

ATTRACTING INVESTORS AND ADVISORS

Find funding as early as possible.

BY JOHN P. BERDAHL, MD



Innovation is alluring, but the distances between an idea and a product and a product and a business are sometimes too expansive to surmount. As most entrepreneurs can tell you, not every product sees the light of day. Some may not be evolutionary, some may not address consumer needs, some may be too expensive, and some simply do not work. One way to improve the odds of bringing a product to market is to partner with the right mix of investors and advisors who can support your idea

BE PREPARED

Funding is one of the biggest hurdles to making an idea a reality. A company cannot succeed without enough money. Self-funding is usually not a long-term solution. My advice to anyone who has an idea is to think about sources of funding as early as possible. Potential avenues include friends and family, colleagues, business grants, private equity, early strategic investments, and venture capital financing.

Talking to potential investors can be daunting. We physicians are used

negotiating strategies. The book provided the insight I needed to seek an initial valuation for my company.

I also learned a lot from Y Combinator, an online community that hosts various platforms for education, including videos on how to obtain funding for a startup company.

► **No. 2: Ask for help.** There is no substitute for firsthand experience. Talking to somebody who has gone through the funding process is crucial. Bounce ideas off them and allow them to point you in the right direction.

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financially and intellectually. Attracting investors and advisors is a crucial step on the pathway to innovation.

We physician entrepreneurs have a huge responsibility to deliver on the trust that investors and advisors place in us to develop an idea that can improve the lives of our patients and advance our profession. We also have a responsibility to ourselves and our patients never to lose our moral compass.

to hearing colleagues and patients tell us that we have good ideas and having them find us likeable. There will be less flattery when you ask someone to invest in your company. Several practices helped prepare me to talk to investors.

► **No. 1: Educate yourself.** I learned a lot from the book *Venture Deals* by Brad Feld and Jason Mendelson. In it, they explain how venture capital deals come together for early-stage technology companies and provide some effective

► **No. 3: Create a good pitch.** It takes time to put together a pitch that resonates with potential investors. The first step is to understand what investors are looking for, which is a return on their investment. Demonstrate why your company would be the best investment for them and keep in mind that they have a world of other partnership opportunities.

One tenet of a good pitch is brevity. Create a concise story that sheds light on the market size for your product, intellectual property protection, the team, and the regulatory and reimbursement pathways needed to bring the product to market.

Creating a good pitch requires being specific about how the investor's funds will be used. Are you trying to raise US\$500,000 to do preclinical work on mice or raising US\$5 million to produce the product and conduct first-in-human trials? Do you need funding to mass produce and commercialize your product?

PICK GOOD PARTNERS

Investors. Just as potential investors are interviewing you, you are interviewing them. They're going to be an important part of your life, so make sure you partner with people you enjoy. They should be willing to stand by you during difficult times and help

you fight through adversity. You also want people who will be honest about your performance and the future of the company.

Oftentimes, the quality of the product is only a small factor in the long-term outcome of the company. Other factors include the regulatory pathway and commercial opportunity. A good partner should have an impressive track record of overcoming inevitable and unforeseen problems.

Advisors. Look for advisors who believe in your vision but have complementary rather than similar skills. Ideally, find consultants from the following sides of business: manufacturing, product development, fundraising, legal, and regulatory. Over time, you will learn who is responsive, who gives good advice, and who tells you things that you don't want but need to hear. Keep those individuals close to you—they will help you grow your business and your entrepreneurial spirit.

CONCLUSION

Attracting investors and advisors is a crucial but time-consuming process. Following the strategies outlined in this article can help you be earnest and maintain your resolve to accomplish your goals. ■

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- Financial disclosure: Consultant (Alcon, Allergan, Aurea Medical, Avedro, Bausch + Lomb, Clarvista, Dakota Lions Eye Bank, DigiSight, Envisia, Equinox, Glaukos, Iantech, Imprimis, Johnson & Johnson Vision, New World Medical, Ocular Surgical Data, Ocular Therapeutix, Omega Ophthalmics, RxSight, Sightlife Surgical, Veracity, Vitamed); Equity owner (DigiSight, Equinox, Ocular Surgical Data, Omega Ophthalmics, Sightlife Surgical, Veracity); Lecture fees (Alcon, Allergan, Glaukos, Iantech); Patent/royalty (ImprimisRx)