



**VISTA**  
EQUITY PARTNERS



# HOW TO FIND THE RIGHT FINANCIAL PARTNER FOR GROWTH

When weighing investor fundraising, it's important to understand that the best partnerships don't necessarily hinge on the monetary numbers discussed. Like any solid relationship, finding the right partner to help advance your business takes patience, research, and solid intuition.

Securing an investor who is committed to your long-term success—one who holds a deep interest in your mission and industry—will add value far beyond capital backing. For example, it is possible that they will be able to share several new opportunities, including liquidity and strategic insights.

Business owners should be wary of how a poor partner can tear away at the culture of a company and negatively affect a company's benchmarks and operations. That is why a strong alignment of incentives, trust, and respect are critical elements to a strong partnership.

The following steps and guidelines can help ensure your funding match is a success:

## **RESEARCH POTENTIAL PARTNERS AND CREATE A STRATEGIC LIST**

As with any business move, don't venture into any new direction without doing your homework. Begin researching firms. Learn about each investor's history, culture, track record, and references. Create a list of questions that will later help you attain more insight into which firms are better fits for your company.



When building a strategic list, consider asking:

- What price is ascribed to the business and how was the amount determined?
- What is the structure of the transaction? Will they require a separate or preferred class of stock? If so, at what terms?
- Is the deal all-cash or are there other forms of consideration? For example, does it include earn-outs or deferred payments?
- Is there an opportunity for your management team to rollover?
- Has there been a partner that has not made its money back?
- How many similar industry transactions has the partner done in the past three years?
- Do they have companies similar to your own in their portfolio?
- What kind of regulatory or internal approvals are required?

Researching a company will help you edit down your list of potential partners and save your company valuable time and energy later.

DO NOT DISCREDIT LOCAL INVESTORS. MANY BUSINESS OWNERS HAVE THEIR SIGHTS SET ON SILICON VALLEY FUNDING, BUT THERE ARE POTENTIAL PARTNERS IN ALMOST EVERY BOOMING CITY.

Take the time to consider and analyze the answers you receive. They should make you feel confident about the partnership you are creating and the goals you are both working toward.

It's also important to acknowledge what your instincts are telling you. Does the relationship feel natural? Do you look forward to working long-term with the people and company? Do they share your values? Does the idea of the partnership make you feel inspired?

### MAKE SURE THE PARTNER IS A GREAT FIT

Once you've found the right firm for your business, it's important also to find the right point of contact. This may not be the first person you were introduced to, so don't hesitate to ask to meet other partners. When considering who might be the best fit, ask yourself: aside from more income in your wallet, what do you need from an investor? What strengths and qualities do you value in a working relationship? Choose the individual who can meet those needs, be the best fit for you and your company, and offer true value to your business.

The best partners listen to your words and aspirations and also keep you accountable. Seek someone who can be a mentor and an investor.

Finding an investor who is vested in your long-term success will help grow your business far beyond monetary capabilities. While capital and cash flow will extend the runway to success, your business should reap the benefits of another business-savvy mentor.

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### EXPLORE YOUR NETWORK

After narrowing down your list of potential partners, look to make introductions through incubators, networking events, business competitions, and advisors. An investment banking partner should also be able to suggest and leverage partnerships. Re-examine your social networks, both on and offline, to connect with new people. In all cases, be sure to have a solid, concise pitch about your company ready to share.

### ASK QUESTIONS AND FOLLOW YOUR INSTINCTS

The best business relationships require a balance of give and take. As a business owner, you want to make sure you're collaborating with a partner whose opinions you value and respect, even when they differ from your own.

When speaking with potential partners, ask them pertinent questions that will deepen your understanding of their business. For example:

- What is your experience within this industry?
- What about my company inspires you?
- Do you want to be involved in your business's day-to-day operations?
- How do you support companies beyond finances?
- How do you define success, and what are your timeline expectations?

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