

How to Fund your Startup in Switzerland?

Some thoughts & recommendations.

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First
question
we ask
ourselves:

Is the business
a “nice to have”
or a “necessity”
down the road?

1.

Team Composition - At least two co-founders, ideally three

- + Are they complementary?
- + Do they have equal (equity) stakes?
- + How do they work together?

2.

How resilient is the business case?

- + As a rule of thumb: If a new player in town can copy your business in less than two weeks, you have a problem
- + Is your business scalable?
- + Do you have a true USP?

3.

Market Size + Regulation

- + Switzerland is beautiful but you need to think bigger (Market size at least \$1bn p.a., ideally growing by at least 10%)
- + Avoid markets where you are at the mercy of authorities

4.

Timing

- + Sweet spot: Don't be the first, never be the last; sometimes the market is not ready yet, sometimes the train left the station already

5.

Behavioural Finance

- + Crowded Cases: If 15 other VCs are already active in a certain field - Do I still think it needs "us" there and if yes, how do we make a difference?
- + Confirmation Bias: Do I invest because I already spent so many hours w/ my partners on a new investment case?

Some suggestions before you reach out to VC's

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Targeted approach - Who is your ideal investor & why?

- ▶ What would you ideally, aside from \$, get from them?
- ▶ What do you know about them, i.e. what is their approach?

In a nutshell: What's your investment narrative?

- ▶ Why is your business ahead of everyone else?
- ▶ Where do you have gaps in your business model, i.e. what's your Achilles heel?

Quality before quantity.

- ▶ Can you get warm introductions?

Please: Don't send impersonal, mass emails!

The Five Stages of Fundraising

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1.	Attract interest and prepare personalized emails <ul style="list-style-type: none">+ Whenever possible get warm introductions+ This is your moment to tap your network and ask for favours!
2.	Deep Dive Call > Keep the momentum + define a next step <ul style="list-style-type: none">+ Check-in point down the road; ask about the potential ticket size
3.	Find a Lead Investor > Good chemistry is a precondition <ul style="list-style-type: none">+ Ideally you click w/ them from the get go...
4.	Negotiation: T/S + SHA <ul style="list-style-type: none">+ Before signing: Discuss expectations, milestones & roles (<u>make conscious decisions</u>)+ Try to avoid Board Observers, make them Board Directors instead
5.	Once you have received the \$, the real work starts... <ul style="list-style-type: none">+ Send monthly operational Updates+ Be as transparent as possible, manage expectations (especially when something goes "south" > release bad news to your Board immediately, never hide it)

A blue-tinted photograph of a couple dancing in a crowd. The man is wearing a dark jacket and a white headband, and the woman is wearing a dark top. They are both smiling and looking towards each other. The background is a blurred crowd of people.

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**“It's like a dance,
respect the rhythm...”**

Some final remarks (I/II)

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1. **Never be offended, rejection is part of the game...** learn from feedback and constantly improve your pitch (technique)
2. **Some professional investors will ghost away.** There is a moment when you should ask them if they want to invest (or pull out)
3. **Avoid investors w/ a zero-sum mindset;** growing ventures means growing the pie for everyone involved!
4. **Listen to your gut-feeling;** especially when you receive a growing # of red-flags while talking to a VC
 - + Never be desperate for money, it makes you blind
 - + Try to get references from portfolio companies your targeted VC is/was working with
 - + Make background checks about the VC and its GPs/LPs (where is the \$ coming from?)

Some final remarks (II/II)

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5.

Don't bs investors w/ delusional projections

- + It's ok to make bold assumptions but they should still be from planet earth
- + If you cannot explain your 10X top line growth, you will immediately lose credibility
- + Try to embed good news (e.g. new contracts, great hirings) while following up w/ investors

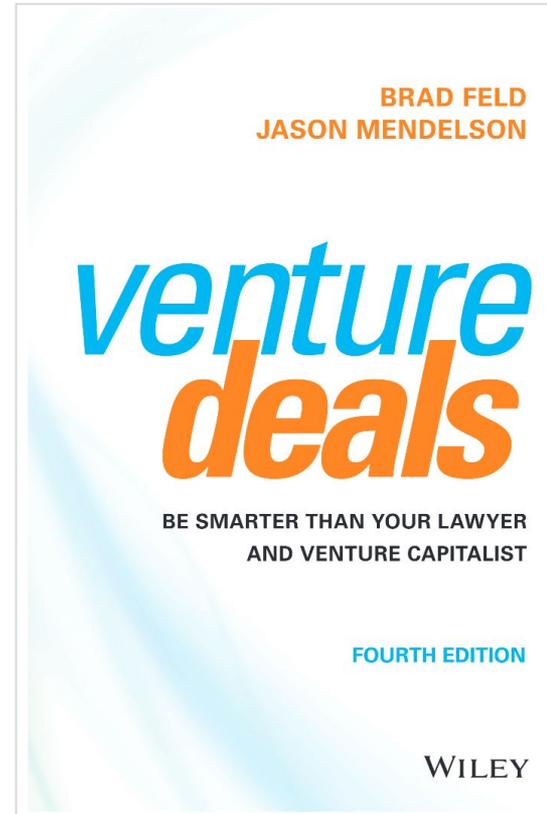
6.

Once a VC wants to start the DD process: Receiving access to an incomplete data room (or w/ flawed docs) is annoying and you kill momentum > unnecessary!

- + Make sure it is rather smooth sailing (you will be busy enough explaining them your business model)

Good luck :-)

Book Recommendation



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Thank you for your time!

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