, and website in the space. My team and I understood fairly early on that the family office industry was modernizing and that locking up the online marketplace would be key to building a global association of affluent families, family office executives, and wealth managers. Over the years, various associations, conference companies, and other competitors have emerged, but invariably these rivals always find difficulty in competing with my organization because we have secured several choke points specifically to protect our advantage in this niche.

If you think about what slows down your growth most or what position or intellectual property asset would garner you valuable client leads, resources, supply of deal flow, or raw materials, it is likely others would value that position you would gain as well. Controlling a choke point should be something that makes progress and nets profits for you, while also providing opportunities to create another business within your business. This is a

concept that we don't have space to cover in depth here, but we have made it very practical and provided a dozen examples of how choke points work through a webinar we recently held on this topic—you can access this webinar for free at <http://CapitalRaising.com/Free>.

## The Difference Between a Tycoon and a Titan



It's important to know what choke points you want to own within your own industry. Applying a choke point can be the turning point in your momentum at raising capital and getting deals. The example I like to use is of John D. Rockefeller. In his day, there were a lot of oil tycoons; just being an oil tycoon didn't differentiate him enough to become one of the wealthiest individuals on earth. No, one of Rockefeller's keys to becoming more than a tycoon, to becoming a legendary titan of industry, was identifying a choke point in his industry.

In short, Rockefeller found that the bottleneck was actually the oak barrels and being able to transport the oil. Rockefeller bought up oak barrel companies, bought up oak groves, and figured out how to dry the barrels. By developing a more premium version of the oak barrels that delivered the oil, he was able to set the prices for his competitors and owned the choke point within his industry. This led to him becoming the wealthiest person of his age and demonstrates just how powerful this strategy can be. Tech billionaire Peter Thiel claims in his book *Zero to One* that the whole goal in business is to monopolize a niche and be able to charge monopoly-like prices in it; this is exactly what Rockefeller did. In fact, he was so successful at stomping out competition that several anti-trust rules were developed as a direct result of Rockefeller's highly effective choke point strategies. The good news is that in small marketplaces, small geographies, and most areas of investment management, nobody is going to bring anti-trust allegations against you for owning several choke points in your area (although like with everything in this book, you should check with an attorney before doing anything suggested here).

## The Power of Growth

The amazing thing about choke points is the power of growth. When I

started my business, I was running it out of a Harvard Square studio, paying \$1,000 a month, and working 14 hours a day with no team, no funding, and no investors.. All I had was the power of growth to get my business going. I did this by using the choke point of having the most visited website online and then stacking on top of that a training program, conference series, paperback book, and other pieces that strengthened my position and created momentum for my business. All this created a virtuous upwards spiral and a lot of word of mouth recognition and referrals. Today, we advise on over \$4 billion in assets, run a single family office, and have signed buy-side agreements with fourteen institutional clients including several billionaires.

Choke points can be expensive sometimes, but many cost very little to obtain and you can start with the inexpensive choke points and build on that. This very book is an example of our team executing this strategy. Several years ago, we bought CapitalRaising.com with the understanding that capital raising was and is a very inefficient space. Very few people know how to raise capital well and with changes in regulations (like the JOBS Act) and with more startups, investment funds, and private businesses needing to raise capital there would be more need for guidance in raising capital and much of that demand would translate to online searches. We see a hole in the market that nobody is being extremely helpful on how to approach the challenge of capital raising and we are writing (what we hope to be) an excellent book on the topic so that we can have the number one website and the top book in the capital raising niche. We see this as a choke point to own to bring us more deal flow, grow our conference business, and lead to more joint ventures and equity stakes for us over time.

You have to identify different types of choke points that you want to build such as positioning, intellectual property, or strategic access to a resource if you form a joint venture around somebody. There is no excuse for failing to utilize this strategy. All it takes is strategic thinking and long-term maneuvers to lock up choke points in your niche. One obvious thing you will have noticed if you follow our brand is that I'm not very old; sometimes at one of our events, I may be the youngest or a top-five youngest in the room out of 450 professionals. This sometimes leads to a more senior executive wondering how my business has become so widely recognized in such a short time, while the executive's own business is less well known yet has a longer history in the industry. The truth about my success thus far is that the strategy of using choke points has sped up our growth and visibility so that we have gotten perhaps twenty years of work done in just ten years.

By working closely with my centimillionaire clients, I now see the use of

choke points, platform strategies, and chess-board-like treatment of a portfolio of operating businesses as commonplace. Once you begin using positioning strategies like choke points, you will get momentum, and you will learn how to identify additional potential choke points to acquire and add to the wall of your sandbox which you are looking to defend and own long-term. It is through building high walls to your sandbox that eventually people start to say “this is THE expert on XYZ,” or, “if you want help with XYZ, you have to speak with him.” This is the goal: to have your name and brand synonymous with the valuable niche you are positioning for. Even if a certain choke point doesn’t immediately provide you an advantage, many times they can work together to provide an overwhelming advantage long-term. Assuming it is constructed by providing genuine value and insight to counterparties, then the more complex your spider web of choke points and intellectual property in a focused niche, the more you will succeed in attracting capital and potential investors.

An example to make this concept easier to understand is if you’re a biotech independent sponsor and you’re trying to raise capital for biotech deals. As an independent sponsor, you need access to investors and access to great deals. If you have high-quality deals, it’s easier to find investors. So you might look around and say: how do I capture excellent biotech and life sciences deal flow? Well, if there are 400 people a month searching online for biotech investment banking firms, there’s a percentage of those who need to raise capital for their biotech start-ups or lower middle market businesses. The idea here is that doing brokerage or biotech investment banking as a side business could lead to giving you an advantage in securing proprietary deal flow and establishing connections with these hard-to-access biotech companies. I know that launching a new business line is extreme, but you could partner with an investment banker, where he/she does the work, but your firm is the face of it (though you typically could not be paid fees for the capital raise if you are not a Registered Person with FINRA/SIPC in the US). With all the leads generated, you can cherry pick the best investment deals that are being presented and structure deals involving those companies under your independent sponsor business. Having that positioning and getting you biotech investment banking branding, you’ll be found first within a small niche sandbox in investment banking; which will provide you the deal flow formula.

One of my current clients is in the master limited partnership space. We obtained [www.MasterLimitedPartnerships.com](http://www.MasterLimitedPartnerships.com), we’re writing a book on that niche, we release whitepapers every quarter, the CEO speaks at our events, and we produce unique content to share with prospects. One choke point that

we identified almost immediately is that there are only three books that have been written on master limited partnerships. Ensuring that you have the best possible book available out within your niche is a long-term choke point. With your book, you earn instant-credibility as an author of a bestselling book on the topic, you may get speaking engagements (choke point #2), receive media inquiries (choke point #3), and become a trusted expert in your industry. It's important to build strategies that will attract opportunities to come to you.

Thinking about what your choke point might be comes down to analyzing different aspects of the niche you operate in and thinking of innovative ways to improve your industry. It could be access to talent, access to research if you're a hedge fund, access in terms to geographical locations and the type of investors you can reach to, or it could be a joint venture with a large multi-family office that could fund your deal or fund your fund to get you exposure.



**Free 60-Minute Choke Point Webinar:** We love choke points so much we decided to host a private webinar on the topic for charter members of the Family Office Club and CapitalRaising.com. To stream or download this webinar for free please register at <http://CapitalRaising.com/Free>.

**Choke Point Exercise:** None of this talk of choke points is worth anything if you don't employ it against others competing for attention in your same niche. What are three choke points you could aim to obtain over the next 1-2 years?

1) \_\_\_\_\_

2) \_\_\_\_\_

3) \_\_\_\_\_

## **The Importance of Pedigree**

**Position with an Excellent Team:** I have seen some firms raising capital succeed not because they spent money on placement agents and launched a massive sales campaign; rather they succeeded because they sought advice from a diverse and experienced group of industry professionals. Building a board of advisors of 4-12 professionals with experience in running the portfolio management, marketing, and operations of a fund can make the difference between making it to the \$100 million and \$1 billion marks or staying off the radar of most investors forever.

**Free 60-Minute Webinar:** Our team recently conducted an hour-long webinar on the topic of Building a Powerful Board of Advisors because we think it is so critical for investment managers and those raising capital to have in place. To watch that webinar now please register at: <http://CapitalRaising.com/Free>.



First and foremost, the pedigree of your team can be the thing that attracts the attention of a new investor, attracts additional talented professionals to join your team, and helps you build a credible board of advisors if they really believe in the portfolio management team and the executive team of the hedge fund. Those who have had extensive training, education, and experience at bulge-bracket firms will add value to your team.

There are ways of expanding the pedigree of your team using non-traditional methods and it can really help your fund gain an advantage. One way is by bringing on consultants and business partners. Whenever you interview a service provider or a consultant that you are considering hiring, you should look at their pedigree and their experience and determine how it will complement your team's experience. Nowadays, investors are doing due diligence on the service providers used by investment funds as much as they are doing their due diligence on the funds themselves. If you are a private business, using a Big 4 accounting firm can give you some added credibility in an investor's eyes. In contrast, if you decide to use your CPA brother-in-law for your accounting work, you aren't helping your credibility and the more they dig into his background, the more questions they might have about your business and what your unknown CPA might be missing. It's very important to look at the experience of the people you'll be working with as extensions of your own team. You can position your partnership in your marketing materials, over the phone, and really benefit from associating yourself with a highly-regarded company.

Another way to increase your pedigree is to have some sort equity or profit sharing investment period of 2, 4, or 6 years—so that when you hire somebody new, you may not be able to pay them \$400,000 a year right now, but what you can do is offer them substantial upside. In addition to a reasonable salary, you can show them (in a written contract) that after four years they can then invest and become part of the equity owners in the firm. At the biggest firms, equity upside is often highly restricted and employers are loathe to give up a piece of the business. You might be able to lure a top talent with the notion that he or she would be able to be a true partner in the business, rather than just collecting a higher salary at another firm. I also



find that this type of long-term incentive separates the truly motivated stars from those who are just looking to collect a paycheck and care little for the business they are helping to build.

The best way to expand your expertise quickly when you don't have lots of money to hire expensive and rare high-pedigree people is to build a board of strategic advisors. You can call them a board of advisors, strategic advisors, or it could just be your strategy team. It doesn't have to be a board of advisors which sometimes seems remote and disconnected from your staff. Strategic advisors could be experts in auditing, experts in capital raising, operations improvement, involved with technology, or experts who are multifaceted and able to help you grow at a faster pace and help you solve problems and make decisions very wisely. The individuals you should seek to build your board of advisors should be people with at least 7 to 10 years of experience in their niche. If you build this team carefully, you could have somebody in place that you would otherwise have to hire as a consultant as you grow. It also reassures that you have somebody who is a total expert in risk management, portfolio management, operational efficiencies, and capital raising as part of your strategic team. By having them as an extension of your team, you can call upon them anytime as you grow, using risk management techniques along the way.

My interest in authority construction arises out of my past study of a sales guru and mentor of mine, Jeffrey Gitomer. Jeffrey had an average career which included a lot of cold-calling, selling clients on his services and trying to convince people to hire him. At a point in his life, he started writing a monthly column on sales for a local newspaper in Charlotte, North Carolina. He was not paid to write this column, but every month or two he did receive a new



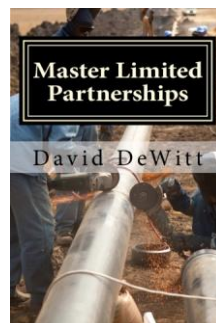
lead to do a speech or sales consulting opportunity. The following year, he started syndicating his column in three newspapers and the leads started coming in at a more frequent pace. The following year, his column was being syndicated in 20+ newspapers, and today his column is published every week in over 100 different publications.

Now Jeffrey Gitomer charges as much as Colin Powell for a speech, he has a large team, a multimillion dollar business, and he never makes any cold calls. In fact, he has to hire professionals just to answer his phone as he now turns down far more business than he accepts. In his marketplace he has become

THE expert on sales, the go-to person for sales training, and he has been rewarded handsomely for doing so. In one of his books, he claims that his willingness to write and share his best strategies openly is his #1 key to success and his secret sauce. He claims to gladly share his secret everywhere he goes because it takes too much hard work, and nobody is going to want to work that hard year after year. I was very motivated by that claim and determined to prove him wrong, so during my M.B.A. program, I wrote my first book at age 23 and have been writing ever since.

If it wasn't for Jeffrey, I probably wouldn't be writing this book right now. This book is a great example of one of the authority-building assets for me and my business. Shortly after I started writing on hedge funds, I was interviewed by *The Boston Globe*, training industry professionals, and appearing on stage at some of the biggest events in the industry. After that experience, I know that a capital raising book will similarly be appreciated by many capital raisers and individuals of influence, which in turn will provide me the opportunity to connect with hundreds of professionals and build business partnerships all over the world. I have found that the more value I give away in my articles, speeches, and books, the more I get back in return.

**Positioning Case Study:** Another quick example of the niche positioning approach is David DeWitt a client who for over a dozen years has been investing in the Mastered Limited Partnership niche. He is wanting to showcase his expertise more so we helped him build out MasterLimitedPartnerships.com, and worked with his team to publish his new book on Master Limited Partnerships this next month and is aiming to make both the most visited website and most read book in his niche. This way he will be able to put his expertise on display and add genuine value first before asking for a meeting or suggesting any actions be taken by an investor. He now will also have an over-sized business card (his book) to hand out at every meeting he goes to which raises his credibility and separates him from the masses.



**7/70 Rule:** I recently had the pleasure of hearing Verne Harnish speak in person and the one take away I got from his half day talk that related to positioning was the idea of carving out 7% of a marketplace territory and trying to own 70% of that marketplace. He pointed out how at one point apple had 7% market share yet 51% of the smart phone marketplace profits generated for the year, and then grew to 13% market share and produced 81% of the profits in the industry. The point is not the exact %'s the point is to go after a valuable niche of the marketplace that plays off your DNA and



passion and strengths so you can build up a defensive position within the most valuable subsegment of the marketplace possible.

**Conclusion:** The point of this chapter is to make sure you are leveraging momentum in the world and a niche approach to help you successfully raise capital. We often find that even \$500M or \$1B in capital firms or \$25M a year operating businesses are ignoring these principles which could help them grow faster. We consistently serve investor relations professionals within our PitchDecks.com investor relations agency who have never once taking the time to define their sandbox, one-liner, or exact target investor set. It is by aligning the sandbox you choose, the avatar you decide to focus on, and the trends you want to play off of that you are able to raise capital easier than those who simply reach out cold to all different types of investors, hoping to make a positive connection and then again hoping the response will be a positive one as well once someone is engaged. Now that we have discussed positioning, we will talk about how to Architect your investor funnel.



## Chapter 3: Architect

By now, we have covered the three-part analysis so that you can determine where your offering fits in the marketplace and how best to position it. You now have ideas on what sandbox you want to compete in and you have defined your investor avatar. In this section, we're going to start architecting how you will



establish your position in that sandbox and become more attractive to your targeted investor type. Much of this will involve planning out what we refer to as your Investor Funnel. Your Investor Funnel is simply the tools you will use to attract investors to you over and over again so that you don't have to do as much heavy lifting on the proactive reach outs.

The focus of this chapter is on architecting your strategies for building local investor relationships, designing your investor funnel, and crafting your marketing materials to align with your positioning and target investors.

### Local HNW Investor Cultivation

**Planning:** All else equal, you can raise capital faster from local contacts than those who are halfway around the world. This is especially true with real estate investments, but I've found it true for venture capital, fund managers, and operating businesses as well. Investing is so much about trust and understanding that



having an investor walk a factory floor or meet with employees of a company several times over can't be replaced by a PowerPoint or a video conference. Of course, travel and scheduling might require that you supplement your in-person experience, but a conference call is never as powerful as an in-person meeting and seeing first-hand how the technology works or picking up the product in your hands. For this reason, you may want to focus your capital raising on a handful of cities or just one or two that you can zero in on.

**9 Ideas to Generate More Investor Relationships Locally:** To help with those who do want to focus locally, I have provided the following strategies to generate more investor relationships every month.

1. **Leverage Local Communities:** One way to generate more investor relationships is to involve yourself in layers of social groups that are enjoyable and filled with high-net-worth individuals and potential investors. For example, I live on the island of Key Biscayne which you can't afford to live on if you are not HNW and we placed our office building directly above the most popular organic French café on the island. Most of my competitors would have chosen downtown Miami or Brickell Avenue, but after researching South Florida and talking to business owners and family offices, I found Key Biscayne to be the best location for building powerful relationships.

At the same time, I am a member of EO, an exclusive organization for successful business owners. Not only is this a great association for client referrals, but it is also an exceptional network for sounding out ideas, learning new strategies, and growing as a business owner myself. My daughters also go to a private preschool on the island, which of course is motivated by their educational needs, but I find added benefits that I can join in on school activities while getting to know my neighbors and community leaders. I am also a member of the South Florida Rolls Royce & Bentley Owners Association. We host local family office conferences and have a circle of local relationships related to that as well. This all naturally creates more contacts every month that could potentially come in on an investment or become a new single family office client for us. The best part about this is that it evolves naturally and can be fun. If we get one client over two to three years in Key Biscayne, for example, then we're probably not earning substantially more as a direct result of our location. But if we get two clients or more, then we are essentially getting paid to live on a paradise island in a tax-friendly jurisdiction in the U.S.

2. **City-Focused Google AdWords:** We have spent \$1.7 million on Google AdWords across sixty campaigns over the past nine years. My operating businesses currently average a monthly spend of \$23,000 with twenty-three live campaigns going now for our different finance trainings, investor databases, and family office conference products. Over the years, we have learned a lot about what to do and what not to do. One simple but powerful trick is to limit your

advertising to areas where you are most likely to convert the prospects that you are targeting. If you are looking to find investors in high-tech and you have a whitepaper or article you want to get in front of people in your local community, you could find keywords they search for such as “high-tech investing” or “high-tech investments” and only target those. A lot of businesses spend money on leads that aren’t very valuable because they target the wrong demographic or the wrong location, or use keywords that aren’t a direct fit with the conversion goal. The campaign has to be carefully customized, budgeted, and geographically balanced while maintaining enough search volume for the term you select. We use this method for goals like boosting the sales of my paperback book on single family offices in a few cities where we are trying to grow our client base.

3. **Keyword-Focused Content:** We have also found that we can get local clients and attention through having focused related branding and content. For example, we wrote a whitepaper on family offices in Singapore in 2012. It got over 23,000 views and went viral, and we received over 1,000 emails specifically from that whitepaper because it was highly focused on one geographical area. Those leads came in handy when we held a conference in Singapore the next year. If you consistently produce valuable information on your niche area in your region, you will stand out and be known for it, and if it’s great content, then they’ll probably reach out to you for more information.
4. **Title Searches for Real Estate:** If you run a real estate business or you are looking for capital to fund projects, you may want to grow your relationships with current investors in properties in your area or to increase your deal flow options by building up a database of who own real estate in a target market you are looking at. This is simply data research and looking at county records. Most people won’t take the time to do this in a specific area, so it could be a nice advantage to know who owns what or at least which attorney is representing which owners, etc. Any time you can find a strategy to build up a database you can proactively work to develop a superior web of relationships in your niche industry, it will often result in superior knowledge of strategies, investment opportunities, and referrals.
5. **Custom Investor Databases:** We have been creating and updating our family office and investor databases since 2007 now, but we lately have also found it helpful for us and our clients to create customer investor databases. Essentially, the advice here is to know your position and your investor avatar and then find a strategy by which you find exact matches for your investor avatar leads or can

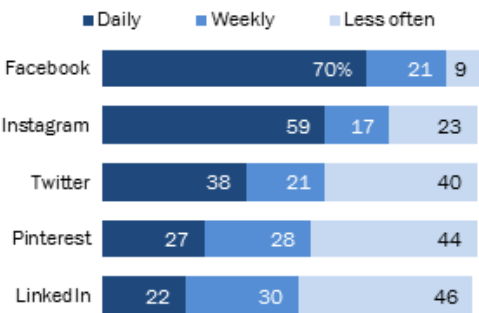
create a database of prospects that likely would be leads for you. Even if you only come up with a 30-name database or 200-name database, this could be useful to work with either invitations to meet in person when you are local to them or sending out educational content to them to see who raises their hand to learn more and engage on a deeper level.

6. **Social Media – Facebook & LinkedIn:** We leverage social media in many different ways, but since we are talking about local targeting, there are two strategies to use here. The first strategy is for Facebook. Although some mistakenly see Facebook as a trivial social network with the primary use being Farmville and keeping up with high school friends, this is the world’s most powerful social network and users spend hours every day interacting with the website. As you can see below, Facebook has a very high usage rate—70%—and as you’ll see next, their demographics are a good match.

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**Facebook and Instagram Users Highly Engaged on Daily Basis**

*Among the users of each respective site, the % who use that site with the following frequencies (e.g., 70% of Facebook users use the site on a daily basis)*



Source: Pew Research Center, March 17-April 12, 2015.

**PEW RESEARCH CENTER**

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Seventy-two percent of adult users gives us real proof of the power of Facebook and the influence this platform has on consumers.

For asset managers, the question is probably, *but aren't these people mostly younger, millennials?* As you can see here, that's not the case and the trend is showing older users who are college educated, urban and suburban, and have significant income. All great targets for

wealth managers.

If you are looking to tap into the affluent demographic, see the usage by users making \$75,000 or more.

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## Facebook Demographics

*Among internet users, the % who use Facebook*

	Internet users
Total	72%
Men	66
Women	77
White, Non-Hispanic	70
Black, Non-Hispanic (n=85)	67
Hispanic	75
18-29	82
30-49	79
50-64	64
65+	48
High school grad or less	71
Some college	72
College+	72
Less than \$30,000/yr	73
\$30,000-\$49,999	72
\$50,000-\$74,999	66
\$75,000+	78
Urban	74
Suburban	72
Rural	67

Source: Pew Research Center, March 17-April 12, 2015.

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Why does that matter for your business? Because just like with Google Adwords, you can advertise on Facebook by restricting the geography to who you are trying to reach and use other qualifying filters. To further target your spend, though, you can do two things which surprise people. One, you can upload a list of email addresses and Facebook will find those people on Facebook with those emails registered and you can target them. These could be people that opted-in to learn more or that you met at an event perhaps, etc. Also, Facebook allows you to embed a single line of code on your website which allows you to embed a small image file in someone's browser



when they visit your website so you can re-target them and advertise to them on Facebook. Social Media is important if you are highly geographically targeting the web traffic you get either naturally through people hearing you speak locally, or if you are driving paid pay-per-click traffic locally via a Google AdWords campaign or something similar.

I would wager that most, if not all, of the readers of this book have a LinkedIn profile and you probably have experienced how that platform can help you enhance your professional reputation, meet new clients, and grow your business. Less likely is that you have spent significant advertising dollars with LinkedIn. Even less likely is that you have started a sizable Group on LinkedIn to build a lasting online network and interact with professionals in your niche. We have really invested a lot of time and money into building our presence on LinkedIn and consistently see sales and investor relations come in as a direct result of our LinkedIn investment.

LinkedIn may not have Facebook's number of users, but it skews in favor of higher incomes and college-educated professionals. Unlike Instagram or Snapchat, users are on LinkedIn for professional and business reasons, so your advertisement or brand presence is a natural fit with their engagement.

LinkedIn, which just was acquired by Microsoft, has a big incentive to make sure you and your business are successful. In our experience, the platform can be very powerful AND there are many ways in which LinkedIn can and likely will improve the platform to make it even more powerful for careerists and professionals.

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## LinkedIn Demographics

*Among internet users, the % who use LinkedIn*

	Internet users
Total	25%
Men	26
Women	25
White, Non-Hispanic	26
Black, Non-Hispanic (n=94)	22
Hispanic (n=99)	22
18-29	22
30-49	32
50-64	26
65+	12
High school grad or less	9
Some college	25
College+	46
Less than \$30,000/yr	17
\$30,000-\$49,999	21
\$50,000-\$74,999	32
\$75,000+	41
Employed	32
Not employed*	14
Urban	30
Suburban	26
Rural	12

Source: Pew Research Center, March 17-April 12, 2015.

\*Not employed includes those who are retired, not employed for pay, disabled, or students.

PEW RESEARCH CENTER

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LinkedIn collects huge amounts of data on its users which can be used by you to target investor leads more effectively than a purely social network. Whether you are starting a LinkedIn Group or advertising to users on the site, it's a great way to build relationships and avoid wasting time on anyone who isn't your Investor Avatar.

As a recent case study, last time we hosted the largest family office investor conference globally in the family office space, the Family Office Super Summit, we had 835 registrants and 50+ speakers on stage. We spent over \$35,000 on social media and Google advertising to help make that happening using some of these strategies and demographic targeting, and re-marketing tactics. It helped us be seen as the credible event to attend, attracted new speakers, and led to many investor participants attending as well.

Sometimes campaigns cost as little as \$300-\$400/month; overall we spend \$20k-\$50k/month over 27-29 campaigns for different reasons now, and it helps us attract a variety of customers and potential family office clients each month.

7. **Stand for Local:** If you stand for something local you will stand out over those which have generic brand names. It helps keep you top of mind for those locally and found first by those local and foreign to your area. An example of this is our naming of a single family office as “The Miami Family Office.” Now if you search “Miami Family Office” on Google (as many people do when they are looking for a family office in the area), we appear in seven of the top ten Google search results. This leads to a new deal coming to us at least 5 times a week currently and we expect this to grow over time as our brand name becomes more well known. An excellent reputation and strong deal flow is not just important for my single family office—they’re critical for those of you raising capital as the better your deal flow and more compelling the investment, then the easier it is for investors to get onboard. If you have excellent deal flow, investors are much more likely to clamor to allocate and get into your investments.
8. **Partner with 10 Connectors:** In your local community, there are well-connected individuals who run newsletters, communities, business clubs, alumni associations, networking events, or other means of reaching many qualified professionals. They essentially have local networking choke points that you can leverage to improve your own network. Typically, I’ve found that if you identify ten such professionals in a space and approach each with the intention of adding value to them first, then you can form a relationship with at least three of these people and that could be enough to keep you busy. We have done this in South Florida. It took us four months to get some real engagement going with one real estate networking group and now after 7 months, we are working with them closely.
9. **Direct Mail:** If you are targeting an area such as the Hamptons, La Jolla Beach in San Diego, or some other very well-defined space, you could buy a direct mail list of every resident in the area and send out educational content monthly or quarterly. It could be on the local commercial real estate market, free advice on the stock market, or anything that is genuinely interesting and valuable to read. It should strike a balance between being value-add while also aggressive enough to build your reputation and contacts in the local community. At \$1 per mailing address per month you are risking with 1,000 names \$12,000 a year—it is not free but it is not \$100,000 of cost

either.

The point with all of these local investor strategies is to be top of mind for your niche investor avatar. If you can deploy half or all of these strategies at once, then the benefits build on each other because people will start to see your brand in their email inbox, live at events, and through word of mouth or online, which adds up to your reputation locally.



Short video from Prague on the benefits of using a database of investor contact details for certain types of investors, such as family offices:

[CapitalRaising.com/Leads](https://www.CapitalRaising.com/Leads)

### Investor Funnel Architecting

An investor funnel is simply a series of intellectual property assets, forms of exposure, and relationship building sources that all lead to more qualified inquiries to meet with you face-to-face or to invest in your company or investment offering.

The top of the funnel is the widest because that is where you have the most activity. For example, you may have press releases, your email list that you build up from aforementioned local investor lead generation strategies, your podcast, media appearances, published articles, and other content that you create to drive engagement with your prospects.

The next layer down could be your quarterly whitepapers, reports, or annual industry benchmark studies you conduct. These resources could be someone's first interaction with you, but likely this is a higher touch point with someone who has at least heard of your company before.

The third layer again is more qualified and has less volume to it. Resources could include: a book that you write or very in-depth research coverage of a space. The goal is to produce a resource that is so in-depth that only someone seriously researching the subject as a top priority business would



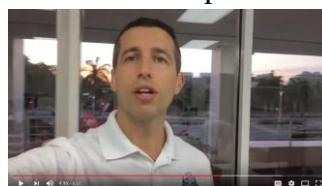
invest that amount of time and energy. If someone has read your book, it is a real qualifying signal for your team that this person may be potentially investing if you have titled the book and positioned yourself and your company correctly. Most people don't buy a book unless it either comes highly recommended from others who are in your funnel or if the buyer has experienced your brand higher up in the funnel. If you are moderately successful, then you will have 500-5,000 professionals who take the time to read your book and if it is well-received, then some of those readers will want to do business with you as a result.

The fourth layer in the funnel would be those who want to see you speak live at an event, participate in your webinar, watch a recorded speech on YouTube, or otherwise take the time to engage with you specifically. Most people won't take the time to invest such energy into learning more about a subject, but if you can filter these prospects down to this layer of the funnel, that's a strong indication of interest—even if it is only 200-500 people a year. That can lead to the next level, level five, which is in-person meetings and inquiry phone calls.

It's important to note that sometimes the funnel takes just a few weeks to complete, others will take years to get to the point where you are doing business together. The prospects may read your articles for 5 years, then buy your book, and then invest while only talking to you on the phone, or they may move through your funnel any other number of ways including skipping it completely just because of your reputation as a leader in the space which has resulted from building the funnel. Sometimes people will cold-contact me saying they know me as a leader in the family office space and they won't have even read a single article I've written or watched any of my videos or any of the other layers of the funnel. That's the power of having a well-constructed funnel: people can engage with you at any level, even bypassing the whole thing because you have become such a voice in the industry.

You will surely have less people wanting to meet with you than the number that read a blog post or whitepaper you write, but the point here is to reverse the flow and get people cold-calling and emailing you about investing. You want everyone to treat you as a credible expert on your niche instead of you having to constantly reach out cold to investors unarmed with these pieces of intellectual property.

**Free Video:** Here is a quick video on the importance of providing genuine value, using tangible evidence, and concrete case studies to



build up unquestionable credibility in the eyes of and investors:

[CapitalRaising.com/Tangible](http://CapitalRaising.com/Tangible)

**Intellectual Property Momentum:** We used to build our investor funnel the hard way. We would write on random topics on our blog, author guest articles on other topics, and record videos and webinars on still more different topics. Now, we have a system where during a six-to-eighteen-month-long process we only record or write new content on one to three themes which we are strategically building up for a future book to be published. We write blog posts and articles that can become parts of books, we copy-paste articles into whitepapers for ourselves and our clients, and we can use whitepapers and webinars as chapters or giveaways for books we want to write in the near future. In this way, everything you produce can be re-used and leveraged in multiple ways; making each part of the funnel easier to put into place. As a result, your in-person meetings will go more effectively since you are so tuned in to trends, facts, and best practices going on in your space.

**Time Investment:** I spoke on the investor funnel in Monaco at a conference and one lady raised her hand and said, “How do I get this done? I’m already working like 60 hours a week.” My half-joking answer was “drink more coffee.” That is not a very healthy approach, though; we are trying to work smarter, not harder. However, this doesn’t have to take a lot of your time. I’ve found if you write one hour a week on Fridays during lunchtime, you could have your book done in a year.

**I’m Not a Writer:** This is the second excuse which I love to hear because it is so easy to kill. I am a bad writer. I have never been excellent at grammar and I need to have what I write heavily edited to make it usable (as my team can attest). If it wasn’t for Theodore, Marian, and my copy editor, I would be dead in the water and unable to release hardly any content. You can build a team around you as well, just like I did. We use Upwork.com to find experienced book editors for \$10-19/hour and they can review a whole book in 10-12 days and shorter pieces in just a few days. These days, there is no excuse, with transcriptionists readily available. Another idea is to simply dictate while driving in the car or when you’re stuck in traffic so that you can have it converted from audio to text format afterwards.

It is always a lot of work to build a funnel, but planning beforehand can save you hundreds of hours. If you write articles and interview people to get these articles done, essentially later down the road you can simply copy and paste

the majority of those interviews or articles into a whitepaper and update any content to keep it current. Seven to eight whitepapers could be turned into the core chapters of a book, and get you 150-200 pages. Once you have a book published, you'll get offered speaking engagements and you can find places to share your knowledge and give away your book. Giving away your book is something that will provide the audience a tangible good to remember you by and make it less likely to be discarded than paper marketing materials. Your ROI on the time spent writing the content in the beginning will pay off in the end. Start with one short article a week, which will set the pace for creating more than fifty articles in a year.

Before you know it, you have enough pages for a book to be published. This is something that can be done by possibly sacrificing half of your lunch break or taking a few minutes before going to bed at night. I've found that the more niche-focused your product is, the easier this process is. Always have in mind what differentiates you from your competitors. For example, we have a book called *The Family Office Database*. It's the user guide for anyone who has purchased a family office database from our company. This book is only about 135 pages long. Our *Single Family Office Book*, on the other hand, is 292 pages long and our *How to Start a Family Office Book* is just 85 pages. My point is that no one has ever written a book in these niches, so we really have little competition when it comes to producing content. If someone comes out with a book, of course we can expand the one we have now, but we also make it a very consumable book to read during an airplane ride or a day traveling in the city. A suggestion with this aspect is to be careful with outsourcing. We hired a ghostwriter to write a book for us one time and it was really poor quality content and ended up wasting time and money. It is critical that 80% of the content comes from you, even if you simply want to just record yourself speaking and have a member of your team transcribe it later. Researchers can help find pictures, quotes, and case studies, but the book should have your voice. Even if it takes you a bit longer to get this process completed, I recommend that the content is yours and utilizes the knowledge you've gained along the way. We are all very busy and once the book is done, you don't want to have to update anything or worry about the quality not being amazing as you hand it to valuable potential clients.

**Is This Really Needed?** No, you can technically raise capital without email, without a telephone, without any marketing materials—none of it is technically required. Certainly you could keep raising capital the old-school way like most everyone else. I concede that you could obviously raise capital without writing any articles, a book, doing any press interviews, public speaking, etc., but it is also obvious that having those touch points



with investors will make your capital raise easier. What I am trying to do in this book is to provide a unique approach, a way to attract investors instead of cold-calling or slowly networking your way into capital. Anyone who has cold-called hundreds of potential investors knows that it is a painful process in comparison to writing some content on your niche and becoming more of an expert in that niche naturally, which is not painful at all.

The last thing to note is that even if the investor you are meeting with didn't come to you through the funnel, you can use these intellectual property thought leadership assets to boost credibility instantly as you meet in person by handing them some of your work, or use your book to "drip" on them for weeks after you meet to spur further follow ups from your meeting. In other words, there is no risk to building an investor funnel because you will gather market intelligence, grow your credibility with each person you meet, expand your network, and attract investors through the funnel naturally.

**Coca-Cola Geographical Distribution:** One trick we have learned through dozens of strategy sessions with my team is to think about how you distribute your content just like Coca-Cola thinks about distributing their evil diabetes-causing sugar drinks. Coca-Cola is everywhere that any drink is being sold, they have product placement in movie theatres, discount stores, gas stations, theme parks, airplanes, and more recently they have developed innovative ways to distribute their drinks, such as selling their energy drink brands in alternative clothing stores. If you look at your investor avatar, how can you be *everywhere* when they look for solutions in the world? Do they attend certain events where you could attend? Do they frequent or belong to certain groups on LinkedIn? Do they listen to the radio or podcasts? Would they listen to recorded audio interviews if you send them in a format where they can stream or listen on CD in their car? I suggest that you draw out on a whiteboard a geographical map of all of the places where you could get distribution for your thought leaderships and ideas. By executing on those points, you can have more mindshare and attract more investor relationships.

If you need distribution in an area you've identified, then you may need to form agreements with people who own those choke points, build the resource yourself over time, or buy the access you need. For example, you could partner with the head of an event in a niche area, or get a list of potential investors from a service provider that serves this niche investor type, but in a different way, etc. One example from our business: my employee was working to build investor leads in New York (where he had recently relocated) and he learned quickly that most of the high-net-worth investors he wanted to meet with were more accessible in more social group settings like

charity galas, cocktail receptions, and events that were hosted for a good cause. So that he could be where his investor avatar was, he partnered with a non-profit that was hosting events, looking to attract more high-net-worth donors. As a member of the Invitation Committee, he was able to leverage the resources of the non-profit organization, associate himself with a worthy cause, and importantly to mingle in person with those high-net-worth investors who probably wouldn't have met with him otherwise but who showed up to support the charity. This is a great example of doing well while doing good as he met new clients but also helped gather more donations for the charity than in past years.

Distribution related choke points are my favorite as they naturally can be leveraged for several new business opportunities or at least paid for by leveraging the access for other credible parties, making your acquisition of it for your business interests free or even profitable.

### **Leveraging Public Relations**

1. Once you speak to your legal counsel to check on exactly what you can say or not say to the press, utilize your knowledge to build interest in your fund.
2. Develop a list of ten to fifteen targeted publications in which you would like to appear. Identify the editor of financial columns in those publications and introduce yourself to them as a resource.
3. Speak at public events, conferences, networking events, and other industry forums where you will be heard not only by your peers, but probably a few members of the press, as well.
4. Consider writing a book on your insights and experience. Many professionals in the hedge fund industry are interviewed on TV after they have published a book on a specific topic within the industry, such as a trend, the economy, or quantitative trading. Yes, writing a book sounds extreme to many who are already working 50 hours a week. That is precisely why it would be so effective to consider doing so. Those who do have the time and skills to write well are often not the same as those who have the experience and insight.

I would highly recommend writing and speaking every week to help build a presence, brand, and network in the industry. Speaking at wealth management conferences and HNW related events can be highly effective.

**Multi-Modal Marketing Materials:** Since this chapter is about architecting your capital raising process and tools, it is a good time to think over your marketing materials and what those will include. There is no one right answer on what you need because it varies based on your industry and investor avatar, but there are fundamentals that are almost always required so we will cover those real quick here—not to bore you to death if you are already familiar with these common best practices.

One of the most important things that gets overlooked by small firms is the need to communicate with potential investors in many different forms. This means using the phone, email, physically mailed materials, and audio visual versions of your content. The benefits of this approach include: higher credibility, as others can see that you are taking your business seriously; compensating for the fact that some of your investor lead list may prefer email while others prefer printed materials, so you are covered by doing all mediums; and finally, those who want to consume your materials in every way possible and be able to share it easily with others in printed format can do so instantly inside of their office. Institutional firms do multi-modal marketing because they know they need to and investors expect it, but many small firms don't. The smaller firms only send things via email to keep costs down or they don't bother to call because they feel it is lower pressure to just poke at investors via email and get lost in their inboxes.

The following is a basic checklist of fundamental marketing material pieces that must be in place if you want to employ institutional capital raising best practices. Those who raise over \$100 million a year have these pieces in place. (Just as everything else in this book, make sure that any marketing materials you create are in line with your compliance requirements so you don't spoil all that hard work.). A good rule of thumb we use with clients of our PitchDecks.com investor relations agency is that if you just think of investing .1% that is 0.1% of your capital raising target in your materials it will help ensure they are professional enough, so if you are looking to raise \$15M, budget a \$15,000 spend on your website, deck, one-pager, logo, etc.

- 1) One-Pager or Tear-Sheet: This is your short, condensed overview of your project at the 10,000-foot level. The purpose of this document is to grab the attention of your potential investor, draw them in to your team and investment process, and make your plan clear in a minute or less. Literally, if it takes more than a minute to see what your strategy is and what your advantage is in the marketplace, you will lose the attention of many investors. This may sound extreme, but the industry is highly competitive and

everyone is short on time. If you want your one-pager to stand out from others in the industry, try to focus on adding a visual three- to five-step investment process diagram, pictures of your key executives, a two- to four-sentence description of your crystal clear advantage including the story of your project and why it exists, and try to keep enough blank space on the page to make sure it isn't too crowded.

Make yourself in one short sentence define your crystal clear advantage right here below and if you can't, please mark this page for revisiting and completing this exercise step. Without this, you don't stand much of a chance of getting anyone's attention in your space:

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- 2) Pitch Book or "Deck": This is your standard PowerPoint presentation on your project or fund. Think long term. Invest in creating a robust institutional-quality pitch book the first time around and complete five drafts of it internally before showing it to a single investor. These typically run ten to thirty slides in length, but I believe the ideal length is twenty-five to thirty slides to cover your competitive advantage in the marketplace, the story of your project, introduction of your team, the investment process, risk management measures in place, current investor base statistics, example investments, terms, and your contact details. In my experience, it works best to present them in that order as well.

If you want your pitch book to stand out, try adding a two-minute video recording of your CEO describing why your plan has an advantage in the marketplace and even add another video from your Chief Investment Officer explaining exactly how the steps to the investment process work in just three to four minutes. These videos will help potential investors have a connection with your team and brand more quickly. Do not send any pitch book or marketing material out before speaking with a qualified compliance or legal counsel on your team. Yes, it can be hard to get compliance approval to do these type of things, and that is exactly why no one is doing them yet.

- 3) Website: Formulating a comprehensive, yet well-designed website for your company will also give you a competitive edge. Depending on where you are based, your website may need to be password-protected. Those who want to be in front of the competition in this area would be wise to add video content, audio content, whitepapers, and articles that the team has written to show off your collective expertise and experience.

- 4) Master Due Diligence Questionnaire or DDQ: Most investors will require you to complete a due diligence form that is as short as five pages to as long as 50 pages or more, which will request details on your operations, investments, compensation structures, and team. Most investors request similar types of information, so it is helpful to create a master document from which you can pull well-refined and compliance-approved answers. It is best if your answers cite sources and use graphs and charts that are accurate and refined to the point where they are concise yet robust enough to position your value offering in the marketplace. Most people rush through these and provide thorough answers that end up being long-winded. Be concise, provide great transparent data and figures, and treat this as a marketing piece that still directly answers each question asked. A friend of mine who founded a \$1 billion hedge fund advised the audience at one of my capital raising workshops not to write so much that it just makes your answers confusing. He said he found that the best strategy is to answer investor questions in as few words as possible while still being honest and forthcoming. The more words you add beyond what is required, the more opportunities you are giving an investor to decline your fund based on some new information you are offering that wasn't even requested by the investor.
- 5) One-Pager FAQ and Answers: Investors often want you to participate in hour-long due diligence phone calls during which they will cover your pitch book or due diligence questionnaire. During these phone calls, some tough questions can come up which are unique to your plan, such as a key executive departing. It is critical that you are able to answer these questions with some agility and precise figures, as well as a thought-through action plan of how you've learned from that experience and dealt with it to move forward. Many investments are not made every year because of a few "black marks" which could have been cleared up, but instead took an organization out of the running for an allocation of capital. I, and other investors, always grow a little concerned when it takes more than a day to get a response on a yellow flag. Failure to anticipate an issue and then failing to communicate the explanation can turn a yellow flag into a red flag.
- 6) Newsletter: A rule of thumb in marketing is that every month you don't talk to a prospect, you lose 10% of your influence in that relationship. One way to keep your brand in front of potential and past investors is to send out a monthly or quarterly newsletter. This newsletter may cover your investment insights, the marketplace overall, or provide case studies of a few past investments you have made. These are most effective when they are just 1-3 pages long and when they are written with great care to add value to the receiver and not just simply pitch your offering.

Some executives go a bit too far in trying to share insights in their newsletters. I receive 15-20 pages or even longer letters on the market, their latest vacation, thoughts on the latest election, and anything else that crossed their mind while they sat at their desk. While I applaud the enthusiasm, I think it's important to remember that Warren Buffett's first annual letter to shareholders was only about seven pages or 3,000 words. Keep in mind, that is an annual newsletter...to shareholders...written by perhaps the greatest investor ever. For those of you with more reasonable expectations for what your network wants to read from you on a monthly or quarterly basis, I'd try to keep it no longer than three pages and shoot for a simple one-page update that is both more likely to be read and will focus you on value instead of volume.

The crystal clear advantage your plan has over every other competitor should resonate throughout all of these marketing pieces in such a powerful way that clients are pulled in your direction and want to invest in you.

Keeping your marketing materials updated is harder than it sounds, and it can create management and compliance headaches. To keep things straight, put one person in charge of keeping them fully updated and make sure there is a update checklist that is referenced monthly to audit your own materials for performance figures, personnel change, or strategy adjustment updates.

**Marketing Material Rules** Every investment fund, project, or real estate deal requires a different type of marketing material, but there is a common set of items which should always be in place before any investor reviews your offering. Here is a quick checklist of required components of your marketing materials:

- ✓ Customize every piece of your marketing material to the exact investor that you have decided to focus on.
- ✓ Have a professionally designed logo and branded materials and do not use a pop-up \$10 website that has a badge bragging about how cheap you were right on the website. Get a real website created—this is cheap in the scheme of things.
- ✓ Provide storytelling using pictures and video and case studies, and use persuasive writing best practices.
- ✓ Create a PowerPoint pitch book that is concise, hopefully just fifteen to twenty slides long, yet captivating. Make each word and page count. One that is 40-80 pages long will usually not get read because everyone has a lack of time.

- ✓ Ensure that the title at the top of each page grabs the reader, draws them in, and engages them on what is being presented.
- ✓ Make sure your complete contact details are included for easy follow up in case the investor has an interest. This is basic, but often left out.
- ✓ Include at least one video of your team, office, or the opportunity. This is the future of raising more capital in a busy world. People want to know what you are pitching and somehow see if they can trust you before meeting in person.
- ✓ Stress the importance and individual functions of your team, your experiences, and pedigree. This should be the foundation upon which everything else is built.
- ✓ Include pictures of your entire team and your office. Pay to have these pictures taken by a professional photographer—this can be done for under \$200. Ten years ago, you might have been excused for not having a professional headshot in your materials and on your website; today, it's almost unforgivable. No photos from a BBQ or cropped wedding photos; do it right once and have a professional photo for years.

Since many investors are being pitched constantly, it's important that you provide them a clear picture of what you do and the benefits and risks of it. There was a study done that showed that 78% of institutional investors won't invest in something they do not understand. If your investors don't understand your goals, how you get your returns, or how you manage risk, they are very unlikely to invest. This is why the investor funnel is so critical; it helps educate your market and build credibility at the same time. Monthly newsletters and webinars provide you an opportunity to educate your investors by sharing whitepapers, quotes, articles, studies, workbooks, presentations, and recordings.

Architecting every communication you have on a granular level and not just from a rough plan is important. Watch a video where I explain how to do this day-to-day by following this link: [CapitalRaising.com/Architect](https://www.CapitalRaising.com/Architect)



Having educational monthly newsletters and webinars in place that add knowledge to your industry is a great way to build a larger following. These newsletters and webinars could provide more information on how you handle



risks of your asset class or hedge fund strategy, and interviews with leading experts within your industry. As more subscribers begin to follow the content you release, they will also share any insightful information you offer—which by word of mouth will get you more followers and more credibility.

**Real Estate Investment Firm Case Study:** One case study of this strategy being put into action is Mark Hanf of Pacific Private Money. As he shared at this year's CapitalCon, our annual capital raising summit, he has built up a rolodex of 1,000 HNW investors through his positioning and expertise sharing via his radio show, book, and interviews with the press. Without having to cold-call investors, he has been able to raise over \$200M and he is really just getting started in harvesting relationships from his public following.

**Conclusion:** In this chapter, we recommended some strategies that are going to take a lot of work. Writing articles, a book, giving public speeches—these are things which take hundreds of hours of work. If you find yourself saying that you don't know if it is worth it, I would go back to the Analyze Step and Position Step and get more conviction on who it is you are trying to attract. If you don't know the “who” or if the sandbox you are aiming to own isn't so amazingly powerful to occupy that you don't want to get up earlier to do this or do this instead of some other lower ROI activity, then you probably need to work on those chapters before this one.



If you have your target client in mind and you have identified ways in which you can position yourself to those audience, you should be gaining confidence in your approach and be excited to translate those ideas into tangible resources to capture your target clients' attention. The idea is to build up the walls of your sandbox as high as possible through careful architecting of your unique positioning.

**Note:** Before you put this book down and begin working on your positioning, it will be worth the 5-minute time investment to complete the Capital Raising Worksheet that you can download for free here: <http://CapitalRaising.com/Free>.

# Chapter 4: Execute

Execution is the most straightforward part of the capital raising strategies that I suggest in this book, but there are some key factors that we have learned the hard way in being able to manage the time constraints we all face when it comes to identifying and working with new clients. This is also the longest chapter of the book because we couldn't release a capital raising book without talking about the required marketing materials you would need, how to handle public relations, or why listening to investors and leveraging key influence principles is critical.

The tools I have discovered that help most with executing a capital raising plan include Key Performance Indicators, Dashboard Development, Capital Raising Habits, Listening & Influence Skills, and Creating Systems. I'm going to explore each of these tools in this chapter.

## **Marketing Materials**

One area of execution that is important but not something we want to dedicate 25-50 pages on is marketing materials. In reviewing the final version of this book however we wanted to provide you with help in this area so we recorded a webinar for you on this specific topic. It covers the essential 1 pager, PowerPoint deck, FAQ 1 Pagers with Citations, Master DDQ, case studies, investor examples, and other tools that you will typically want to have developed before you start raising capital for your offering. To access to this webinar please register at <http://CapitalRaising.com/Free>

## **Key Performance Indicators (KPIs)**

The best tool we have found for managing business partners, joint ventures, and team members are Key Performance Indicators (KPIs). A KPI is a measure of an action or activity which lets you know if work is getting done, if that work is leading to results, and what the yield is on the time invested in that activity. In capital raising, you will want to have different types of KPIs in place, with some activity-based and some results-based. These will be the leading indicators as to whether you are raising capital effectively or at least on the right track to raise capital.

Some potential capital raising KPIs could be:

1. Write One Article Per Week

2. Meet with 5 Investors Per Week in Person
3. Schedule and Complete 10 Conference Calls per Week
4. Speak at One Conference Per Month
5. Call 20 Investors Per Day
6. Meet with One Potential Connector or Networker Who Could Help in Raising More Capital Each Week

Each KPI must be measurable so you can say objectively if it was completed or not in the timeframe expected. Even if you are just managing yourself this can be helpful, with the goal being to set up realistic but challenging KPIs that will shape activities and make it more likely that capital will be raised.

Many times there are unrealistic expectations about how quickly capital can be raised, so make sure if you have a business partner or others with these expectations that they are helping with the capital raising process so they see how hard it is. At the same time, you should share with them the KPIs and the results so they know even if capital is not raised yet that you are taking consistent action every week and it isn't from lack of effort that the capital has yet to be raised. Many partnerships fall apart because of pressure and expectations around capital raising timelines.

What KPIs for yourself and your team should you be setting up and tracking immediately?

1)

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2)

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3)

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## **Dashboard One-Pager**

Another tool that helps us in bringing on new family office clients and managing general chaos at our firm is having a daily dashboard. This dashboard includes the KPIs of my team members, my top goals for the day, my schedule for the day, the number one most important thing I must get done that day, and then data on how our companies are performing financially—all on one page. It acts as a sort of cockpit as I pilot our business. My dashboard is updated by my executive assistant and printed out each morning to review, ensuring that we are headed in the right direction.

You can use this tool in raising capital to keep on top of market performance, your fund's performance, your calendar, to-do list, and KPIs of you and your team. This will also help you keep on track with next steps on writing a whitepaper, making progress on your book, or meeting with investors in person.

When you combine KPIs with a daily dashboard, you are ensuring that your KPIs get completed every day. If you set a routine around when you do these activities you can turn them into habits and while Brian Tracy says it slightly differently, essentially during your workday, every habit you do is either helping you or hurting you in raising capital. Do you routinely produce new thought leadership every morning for 30 minutes before you do anything else? Do you reply to inquiries and phone calls within half a business day or less? Do you routinely check your social media advertising or Google AdWords campaigns every Monday morning for slight improvements? The more automatic you can make your KPIs and investor funnel execution, the better. We use calendar reminders to make sure that the KPIs get met every week.



## Systematically Raising Capital

One thing almost all investors have in common is that they want to work with credible professionals who are focused on their craft and take it seriously. Nobody will ever take you more seriously than you take yourself, and doing things sloppily, without care, and irregularly scares off investors very quickly. In my experience, investors are looking for clues consciously or subconsciously that serve as evidence of a very long-term mindset or more of a short-term shortcut type bias. I have found there is one way of thinking that can help you raise more capital, improve your operations, and get access to more deal flow, and that is by creating operational systems and processes in your organization.



This is an idea I got from Sam Carpenter's book, *Work The System*, where he unveils his organic process of going from a business that lost money to making his business so systematic that he was able to delegate and work on his business instead of in it. He eventually got to the point where he started acquiring several other businesses and scaled his business very quickly. The

whole idea here is to have one central document which lists out how processes will be managed and followed, where they will be stored and updated, and then to document your top five to ten operational processes. These processes could be how you conduct due diligence on an investment, how you meet with investors and raise capital, how you hire someone new to your team, how you create new pieces of content to be reviewed and released, etc. In every business, there are processes which get repeated over and over again and there is a best way of completing them that should be documented and followed.

Almost nobody bothers to document their top ten processes that are critical to their operations and yet it costs nothing and can give you leverage, assurance of quality, and repeatability—things that everyone really does want. This is another idea that is even more valuable because almost nobody does it; most people do not want to take the one to two business days to get this in place.

Your job as a capital raiser is to develop a series of systems, processes, and levers that consistently produce more capital raised every quarter. The problem for all of us is limited time, limited resources, difficulty in getting traction with investors, and usually having a small team as well.

The solution is to identify the top ten or top twenty processes that are critical to your specific capital raising operation and turn them into defined processes. Make sure you take the time to find out where your actions are really producing value over and over again, and what specific actions you have to take every day or every week to be successful in capital raising. I hope you are able to pull a few of those ideas from this book. Anything that is done more than once in capital raising should be documented as a process.

Here are examples of how using this strategy can help turn you into a capital raising machine:

- You are short-staffed but you are sending out the physical follow-up letters, printed marketing materials, etc. If you document that process that needs to be followed, you can probably make it more effective or efficient in some way or you could leverage a \$10-\$15/hour secretary to do some of that work for you.
- If you travel to attend industry events and conferences, take notes on your tablet computer or on the backs of business cards. Once you get back to the office, you'll find numerous voicemails and emails to respond to. If you have a process for updating CRM records in place, you can have a \$12/hour employee enter that data for you.

- You may have a very exact follow-up sequence of phone calls, emails, letters in the mail, a book, a whitepaper sent over, etc. that you want to employ to grow relationships with your investor base. If that process includes anything more than two to three steps, it needs to be documented so you can make it more robust, detailed, and improved as you gain investor feedback on what is working well or what is broken.
- If your capital raising pitch book needs to be updated each month, that should be done by following a ten to twenty step process or at least using a checklist. This will improve the quality of the marketing materials by keeping them more updated, and once again, this would allow you to more quickly train a new employee or outsource this piece of work to someone else.

The importance of documenting your processes comes from Edward Deming who said, “If you can't describe what you are doing as a process, you don't know what you're doing.” It is true, the more you can document everything your capital raising business does consistently to operate and work with investors, the more effective you will be.

I leverage a full-time employee in my capital raising business who focuses most of his full-time work schedule on making me more efficient at working with our investor base. He helps send out our newsletters, keeps our CRM system updated, makes sure our top investor leads get a free copy of past books that I have written, and completes research on investor leads. To complete these tasks for me, I have written out step-by-step processes and checklists so that these actions are done consistently, correctly, and efficiently. These are capital raising activities that I would have to do myself if I hadn't taken the time to document the exact processes that my employee needs to follow. The two side benefits of doing this is that he is getting valuable training to one day become a full-fledged capital raiser. On the other side of the coin, if we ever find ourselves needing to replace him, the next employee will step into his place and follow the same processes and checklists that he utilizes now.

To raise capital, managers need to have tools and processes that are superior to those used by their competitors. This means superior investor cultivation processes, superior investor relationship management, superior marketing materials, superior outreach efforts, superior e-mail marketing, and superior focus on investors who actually have the potential of making an investment. Each of those topics could be discussed for a whole conference and all of

these moving parts need to be working in concert in today's industry. While this does not mean that managers need to outspend others in marketing, they do need to strategically plan their marketing campaigns to compete effectively.

Systematize your capital raising process so that every day there is tangible progress being made and so that your single family office network grows like clockwork. This sounds like something easy to write and hard to do, but in my experience it is the only way to get the job done. Random acts of capital raising will not do well in this competitive and secretive space.

One of the things that has really made a difference for me both in terms of raising capital and running my business is running things based on a series of about 35 to 40 different documented processes and procedures. So if something is done more than once, it's documented like almost a checklist and people follow that consistently. I don't know any hedge funds that literally have taken their operation and documented 30 or 40 or 50 procedures, so if somebody comes in new that they can follow the procedures and can at least get up to speed faster than they otherwise would be able to.



**Free 60-Minute Webinar:** Systems are key to raising capital, but we can only spend a few pages on this topic in this book. For another 60 minutes of content on capital raising fundamentals and putting systems in place, please access the free webinar on this topic by registering at <http://CapitalRaising.com/Free>.



**Listening While Executing:** I was first exposed to capital raising and fundraising when I was in grade school. I learned many of the skills that I apply today growing up around my father, Thomas D. Wilson, who has raised over \$1B for his clients. While I learned a lot on how to raise capital, one common thing that he would bring up was the importance of listening. I wrote this idea off as something that was obvious and boring to contemplate, choosing instead to focus on the more exciting areas of capital raising.

Now, as I've become more experienced in capital raising and working with top-tier investors, I understand that listening is a critical skill common in anyone who has raised over \$1 billion during their careers. While writing one of my past books on family offices, I had the chance to interview one of the





pioneers of the family office industry, Charles Grace. The #1 most valuable piece of advice that he stressed when I asked him for a piece of advice worth \$100,000 or more was to listen to your clients. He complained that as a family office investor, nobody ever listened to him; they just pitched and wasted his time over and over again. I found it interesting that those new to capital raising never mention listening as a top area of focus while those who are most senior or on the investor side cannot stress it enough.

*“Seek first to understand, then to be understood.”*

– Stephen Covey

In 2005, I had the chance to meet an expert in building relationships and succeeding in business, Stephen Covey, who wrote the bestselling book *The 7 Habits of Highly Effective People*. In this book, he talks about how you become more effective and powerful when you first listen and allow yourself to be influenced before you try to influence others. This philosophy works because it allows you to understand the other person’s position, gain some goodwill in showing them respect, and customize your approach to their stated needs. This is directly relevant to raising more capital for any project. If you go into a meeting and you pitch for 45 minutes and then ask if they have any questions, you will not raise much capital. If you instead start the meeting with questions about the investor, their history of investments, what they are looking for, and what they are trying to avoid—that alone could change the focus and tone of your presentation. If you think about it, this is very parallel to the system I am prescribing in this book overall—I suggest you analyze the market and consider competitor offerings and investor concerns and desires before deciding your position.

In a recent video produced by entrepreneur and investor Gary Vaynerchuk, *“I’m a counter puncher in a world where everyone wants to be an aggressor.”* In other words, everyone is spouting their sales pitch without listening first,

adjusting and reacting with something more effective. He explained that he finds everyone trying to sell, sell, sell upon first contact with a prospect and he finds it massively more impactful to listen first; read the situation and wait, then come back with a proposal that takes that all into consideration and is actually relevant—motivating and aligned with the prospect. Gary has grown two businesses to over \$50M a year in under 10 years and he has



stated many times that he has done so by listening.

Have you ever cut someone off mid-sentence who is just talking too slow? Most people speak at 80 words per minute, but we can listen casually at around 200 words per minute. What this means is that almost everyone gets bored while listening to someone else talk. To make sure you don't cut off investors mid-sentence, come off as rude, or miss what they are saying, try taking down notes at every meeting and every phone call. By writing down what they are saying, you will show them that you value their thoughts and time and that you care about providing them something of value and not just pitching them.

If I don't catch myself, I will cut everyone off all of the time. So, to prevent this from happening, I either make some mental bullet point notes or better yet write down bullet points of things I want to make sure and say. This allows me to say (when the counterparty is done talking) that I have three pieces of feedback which are X, Y, and most importantly Z. This response helps me come across as more patient than I normally would but also more precise and selective in what I say. Many times I have four to five things written down, but I know that one or two of those are more powerful ideas, so I can pick and choose instead of losing the idea in my mind. This helps me be a better listener and more influential communicator overall.

**Listening Like a Doctor:** If you go to the doctor and your leg hurts, do they prescribe you medicine within two minutes? Do they sell you on a solution to your ailment immediately?



No, of course not. If you go to the doctor and say that your leg hurts, the doctor will ask what part of your leg is hurting. If you say your knee hurts, he will ask what the pain feels like. He will ask about when it hurts and how long it has been hurting for, etc. In fact, he will spend most of the time simply asking you questions and narrowing down exactly what is bothering you. He is paid to listen to you and then typically spend just the last two minutes of the appointment prescribing the solution.

A similar approach needs to be taken when raising capital. When you sit down with an investor, you should spend the first 60-80% of the conversation asking questions, taking notes, and clarifying their background including past investment history and current challenges or problems. You should confirm that you understand them completely before diving into your solution, which is the pitch you are trying to raise capital for.

In addition to small talk and developing rapport with the investor, here are some additional questions to consider asking during meetings:

- What is your past investment history or experience in this area?
- Have you had positive experiences or challenges while investing in this space?
- Does your firm have an investment committee?
- Many of the investors that have already put money to work with us follow steps A, B, and C before investing; what is your process?
- What do you typically look for before investing capital?
- Where does your firm hope to be in 2-3 years in terms of your investment in X, Y, Z?
- Has the \_\_\_\_\_(current event) affected your interest in X investment opportunities?
- What does your firm's due diligence process look like?
- What is typically the #1 roadblock in investing in something like our type of fund?

One trick that I have learned on asking great questions is to ask a question based on some detail you picked up in one of their responses. This way, your counterparty knows that you are listening, that you're interested in what they are saying, and that you can really dig into what you want to learn about most.

If you are like me, and you are passionate about what you are raising capital for, you believe in it and you could talk about it for a few hours to an investor. The problem is that the investor does not have a few hours—you have minutes or mere seconds to get their attention. By asking questions first, you are accomplishing a few things at once. First, you are more likely to be “liked” by them and seen as someone on their side. Second, you are standing out from the crowd, appearing confident instead of looking like just another pushy salesperson. Third, if you focus on just one investor type as I recommended, then over time you will really develop a clear picture of what the investor base overall is seeking through the “doctor approach.” Fourth, you can boil down the 120 minutes of your longest pitch possible to the five minutes that truly matter. Out of all the benefits of the investment that you

are raising capital for, the investor will only care about one or two of them at most. If you got into a meeting or phone call pitching without asking questions, you will not know which two benefits those are or how to frame the application to their reality. Finally, this approach saves you time and allows you to efficiently meet with multiple investors in a day, rather than spending all your time working on a long pitch that won't resonate with every investor.

There are two more rules that I follow to ensure that I'm completely attuned to what my investors want. The first rule is that I simply repeat back to someone what they have said in a concise way in order to verify that I completely understand their point. The second strategy is to type up your notes from the meeting and create a "contact report" and email that document to the client. This is simply a concise summary of what was discussed and decided on at the meeting. Prospects appreciate being reminded of what was discussed, and once again it shows that you are taking a methodical and organized approach to meeting their needs.

Listening can really be a competitive advantage if you can use it to build the credibility and influence of a doctor, counterpunch with relevant proposals to investors you have listened to, and you will learn so much more from each interaction than you would by just spewing out pitches at every meeting you go to. All of this becomes even more powerful when you consider that you are focused on just one type of investor avatar. Treating each prospect with respect and learning from each conversation will add up over time into becoming an absolute expert on what your targeted investor demographic wants and worries about every day. The better you are at listening, the more influential you can be. This leads us to the topic of influence and persuasion, a favorite area of study of mine over the past decade.

**Increasing Your Ability to Influence:** The field of influence and persuasion is all about how to communicate more effectively to influence what actions and decisions others are making most effectively. Kids want to influence their parents to buy them candy, the waiter at your table wants to influence you to



purchase a bottle of Closed Domain Princely Wine of Liechtenstein instead of the house red wine, and you are trying to persuade potential investors that you will not waste your time and that they should take a 20-minute introductory meeting with you. Influencing others is needed to survive and studying it can produce great returns in your ability to get things done.

I first studied influence by studying the work of Dr. Robert Cialdini, then dove into it much deeper at Harvard University through their ALM program and wrote my thesis paper there on influence. I have read most of the works that Cialdini has published to date including his flagship book *Influence* and his latest one, *Persuasion*. There is no better investment of time in reading books to help you position or sell better than these two publications. In short, they helped me, like Verne Harnish's work, stand out in a high value niche by becoming an authority, being a scare resource, and sharing knowledge in way that induced reciprocation, gained us valuable strategic turf in the family office investor space, and led to unique positioning.



To keep this chapter on execution concise, I want to quickly cover some major principles of influence that will tie together everything else we talk about in this book.

## **Top 9 Influence Strategies for Raising Capital:**

- 1. Commitment:** It has been proven that we are all more influenced by those who show commitment and consistency. We like to know people can be relied upon and that we know who they are and what they stand for. If every time an investor meets with you there is a different kind of investment being pitched to them with no common thread pulling it all together, you will lose influence and credibility. If you show that for a dozen years you have been mastering your craft of investing in parking garages and have completed 22 deals in the space and know it well, you have increased your influence. Also important, it has been proven that after someone bets on a horse at a horse track that they are instantly more confident and positive about the attributes of that horse. Once they have committed to betting on the horse, it creates a positive halo effect regarding their opinion of the horse. I would propose that the same may happen as investors provide capital to you. First off, if your minimum investment size is too high or if you never get them to invest in the first place, they won't be talking about you as much to other potential investors. Secondly, if you can get them started investing in you, they may double or triple their level of investment with you over time and that would never happen if they don't get started. For these reasons, I would encourage those raising capital to have very small minimums—painfully small—so you can build momentum. For some this will mean a \$10,000

or \$25,000 minimum; for others it may be larger.

2. **Social Proof:** Scientific studies have also shown that when humans are unsure how to act or who to trust, we look around to others for cues. We trust the decisions of the “herd” around us, so if a movie is liked by a lot of people or a book is a bestseller, it continues to do well in the marketplace as others have “endorsed” that commodity with their dollars spent. Since we know this to be true, it is good to find a lead anchor investor for your capital raising to show others that someone truly credible has invested, even if their investment is small or has been completed on discounted terms. Also, many times people come to me saying they are looking to raise \$20 million or \$30 million for a first-time private equity fund, round of funding for their business, or first-time real estate fund. I believe this is a horrible idea. I would aim for \$1 million or \$4 million or something small for the first raise; you can always become “oversubscribed” and accidentally raise \$5 million instead of your \$1 million target. This can help on the next capital raise by giving you some added urgency to the pitch now that you can say that the last time around everyone poured money in and you had to close the investment round early. That is so much stronger than struggling for eighteen months to raise \$10 million and perhaps even losing some soft capital confirmations and credibility because of the length of the raise. If you raise capital for too long, some may wonder if there is more social proof of investors saying no to you, rather than yes. You should leverage social proof in as many ways as possible, from mentioning publications and press outlets which have quoted you, to showing your education at a prestigious school if you can, to providing statistics on trends that your investment is playing off of to show that it is seeing great growth or that others are also investing in the area.
3. **Long-Term Cognitive Bias** – Since most people are naturally looking for short cuts and fast ways of doing things, but credible professionals have focus, know their unique ability, and are focused on long-term success, the more you can show investors that you are serious about your venture, 100% both-feet-in committed to it, the better. Investors want to see delayed gratification, re-investment, and prefer you to be long-term greedy and seeing the bigger picture rather than charging high fees or bad investment terms while trying to do your first capital raise. It is better to own a choke point that makes you into an authority and re-invest heavily than take a quick payout in other words.

Political powerbroker Francis Underwood from the television show





*House of Cards* said it best when he explained one of his protégé's poor decision to choose short-term money instead of long-term power: "Such a waste of talent. He chose money over power. In this town, a mistake nearly everyone makes. Money is the McMansion in Sarasota that starts falling apart after 10 years. Power is the old stone building that stands for centuries. I cannot respect someone who doesn't see the difference."

4. **Scarcity:** It has been shown that those things in less volume are seen as more valuable. Gold is more valuable than aluminum and an alum of Harvard University is perceived as more valuable than someone who graduated from the thousands of public universities that are not nationally recognized. Everyone knows that this is true, but how do you use this to raise more capital? How can you be unique in your sandbox? How can you be the only investment or company that really gets your investor avatar and has every piece of your branding and messaging crafted just to reach them so that every message hits them right between their eyes? If you can combine a few benefits and positioning statements, you should be able to say "We are the #1 \_\_\_\_\_ in the \_\_\_\_\_ market." It could be that you are #1 in self-storage investment management in Kentucky, or you are #1 in a niche within a niche in your industry, but is important to either define what you are #1 at or decide on what you will work to become #1 at or you will always be a laggard or average at best in my experience. We use this strategy all of the time, saying "We have the #1 bestselling book on family offices" or "We host the #1 most popular family office conference series in the U.S." to build trust and show why we have such great quality deal flow to show the single family offices that engage us. If you have defined your sandbox right, you should be #1 of at least one thing, or soon can be. The main point, become scarce to some investor set of value.
5. **Addict Your Investors:** Virtually everyone becomes addicted to something at some point in their lives. Many times, it is to drugs like nicotine, alcohol, or caffeine, but it can also be to adrenaline, sex, or the feelings experienced while shopping with a group of friends. Our brains are wired to reward positive experiences that benefit us while minimizing those things that create negative feelings. This reward center pathology is at the core of what creates patterns of use that are very reinforcing and can lead to positive habits or horrible drug-related addictions to substances. This is because the brain can become conditioned to desire a certain behavior or substance to the point where the logical points of ceasing the activity are ignored. Scientific studies have found that there are four factors that affect the addictiveness of any experience or



substance. The factors are pleasure, pain, speed of onset pleasure, and timing before onset of pain. Anything which very quickly produces a very high level of pleasure and very slowly releases a feeling of pain is highly addictive. For example, someone drinking alcohol very quickly can feel most positive while the primary effects take place in the body, while the hangover is delayed until the next morning, which makes alcohol addictive. If alcohol gave consumers a hangover 5 minutes after becoming drunk, it would be far less addictive. What does all of this have to do with Capital Raising? On top of the regular psychological benefits of making a good first impression, you should focus on over-delivering and making a powerful first impression in every way possible. You should do whatever necessary to provide enormous value to the investor, listen to their needs, and connect in a real way during your first encounter. The second lesson here is to avoid any early-in-the-relationship hangover that could be created due to being unorganized or rushed in trying to raise capital from the investor. To be clear, this is about adding so much value to potential investors that they are drawn to you, not about leveraging addictions or weaknesses in people, but maximizing your value to others.

- 6. Orienting Reflex:** One way in which people are influenced every day is through our orienting reflex. The orienting reflex is the process we go through while reacting to something novel, new, or mysterious. It is what makes first dates, roller coasters, and vacations to exotic islands so enjoyable. When a loud alarm goes off, we stop and ask ourselves why it is going off and if it has any effect on us. If you are in the middle of a movie at your local theater and the fire alarm starts to go off, everyone will look around for a minute before taking action. Each person is orienting themselves to this new situation and combination of variables and they are looking for instructions from other people's actions, their past experiences, or some sort of authority. The same thing happens when there is a market dislocation or when a new regulation comes into play, or a new market opportunity unfolds. Investors and the general market overall is looking for leaders, for opinions, for confident industry mavens to invest with and follow into investments.

- 7. Imputing Value:** Closing in relation to Scarcity is the association of something being more valuable if it is more expensive, for example a Lotus Exige and a Ferrari are both fast



cars, and yes the Ferrari has more comfortable seats, but Ferrari does charge a very large premium over Lotus and part of this is just branding and positioning. Lotus is trying to bring high-performance cars to each person's driveway where Ferrari wants to be the high-end toy that is exclusive to millionaires. I read the 500+ page biography of Steve Jobs and the #1 thing I got from it was the value of imputing value upon an object based on its packaging. When you impute value, it means to package something and include such high quality materials that the components itself are assumed to also be of very high quality (such as the iPhone packaging materials and polished metal case). While I wouldn't recommend to price your fees high; treating yourself well, showing respect for the investor and yourself in the quality of inputs into your process, and who is on your team can all lead to a sense that you are valuable and your team and ideas are valuable. One marketing trainer that I know, Frank Kern, has purchased two Rolls Royce Phantoms now and he jokes about how if he pulls up to a meeting in that car that he knows he is getting a yes just because of how influential it can be to associate with something so scarce and expensive.

8. **Authority:** The whole point of building an investor funnel is to build your credibility and authority. People listen to doctors because they are thought to have great authority. There are many signs of authority—having written a book on a topic, the clothes you wear, the education you have, the track record you have, your investment returns, where your office is based, your place in society, etc. What I have found is that thought leadership assets are the quickest way to build up authority in a space, by speaking publicly, writing whitepapers, publishing the #1 book on your niche or sub-niche topic (sandbox), you can build up authority very quickly and do so in a genuine way were you deserve to have authority because you have interviewed every expert in your niche and helped document models of operating in the area. The more authority you can build, the more influential you will become and the nice part is that if you do so using thought leadership, you also happen to attract prospects that never would have heard of you otherwise, so it not only influences existing relationships, but creates new ones as a byproduct.
9. **The Scarce Authority:** The final influence principle I want to touch on is the acute focus on becoming THE scarce authority on your topic. The idea here is to become such an authority on your area that you become a scare resource, a respected expert, THE expert on your area of business or investment. If you can accomplish this, doors will open that would not to



anyone else and you will build a real competitive advantage in the marketplace that will last typically for decades. As long as you have conviction that you have completed your analysis correctly, chose your positioning right, and defined your investor avatar appropriately, this should be the goal while executing your capital raising strategy.

**Note:** This is not about tricking or manipulating investors; in fact, I think sometimes family office investors (the investor group that I work with most closely) are treated like dumb money and they are far from that. In this video where I'm driving between single family office clients in California, I discuss the importance of respecting and providing value to single family offices you meet with: [CapitalRaising.com/Smart](https://www.CapitalRaising.com/Smart)

## Optimizing Written Materials

Most people don't know what copywriting is. Copywriting is the use of words to promote a person, business, opinion, or idea. Copywriting is the most undervalued and overlooked tool that a marketer or sales professional can develop. Many professionals value cold calling skills, networking, branding, or public relations skills, but I think that copywriting skills are the most valuable. One quote that always comes to mind is: if you look at a one dollar bill and a hundred dollar bill, what's the difference? They're both green. They're both on the same sized piece of paper. The difference is the message on the paper. The words on the bills make one worth 100 times more than the other. If you translate that to the investment industry—what's the difference between your fund's marketing materials and the marketing materials of the leading institutional fund manager? The message on the paper. Their message might be worth \$100,000 every time they present it. Yours might be worth \$1,000 every time you present it. Obviously you cannot claim to have the highest pedigree team if you don't have it. What you can do is write your marketing materials in the best light and ensure it is a clear and robust message. This can make a huge difference in your marketing plan.

## Why Copywriting is Important

1) If you ignore copywriting, very little of what you write will get read, making it impossible for most people to pick up the phone or write you back (if they have never received your message in the first place). The headline of your letters, subject line of your emails, and first few words of your speeches are the most important for getting what you write actually read. Crafting a great headline can take hours to complete, but can make the difference when it comes to being shown to others or never being noticed. I think most of the

time if you don't capture someone's attention right away, you will never catch their attention and you will never grow a relationship with that client.

2) Many hedge funds, family offices, and private equity groups spend over \$20,000 on their marketing materials each year, yet 95% of the money allocated is done so because it's what has always been done—what sounds good, what looks good, or what the graphic designer recommends. Often that graphic designer has never been trained in copywriting or sales writing. Just because it looks good, does not mean that it'll be effective or gets the message across. The marketing materials may not be pointing out the A, B, C, or D in the order it should be, so that the message flows smoothly to your client to add value and increase your relationship.

3) Every investment fund markets itself using emails and investor sales letters. Without copywriting skills, you may not only be failing to connect with your audience, you could actually be turning them off and pushing clients away. Everyone has room to improve their emails and how they come across to current or potential investors.

4) Investment funds of all types are started by successful traders and portfolio managers. Very few are started by trained marketers. As such, niche marketing practices, like copywriting, are often overlooked or seen as unimportant.

5) Ninety-nine percent of your competitors are not using any copywriting or sales writing best practices.

If you invest ten hours to work on your copywriting skills, spend time reading books on copywriting, or work with a copywriter one time, the skills, strategies, and tactics you'll pick up will make you so much more successful at writing strong messages so that you can build the relationships you're looking to make.

Some areas where you can embed improved copywriting include:

- Team bios
- Pitch Books
- Email subject lines
- Voicemails
- One-pager headline or description pieces
- Book & Whitepaper titles

Here are some specific copywriting strategies and areas to focus on if you want a quick 10,000-foot view of the types of things you could start adjusting

right now to improve your copywriting:

1. Use the professional's first name in the email subject line. I remember a 2008 study by Marketing Sherpa that showed this increased open rates by 30%, and using both the first and last name increased open rates by 22%.
2. Focus on the Start: Hook the reader in the first paragraph. Make sure the first paragraph is no longer than 2 sentences and provides a very concise summary as to what will be discussed in the following message. If possible, try to fit in both what the benefits will be of reading this information and what the dangers are of not paying attention to this information. Psychology studies consistently show that professionals are almost twice as likely to listen more closely and take action on information related to a fear or some negative result rather than some potential benefit or positive outcome. This does not mean you should scare clients into working with you, but you should hook readers using framing that mentions the positive as well as negative consequences of not taking action. The recent use of email browsers that let you preview the first 50-150 words of email messages make the start of your email even more important.
3. Use Professional Email Distribution Services: Use a professional email distribution service such as Aweber; this costs \$10/month or less to start using. Another popular service is MailChimp, which gives you some flexibility in creating more interactive and engaging emails. By using these services, your emails will be delivered more often, your campaigns will be more organized, and the service will more than pay for itself through saving you and your team valuable time. Make sure that whatever service you use, you consider opt-in confirmation and enable an unsubscribe link at the bottom of each email you send.
4. Automate Relationship Development: Use automated follow-up emails. Write a series of twenty educational emails covering industry whitepapers, industry findings, commonly misunderstood terms, and information about your fund. Once you have qualified an investor, ask for their permission to opt into an email list that will automatically email these professionals once a month for the next twenty months. If you deliver value in each of these twenty emails, your further inquiries will be well received. If you would like to know what email newsletter management solution we have used for the past

decade please see: <http://CapitalRaising.com/Newsletter>

5. Use Stories: Whenever you are writing an email or sales letter, try to incorporate a story of some type. How was this product created? How did your career and experience evolve and bring you to this point? Where have you gained your expertise and knowledge?
6. Picture & Signature: End your communication with a picture of the professional on your team that is held out as the communicator or leader. Make sure that a real scanned signature and professional picture are included to help readers connect with your team.

Here is a video of me in Singapore speaking at a private equity conference on how to raise capital from family offices, in this 45-minute presentation, I go over many fundamentals and influence principles:

[CapitalRaising.com/Ferrari](http://CapitalRaising.com/Ferrari)



**Free 60-Minute Webinar on Capital Raising:** To make sure nobody leaves this chapter with a shortage of capital raising strategies and lessons, we would like to provide you with a free hour-long webinar we conducted for hundreds of professionals called “The Top 25 Capital Raising Strategies to Attract Investors.” Access this now by registering at <http://CapitalRaising.com/Free>.





# Chapter 5: Iterate

*“Opportunities multiply as they are seized.”*

- Sun Tzu, *The Art of War*

The last step in the five-part system to use Inbound Capital Raising is to gather market feedback and adjust your positioning, shift the pointed focus of your investor funnel, and execute with even greater focus than you have in the past. Many times, you will also discover secondary sub-niches to penetrate or businesses you can start within your business that improve your deal flow or investor relationships while also creating cash flow. This chapter will discuss what to expect and how to best execute upon the new opportunities that unfold.

This chapter was almost taken out of this book, but to anyone who has raised a lot of capital or grown a large business, it is possibly one of the most important points. If you are not nimble, adaptive, and listening to market feedback, then you may never reach success. In fact, many times you may get to the iterate step and have not raised any capital; you may not even be close to raising capital yet. It is only through iterating that you will become successful, so while it would be more clean to provide you with 4 steps to raise capital instead of 5, I don't think I would be helping as much as I am by including this chapter, as well as nobody gets it right the first time around.

**Negative Feedback:** If you execute your investor funnel and after working it for several months, you either get no feedback or get negative feedback, you will have to again analyze your market, get real feedback from real potential investors, and figure out where the gap was in your thinking and implementation. You will also have to simply examine how broadly you are getting your thought leadership and resources seen and if you are following up enough with potential investors that you do attract.

## Can I Hire Someone to Raise Capital?

Most likely if you are reading this book, you are looking to raise capital yourself, but it can be tempting to think if you just met that one person who could do this all for you or introduce a few investors that it may get the capital raised. While I am all for using connectors and well-networked

people to distribute your content and keep you in mind for referrals of investors, you can't rely on someone else to get it done for you. The most important reason why this is true is because they are not known in your sandbox by your investor avatar as being excellent in what you do. I have people who ask me all the time to introduce them to five to ten investors who could invest in what they do. Technically I could, I would like to help and I usually know relevant investors, but those investors don't know them—and the investors may not have a need right now. The power of building the investor funnel is that it gets potential investors to get to know you for your specific skills and investment perspective. That connection is critical and it's hard to establish that relationship and value exchange using an outsourced marketer. You need to use the thought leadership and wave your flag of unique insight around so that people will come to you who are looking for your specific type of investment. Only you can wave your flag.

Another way to explain this is that for almost 10 years now I have been known for running the Family Office Club and helping single family offices formalize and build out direct investment capabilities within their family office. These are the two flags I'm waving essentially; that is all I am known for. I am not known for oil and gas investing, I am not known for commercial real estate investing in London. Do I know families that could be interested in oil and gas? Yes, of course, but I would bet many people that I know who are interested have never even brought it up to me because that's not my flag. The reason why you need to stand for one thing is that otherwise people aren't sure what you are great at, where you add value, or if you are the most credible to invest with. You have to do the hard work to build the genuine reputation that leads to consistent capital raising whether you are the CEO of a company, fund manager, or real estate flipper.

**Free Video:** The most popular video that we recorded this year has been about doing your “Capital Raising Pushups” where I explain why this issue constantly comes up. If you want to view it, you can here: [CapitalRaising.com/Pushups](https://CapitalRaising.com/Pushups)



**The Power of Follow UP:** One statistic that always sticks in my mind is from Herbert True, a professor and marketing researcher from Notre Dame, who performed a study that showed that 44% of all sales people quit after one attempt, 24% quit after the second, 14% quit after the third, and 12% quit after the fourth call. This means that while 60% of all sales are made after the fourth call, over 94% of salespeople quit before the 5<sup>th</sup> call. Sure, some

people stop following up because of very black and white “no’s” or declines to learn more, but many times these days there is just so much noise in an investors inbox or voicemail box that they don’t know who is credible to meet with or more trust building is needed first.

This was confirmed at CapitalCon, our annual capital raising summit of \$100 million and \$1 billion capital raisers, when one firm which has raised \$6 Billion commented that they have tracked the number of “touches” and found that it takes 18+ touches to convert a prospect to invest in their fund clients. If you think about that, this is a group which raised over \$200 million every single year; they know who to approach and what to say. This same firm attracts top investment funds to represent so they have that advantage, they use a CRM, they are well polished, and yet it still takes 18 touches. Imagine if they were new to the space or didn’t have the most polished product, perhaps 25 or 30 touches would be needed. My point is that this is a long game of patience, systems, follow up, and measuring progress to not get discouraged and it is very hard.

**Customer Relationship Management (CRM) Tool:** Long term, it is important to have some sort of Customer Relationship Management (CRM) tool. If you are not familiar with the concept, a CRM tool is something which allows you to update a profile on a company or person so at every meeting you can record notes, contact details, and materials for reference later to help you keep hundreds or even thousands of relationships straight on who is who and what their preferences are. This can help you sort investors out into A, B, and C quality leads, and make sure you don’t waste time or insult investors by not taking good notes on their feedback from past meetings. Yes, many people just use Excel to start out with, but eventually you will want to graduate to using something more sophisticated that can send out reminders of follow up or easily track the bios and team members of a team faster and easier than you could on Excel. The trick is keeping the CRM updated and not have it be so powerful that it is overwhelming.

### **Find the Business Within Your**

**Business:** One of the most successful business builders, marketers, and strategic thinkers alive today is Jay Abraham, who has produced over \$9.4B in sales through his companies and projects he has worked on. He is a master at spotting joint ventures, locked up value, and businesses within your business that could be leveraged.



If you are seeing positive progress then, as I suggested in the introduction of this chapter, you may identify multiple small niches that have not been targeted by anyone yet but are extremely valuable. To make this point more clear, I can use my own example. We started out going after the family office industry, thinking that would be a good niche. It turned out to be a decent niche, but over time, we learned it was the single family offices who were very private and more entrepreneurial and we found that for our business model, every single family office we met with was equal to the value of meeting with 3-5 multifamily office investors.

Once we realized that we said: oops, we are too broad. Let's keep what content and marketing we had created for family office and iterate into the niche of single family offices. We did our analysis and saw nobody had ever written a book with the words "single family office" in the title, so we spent 700 hours writing the best book we possibly could on the topic and we released it. We also bought <http://SingleFamilyOffices.com>, formalized our single family office creation and management services line, and started hosting an annual Single Family Office Summit—an event just for that sub-marketplace. All of these moves plus dozens more including articles, blog posts, radio interviews, podcast episodes, etc. allowed us to claim territory in the single family office investor niche starting in 2012 and 2013. In other words, by being very specialized, focusing on a type of investor and their headaches and investments, we were able to position our business as one of the most helpful and prolific in the niche and build relationships around the inbound phone calls, emails, and events we hosted in this investor niche.

Then in 2013, as we started to help single family offices create their family offices from scratch, we started seeing that we would also like to stake our claim on the turf of helping families start their family office and be found first and foremost in that niche area of expertise. So we started talking about this more, and wrote another book called *How to Start a Family Office: Blueprints for Setting Up Your Single Family Office*. Now we are squarely in that sandbox and working it to close more clients and turn it into a seven-figure business over time. Even while we do so, though, we see two more sandboxes that we have now uncovered that we want to occupy over time, for example the space of Endowment Fund Investors—as we have just started implementing our work in being known in that space with our acquisition of Endowments.com and creation of our Endowment 500 directory and database research. Once you really get into a space and do a great job covering it and get a great ROI, you can penetrate sub-niches even faster because A) You already know how to position yourself better than 99% of your competitors B) You can draw off of past content and publications to produce intellectual

property faster and C) You can leverage your insights and credibility in the market to instantly get access for press, radio, podcast interviews, or event speaking engagements. The best part about this is that you are not killing off or taking down from the internet your past work; it is supplemental to it, and adds to your “life’s work” in the space. This is why it really is like building the foundation to a great building, as long as you are focused on valuable related spaces, every piece of work you produce adds momentum to the next and it can eventually turn into an exponential curve instead of linear.



**Radio Interview:** I have found that one of the best ways to attract and close \$100m+ business professionals is to show them that you are running your business in a long-term strategic fashion. If you show them you are employing strategies they want to someday use as well it goes a long ways. I recently conducted a radio interview for our Family Office Podcast on Centimillionaire investment strategies if you would like to learn more about how these types of families invest and strategize: [CapitalRaising.com/Centimillionaires](http://CapitalRaising.com/Centimillionaires)

**Unique Ability:** Dan Sullivan is the smartest business coach alive today; he coaches more \$10M+ a year business owners than anyone else globally and he has dozens of systems and models of thinking to help CEOs grow their businesses more quickly. The most

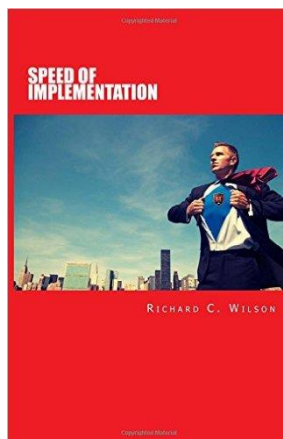


important concept of his is Unique Ability, which is the idea that all of us have some skill or type of work that we are passionate about, skilled in completing, and enjoy doing. This would be the type of work you can get “lost in” and feel a sense of flow and real accomplishment while doing those tasks. Dan’s coaching encourages everyone to identify their unique ability and develop that definition so you can spend as much of your time as possible only in your unique ability box.

This is relevant to capital raising as you may find that giving speeches and meeting in person is the only thing you like about the process. Or you may find that you enjoy investing and you don’t like anything about capital raising. Whatever the case may be, you and your firm will be better off long term, the more you can customize what parts of the process you delegate or outsource and free yourself up to focus on those areas where you have a natural skill set. Will you perhaps have to do everything yourself at the start because you have no budget at all for help? Yes, but you should be able to

afford a \$12/hour book editor or multimedia editor relatively quickly. If you value your time at all, this will be a good investment to free you up to get more done every week. The end goal is to constantly be able to work *on* your business instead of *in* your business.

**Speed of Implementation :** In 2010, I attended a training seminar conducted by marketing coach, Eben Pagan. Over the course of the seminar, I took in over a dozen speakers who all ran \$10 million a year business enterprises. I noticed that the only thing that these successful speakers had in common was the discussion of one principle: speed of implementation. Essentially they said the faster they could learn something, incorporate it into their business, get market feedback, adjust and repeat the process to make further adjustments—the faster their businesses grew.



Another way to think about this is speed of iteration, as that is really what they were saying. At the time, I wanted to learn everything I could about this concept as they all mentioned it, yet when I looked online for more strategies and tips, I found nothing. I ended up thinking about this concept a lot though, talking about it to family offices, fund managers, real estate developers, etc. I started ending every capital raising boot camp and workshop we hosted with a few slides on how to use speed of implementation to leverage what had been taught in the workshop. After one workshop, I told a publicly traded investment bank, which had been sponsoring all of our events that year, that I would one day write a short book on the topic. He quickly countered, “If that was true, and you believe in speed, you should write that book tonight instead of waiting.” I laughed and shrugged it off, but knew he had a point, so I vowed to at least get an outline going for the short book idea. On the airplane that night, I boarded at 10PM, started drinking coffee, and didn’t stop until I had landed in Portland, Oregon with the book completed. I don’t have time to cover more of this book here without making this chapter too long, but if you would like a free copy of the book in PDF format, you may download that as one of the 35 resources available here: <http://CapitalRaising.com/Free>. (Also if you are a Charter Member of the Family Office Club (FamilyOffices.com), we will be happy to mail you a paperback version for free as well.)

**Conclusion:** Once you find the momentum from implementing an investor funnel, working your positioning, and you see the results it can bring, once

you feel that momentum you will not want to stop. You will want to continue re-investing time and resources because you know what type of ROI it can produce. This chapter is about giving you some new ideas and fresh perspectives on how to approach gathering and adjusting based on feedback you get from your first attempt at implementing this system.



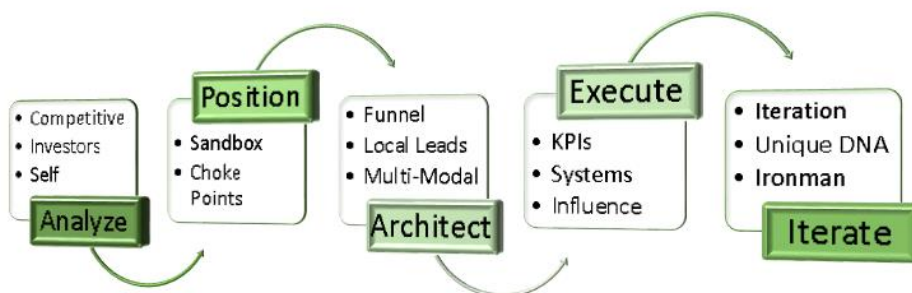


# Conclusion

*“The System Works If You Work The System.”*

- Sam Carpenter, *Work the System*

The strategies in this book take a lot of work. It is not the type of book that you read, have a single insight, and suddenly everything you do is easier. While we hope the topics of authority building, copywriting, influence, and persuasion may have an instant impact, much of what we suggest here will take time to implement.

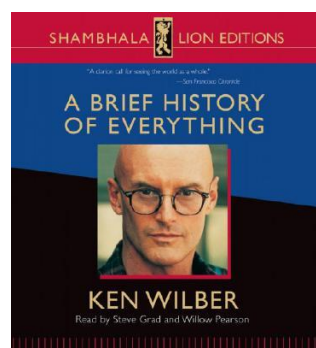


The good news is that the intent here is to produce long-term results. To do that, I've given you a blue print that will require you just to produce genuinely valuable evergreen intellectual property assets, resources that will work for you for years to come. You will also work on positioning, which is critical no matter how much capital you raise because it requires that you think critically about who you want to focus on and how you can get that target's attention consistently. Most importantly, you will be building valuable investor relationships that are going to be relevant and useful 5 or 10 years from now and not just this month or quarter. We are building the old stone building that will last for a generation, not the McMansion in Sarasota.



As I mentioned at the start of this book, successful capital raising is about aligning your focus, messaging, team, and getting all of your firm's energy pointed in the same direction. The strategies we recommend are all about listening very closely to the marketplace and investors you seek, positioning yourself to attract a certain segment of that market, and adding so much value to that segment that they hear of you and run into your resources everywhere they look. When you focus more than the competition on the most valuable and relevant niche in the marketplace and combine that with using several trends and sub-trends in the marketplace at once, you will start to get results. As Warren Buffett once said, "sometimes the tide is far more important than the swimmers." Meaning that if the tide is strong, you may move very quickly even if you have poor swimming abilities. While we would all like to think we are great swimmers, and the point of this book is to make you an above average capital raising "swimmer," getting into the right rip currents and tides makes life easier than trying to swim upstream.

**Don't be too creative :** One of my favorite books on philosophy is *A Brief History of Everything* by Ken Wilber, and in there he has a very simple idea that everything in life goes through three stages: Immaturity, Adolescence and Maturity. This is true for humans, plants, animals, even businesses. What I've found is that sometimes those who are passionate about their business or investment offering will be relatively new to the capital raising process, or new to offering an investment in their industry and they try to skip the first step in this book,



Analyze. They try to rush through capital raising or their business model and they want to stand out so badly that they don't first move through immaturity to adolescence. What happens as a result is that they are different in the marketplace, but in a bad or non-relevant way. They don't know the norms and best practices of the space and so don't know how to play off of the trends to be different in a way that not only stands out and is relevant, but in a way that really hits the investors between the eyes as the thing they have been looking for.

It will always be more influential to make investors comfortable that you know the norms, you know what they are used to, and you are credible and a real player in the space—you are just different in one or two very important ways. If you look back in anthropology of when a government tried to impose or make up a new religion to control its people, they would often keep most holidays the same, or have holidays on very similar dates as the people were used to in the past. This would help with getting the religion accepted more easily by the people and provide the government with more stability and control rather than trying to sell them a religion that seemed 100% foreign to them based on their experiences to date.

**Free Video:** While visiting the Taj Mahal recently I recorded a video on how we use creative ideas to sign billionaire family clients that aren't "too creative." To watch this video please visit [CapitalRaising.com/Billionaires](http://CapitalRaising.com/Billionaires)



**Ironman Strategy:** A few years back, I was meeting with a few family offices in the south of France. After one of my meetings, I decided to take a run along the boardwalk in downtown Nice. If you know the area or if you can see in the picture to the right, the boardwalk stretches about 5 miles down and back, so I was embarking on a decent run. I started running and quickly realized there was an Ironman race going on that day. If you are not familiar with the Ironman it is a strenuous 8-12 hour race where contestants swim for 2.4 miles, bike ride for 112 miles, and then run a marathon, and typically the winner completes all of this in about 8 hours of virtually non-stop exercise. At the time, I was in my early thirties, yet these 35- and 45-year olds were running past me at a faster pace, even though they had already been exercising for 5 hours that day already. Seeing that made me try to pace myself with them

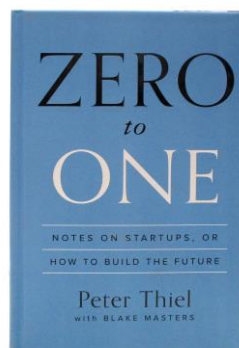


Free Video: [www.FamilyOffices.com/Ironman](http://www.FamilyOffices.com/Ironman)

and it made me run faster. I'm sure you have had similar experiences in business, like I have, where if you peg yourself against someone else getting a lot done, accomplishing a lot, and growing their business quickly, it makes you want to work harder and reach for a larger goal as well.

The point of bringing all of this up is that if you want to raise a lot of capital, you should build up a network of 4-7 peers who also are on this journey, share what you are working on, how you are getting it done, and hold each other accountable for progress. Ideally find someone who is a half-step ahead of you in the process so you can learn from what is working already for them and it will allow you to up your pace faster than just learning on your own. If you would like to see the video I recorded the day after I took that run, you can at <http://FamilyOffices.com/Ironman>.

**Predicting the Future:** In his book *Zero to One*, billionaire technology investor Peter Thiel talks about how if you have a high conviction that something will become true and yet others around you don't see that truth yet (or better yet think the opposite is true), then that is the closest you can ever get to predicting the future. I related instantly to this statement, and as a business owner I think we all have hunches of upcoming trends, truths that will surely come out in a marketplace to be leveraged and sometimes it takes some patience and courage to act on those when you don't know how long it will take for something to become true. As knowledge continues to spread faster on the internet and investors continue to prefer to deal with a niche expert for a very specific problem, the benefits of building a long-term investor funnel are obvious and tangible. My own life has transformed from riding the bus for an hour each day in Boston and barely being able to afford my studio rent in Harvard Square to running a growing seven-figure business with our holdings producing eight figures a year and advising on \$4B+ worth of assets for centimillionaires and billionaires, all because of this five-step process of inbound capital raising.



Inbound capital raising is about creating incoming inquiries, building credibility, and allowing you to build intellectual property and choke point momentum to garner more investor relationships. I hope you found the ideas in this book both unique and practical, something which can be interpreted for your capital raising goals.

Nothing in this book is worth anything without quick implementation so

please start using these ideas as soon as you can (with your compliance advisor or attorney's blessing of course). It is through implementing that you can iterate and then dominate the sandbox you set out to compete in to attract your targeted investor avatar.

The system in this book has taken me from a studio apartment in Harvard Square with nothing to my name to living on an island in a wealthy community with a growing team and business holdings that bring in over \$10M a year in revenue and over \$4B in assets under advisement. All of this is from implementing the strategies provided here in this text and I hope they now serve as a catalyst to you raising more capital and growing your business holdings as it has for me.

*Richard Wilson*

– Richard C. Wilson





## Index of Free Resources

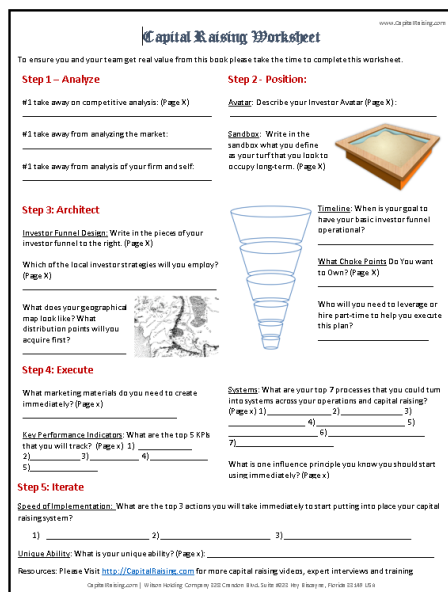
To make it easier to digest and receive all of the video, audio, and Word document template resources provided in this book, we have created a single resources page with every resource listed out for streaming online from our website or to be downloaded individually or as a single zip file which can be shared with a business partner or team member.

These resources include:

1. Capital Raising Worksheet
2. Webinars Included in the Book:
  - a. Obtaining Choke Points Webinar (Referenced on Page 38)
  - b. Building a Powerful Board of Advisors (Page 39)
  - c. Capital Raising Fundamentals (Page 67)
  - d. Top 25 Capital Raising Strategies to Employ (Page 80)
3. Video Modules: We have included over 30 videos in this book, too many to list here on one page, but these are included at the URL below as well if you want to watch them all in one place.

To access these resources for streaming and download please visit <http://CapitalRaising.com/Free>

These resources more than double the amount of content you are getting out of this book, so I hope you and your team can take advantage of them being available at no cost.



The image shows a 'Capital Raising Worksheet' form. It is titled 'Capital Raising Worksheet' and includes a URL 'www.CapRaising.com' in the top right corner. The form is divided into several sections with instructions and lines for answers. The sections are: 'Step 1 - Analyze' (with sub-points #1, #2, #3), 'Step 2 - Position' (with 'Avatar' and 'Sandbox' sub-sections), 'Step 3: Architect' (with 'Investor Funnel Design', 'Which of the local investor strategies...', and 'What does your geographical map look like?'), 'Step 4: Execute' (with 'What marketing materials...', 'Key Performance Indicators', and 'Speed of Implementation'), and 'Step 5: Iterate' (with 'Unique Ability' and 'Resources'). There are also diagrams: a funnel for 'Investor Funnel Design' and a map for 'What does your geographical map look like?'. The form ends with a footer: 'Copyright © The King Group | Wilson Holding Company 2020 Creative Work, Inc. All Rights Reserved. Florida 33144 USA'.



## About the Author

Richard C. Wilson is the CEO of [PitchDecks.com](http://PitchDecks.com) and [Centimillionaire Advisors, LLC](http://CentimillionaireAdvisors.com) providing performance-based family office solutions for \$100M+ net worth families.



With 18 team members he is also the founder and head of the [Family Office Club](http://FamilyOfficeClub.com), the largest community of registered family offices globally with over 1,750 private investor members. In addition to having 6,500 participants attend 25 live [conferences](#) hosted per year, various divisions of the Family Office Club include [investment certification programs](#), & [investor directories](#).

Richard has spoken over 250 times in 14 different countries at industry conferences. He also has the #1 bestselling book, most listened to [podcast](#), and most visited website in the family office industry. Richard shares insights from his work with clients through his publications, he has written the first book on single-family offices, and the only books written on both how to start a family office, and on centimillionaire investments. Richard has an undergraduate degree in business, an M.B.A., and has studied post masters psychology through Harvard University's ALM Division. Richard resides on the island of Key Biscayne, Florida with his wife and three daughters.



If you would like to explore how we could help you with attracting private investors, closing more deals, and raising more capital effectively please visit <http://CapitalRaising.com> and contact us at [Team@CapitalRaising.com](mailto:Team@CapitalRaising.com) For more details on how we can help put together your website, one-pager teaser, pitch deck, logo, one-liner, investor targeting, etc. in a single package please visit <http://PitchDecks.com>





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[Andres@FamilyOffices.com](mailto:Andres@FamilyOffices.com)

## Are Your Materials Hurting Your Capital Raise?

### 02 | ELEVATOR PITCH

We take your target investor focus, your position against competitors, and help craft a crystal clear one-liner on why investors should take your call or meeting.

### 04 | PITCH DECK

We follow our proven process to produce a 12 page pitch deck which helps de-risk the decision to invest with your story, your unique value-add process shown visually, tangible evidence of credibility, and an overview of your leadership team.

### 06 | ONE-PAGER

This condensed overview of your offering is critical and often missed, it helps give investors a 10,000 foot view of your offer.

### 01 | INVESTOR POSITIONING

Before engaging: complete a survey and we schedule an on-boarding phone call to review your priorities, timeline, investor targets, investor objections, and key points of differentiation.

### 03 | BRAND DEVELOPMENT

Our team takes your target investor set and positioning into consideration to drive home what matters most with your logo and branding.

### 05 | WEBSITE

Using raw materials created while crafting your pitch deck we will create your SEO optimized website and social media channels.

### 07 | INVESTOR CONNECTIONS

We help you connect with more investors through our platform of 24 live events per year, quarterly review & analysis of your capital raising progress, capital raising certification program, capital raising book, and investor directories.

## YOUR INVESTOR RELATIONS MARKETING AGENCY

Our team has produced over 200 assets with a laser focus on those who are raising capital. Get a more simple production of every investor relations marketing material piece you need, in less time, at a lower cost. While other graphic designers could piece together parts of the puzzle and do their best to follow your instructions, most have no experience raising capital or working with investors on daily basis. Our team is fully equipped to provide insights on how to de-risk your investment proposition, advise you on the right use of words to attract investors, and ensure you don't sound like everyone else in the investment marketplace.

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## 2 Free Bonus Webinars

We have recently recorded two live webinars where we had 400 and 800 participants each call in and ask dozens of questions. Our hope is that these webinars alone are worth more than your average book off of Amazon, selfishly, if we can provide advice you can use and benefit from right away we know you are more likely to become a member of the [Family Office Club](#) or be our next client at <http://PitchDecks.com> If you have read the entire book already you know that we encourage the same mentality while attracting investors, give away more genuine value than anyone else in your space and the investors will lean forward.

**Capital Raising Webinar:** <http://FamilyOffices.com/Capital-Raising-Webinar>

CAPITAL RAISING FAQ WEBINAR - APRIL 12TH, 2019

Top Questions Our Team Gets

1. Where do I find investors who want X
2. How do I get investors to reply to my phone calls and emails?
3. What is a one-pager?
4. What is the right and wrong way to use a family office database?
5. What is a simple mistake in terms of scope that costs firms well over \$100,000 often times?
6. What should you do every time you ask an investor for time?
7. With 6,500 participants what stands out to you?
8. What are the three biggest issues most clients of PitchDecks.com clients have when you engage them?



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**Family Office Q&A Webinar:** <http://FamilyOffices.com/FAQ-Webinar>

