RAISING A BIGGER ROUND

Getting ready for larger investors, including private equity and the investors in our network who write checks at graduation.

TYPE: GUIDE REVIEWED: NOVEMBER 2026 TIME: 9 MINUTES LEVEL: ADVANCED

AT A GLANCE

- Bigger investors expect **stronger proof**: steady revenue, clean financials, a capable team and a clear plan for the money.
- The process is **longer and more detailed**: more meetings, deeper due diligence, and more complex legal documents.
- At Project Underdogs, **graduation** means your business meets the standard investors in our network look for before writing a larger check. See **UD-05 The Graduation Standard, Explained**.

Why it matters

Larger rounds can fund new locations, products, teams and markets. But they also bring more scrutiny and more terms to negotiate. Founders who prepare early raise faster and on better terms.

What larger investors usually expect

Area	What they look for
Track record	12 or more months of steady revenue, and often profit for main-street businesses
Financials	Monthly statements matched to bank records, ideally reviewed by an accountant
Growth	Consistent growth with a clear explanation of what drives it. See **G-03 Growth Numbers Investors Watch**.
Team	Leaders in place beyond the founder. See **G-09 Building a Leadership Team**.
Legal	Clean structure, cap table, contracts and IP. See **R-27 Due Diligence Document Checklist**.
Plan	A specific use of funds and milestones. See **R-25 Use-of-Funds Plan**.
Governance	Willingness to share information, add board members and report regularly

Getting ready: a 6-to-12-month plan

1. **Clean up your books** and keep them current every month. See **M-14 Monthly Money Checklist**.
2. **Track your key metrics** monthly and show trends. See **G-03 Growth Numbers Investors Watch**.
3. **Build your leadership team.** See **G-09 Building a Leadership Team**.
4. **Organize your data room.** See **R-21 Setting Up a Data Room**.

5. **Write a growth plan** with costs and milestones. See **G-13 Growth Plan Template**.
6. **Start relationships early**: send updates to potential investors months before you raise. See **R-22 Investor Updates: Keeping Investors in the Loop**.
7. **Line up advisors**: a lawyer and accountant experienced in investment deals.

Types of larger investors

- **Venture capital** for fast-growing startups. See **R-11 Venture Capital: How It Works and Whether It Fits**.
- **Private equity** and growth equity for established businesses. See **R-12 Private Equity: When Bigger Investors Get Involved**.
- **Strategic investors**: larger companies in your industry.
- **Family offices**: investment firms for wealthy families.
- **Lenders** for growth debt, often alongside equity.

> EXAMPLE
>
> **Rosa** spent nine months preparing before seeking a growth investment: monthly reviewed financials, a general manager in place, 18 months of metrics, a data room and a 3-year plan for two new cities. She sent quarterly updates to five investors for six months before raising. Two made offers within eight weeks of her formal raise.

Common mistakes

- **Starting to prepare when you need the money.**
- **Messy or inconsistent numbers.**
- **No plan beyond "growth."**
- **Negotiating alone.** Use experienced advisors. See **R-17 Reading a Term Sheet**.

Your checklist

- ☐ Compare your business with the graduation standard (UD-05)
- ☐ Fix your weakest area first
- ☐ Organize your data room
- ☐ Write a growth plan and use of funds
- ☐ Start sending updates to potential investors

Where to go next

- **UD-05 The Graduation Standard, Explained**
- **UD-06 Getting Ready to Meet Investors in Our Network**
- **R-20 Getting Ready for Due Diligence**

IMPORTANT
This guide is general education from the Project Underdogs Founder Library. It is not legal, tax, accounting, immigration or investment advice, and it is not an offer of investment or a promise of funding. Figures are general examples and ranges, not quotes. Rules change and every business is different, so check your situation with a qualified professional. Full terms: LIB-03 Disclaimer and Terms of Use.