

The Question Is Not How To Get Funding



Video Transcript:

Paul: A phrase I see everywhere is, "**How do I get funding?**" and it's the complete...it's the wrong question that anyone should be asking. More on that in a second.

So why is, "How do I get funding?" **the wrong question?** Because the question should be, "**How do I get my first customer?**" You only need one to get things moving. Many people think, especially when leaving university and things like that, you know, **they've got this great idea and they're just going to get out and get funding** and that's where the game stops. And of course investors know that's where the game starts.

It's not about getting funding so I can get a job to create my product. **Investors won't buy ideas.** They're not interested in ideas. There are three things that investors are interested in and let's just talk about those for a second.

The first one is team. **Everything is about the team** and in some cases the team might be just you. You as the individual, that is who an investor or anyone is looking at to work out whether the company is going to succeed or fail. The reason they're looking at that is because **experience dictates that entrepreneurs very rarely get it right the first time.**

What usually happens is they have the drive, the determination to make the company work. The product might be crap. It might be totally wrong. The market might be wrong. The customers might be wrong. Everything might be wrong, but **the successful entrepreneur knows how to recognize that and has the guts to twist it, turn it, or pivot,** as they say, and make it into something that will work. That is the core difference and that's why investors always look at the team first. In other words, you.

The second thing is traction. **Traction is all about getting customers on board.** How do you get your first customer? Nine times out of ten the best way to get your first customer is to phone them or to meet them or to show them face-to-face. **You only need one or two.** Once you get one or two, then you get your idea validated especially if you can actually get them to put their hand in their pocket and pay for your product.

So the question you might be asking is, "Well, hang on, **I need some money to create my product.**" So how do I go about doing that?" Well the thing is what you need to do is **take the mockup and try to sell your mockup.** Create a wire frame. That's not going to cost anything. Take that to who you think is going to buy your product and see if you can get them to fund something, 20%, 50%, whatever, 100%. But that way **if you can get money coming in the door, then you can fund the actual product creation** and also that is more than

validation that you've got a great idea there. So it should give you the confidence to move forward, build your product and then sell it.

The third thing that investors look for is the product, of course. **The product has to be right.** It has to be saleable. It has to be scalable. It has to be unique. It has to be different. It has to have an edge. It has to be taking something to a market. Even if it's reinventing a new wheel, that's actually fine too but obviously **the product is important**, at least to get the initial bite from investors.

Don't underestimate the first two things, team and traction. That is above all the biggest factors in anyone looking to invest in business. If you get that right, if you start getting some customers on board and you're driving that forward and you're really, really pushing that and you have direction and if you recognize that something might be wrong but you are able to change it, then **investors will find you.** It's a lot cheaper to give away equity once you have customers than when you're just trying to find funding for an idea.

I hope you found that really useful.

This is Paul Clifford from Disruptware. Leave some comments below and let me know what you think about this topic.

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