

How to find investors for your product idea



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Reading time 11 mins

Key Points

- Before you rush to find an investor for your product idea, weigh up the pros and cons and decide if you actually need one first
- Getting the wrong type of investment can damage your brand and cause irreparable

harm, so take the time to identify the type of investment and investor that fits your needs best

- Do your due diligence and research all potential investors
- Social media and crowdfunding platforms are good ways to get started with identifying and connecting with potential investors, as well as receiving funding in the form of donations to help kickstart your project, product, or business development
- Creating an impressive pitch deck and perfecting your presentation is essential to creating an impactful first impression
- Networking events designed to connect entrepreneurs with investors are the ideal opportunity to meet potential investors in person and start building relationships



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B, Mazur. "How to Find Investors for Your Product Idea." Ignitec - Product Design Consultancy, Creative Technology and R&D Lab - Ignitec Product Design, Bristol, 7 Feb. 2023, www.ignitec.com/insights/how-to-find-investors-for-your-product-idea.

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So you've got a great product idea, completed your proof of concept, put a business plan together, and are ready to consolidate the financing needed to get your product to market. It's the financing part that many of us struggle with, as each investor is different. Regardless of the [type of investor](#) you're looking for (e.g. angel investor, peer-to-peer, or venture capitalist), the question of how to find investors remains the same [\[1\]](#) [\[2\]](#). We'll explore some tips and key advice to help you find the answers and put you on the right track to commercialising your product for success:

1. Identify the pros and cons of having an investor

2. Decide on the type of investment and investor that's right for you
3. Create an impressive pitch deck
4. Research the investors you've identified
5. Put social media to good use
6. Start an online fundraising campaign
7. Perfect your presentation
8. Attend networking events
9. Build relationships and follow-up
10. Understand the law regarding investor relations

We recently explored [factors contributing to a successful pitch](#) on business investment TV shows such as Dragons' Den. Often, unsuccessful pitches result from over-evaluating a product's value and being poorly prepared (e.g. inaccurate financial forecasts, no market research). Sometimes, the inventors or entrepreneurs reject offers they feel demand too much in return. Each unsuccessful scenario was due to a lack of preparation in some form or another, so let's take a closer look at how to find investors and avoid common pitfalls.

Finding investors tip #1: Identify the pros and cons

Having an investor certainly takes some of the start-up cash-flow pressure off your shoulders so you can focus on doing what needs to be done to materialise your product idea. The drawbacks are that investors will always want something in return. Usually, this comes in the form of equity, so you have to know how much of your business you're willing to give in exchange for investment. The more risk that's involved, the greater the equity.

Another disadvantage is that investors will want a return on their investment as quickly as possible, which might compel you to make compromises you weren't ready for. This might mean moving some parts of your supply chain offshore when you had hoped to keep everything local/national or putting pressure on you to grow the business quicker than you'd initially planned.

Before rushing into how to find investors, decide if you actually need or want one. If you can grow your business without outside funding, it may be better to invest your own money. However, if you need capital to reach your goals, then make sure you're well aware of the advantages and disadvantages.

Finding investors tip #2: Which type of

investor is right for you?

If you decide that finding an investor is the best way forward, remember that you're looking for a partner, not just money. Proceeding with an investor who isn't right for you can damage your brand, what you're trying to achieve, and cause irreparable harm. For example, seeking investment from friends and family might be easier, but this could strain your personal relationships. On the other hand, getting a loan from the bank might be easier, but are you comfortable with the collateral you'll have to put up in exchange? If you can demonstrate the potential for significant revenue, perhaps an angel investor or venture capitalist – who would additionally provide business support- would be a better option.

Having a clear idea of the type of investor you're looking for will save you a lot of time further down the line. At the same time, remember that you're not limited to having one sole investor either: many a successful startup has been the result of a combination of personal financing, friends and family, as well as equity investors.

Finding investors tip #3: Create an impressive pitch deck

A [pitch deck](#) is a brief presentation that gives potential investors an overview of your business plan, product, and growth traction. Keep it concise and persuasive, and ensure it contains the relevant and essential information:

- Begin by telling them who you are and why you're there
- Identify the problem (i.e. the one your product idea will solve)
- Present the solution (i.e. your product and how it solves the problem)
- Describe the market size and opportunity in measurable numbers
- Have something tangible to present (e.g. a prototype or slides)
- What are your anticipated growth, goals, and next steps?
- Who is your competition, and why are you different?
- Demonstrate that you have the financial knowledge to run a business (e.g. market size, margins, gross and net profit)
- Be able to tell the investors what you need from them and why

Most importantly, remember to include yourself as part of your pitch deck package. Do you come across as enthusiastic, confident, and credible?

Finding investors tip #4: research potential investors

Once you have a pitch deck ready, start researching potential investors. Look at past investments they've made, interests that might align with your product idea, and any industry connections you could leverage ^[3]. This will help narrow down a list of people who would be most interested in hearing about your product.

Doing your due diligence here is essential. An investor who's simply looking to offload funds before the end of a tax year will have a completely different level of engagement than one who has experience in the sector where your product will be placed and is genuinely excited regarding the opportunities it presents.

Finding investors tip #5: Put social media to good use

Now that you know who you want to pitch your idea to, it's time to connect with them. For startups and entrepreneurs who want to test the market, get some traction, and attract investors, social media is one of the best places to start.

Platforms such as LinkedIn, for example, are ideal for researching potential investors and identifying the networks you might have in common before connecting with them. In addition, you can connect with like-minded individuals to get feedback, advice, or opportunities to collaborate. Lastly, you can use [LinkedIn to impress investors](#): your profile includes every asset you have (e.g. your experience and achievements), the traction you've received, what motivates you, how strong your network is etc.

Remember, though, that social media platforms are public spaces. Use them to create points of contact from which to reach out to – or be found by – potential investors. Personalise messages you send for meeting requests, but avoid giving too much away and always be cautious regarding sensitive business information that's shared in public spaces.

Finding investors tip #6: Start an online funding campaign

When looking at how to find investors, bear in mind that people are more likely to invest once they see that others have done the same. [Online crowdfunding platforms](#) allow you to reach a global audience and have the potential to help you raise significant funds. One of the benefits is that it will enable you to get donations from people who are interested in supporting you without giving any business equity or collateral away. In addition, you can build relationships and update donors on your

progress. Furthermore, it's an excellent platform to secure 'traditional' forms of funding later on.

Finding investors tip #7: Perfect your presentation

Once an investor shows interest in your idea, it's essential to be ready with an impressive presentation that conveys enthusiasm and expertise in equal measure. Have all data tables prepared beforehand, practice presenting multiple times until it flows fluently, and ensure you answer any questions succinctly yet confidently.

Finding investors tip #8: Attend networking events

Visibility is an essential part to how to find investors, and attending networking events is an ideal way to do so:

- Search for events online or through networking organisations
- Try and find out who will be attending ahead of time so you can research the ones that catch your interest and make meeting them worth your time – and theirs!
- In the UK, take a look at the [top finance events for 2023](#) and register online for the opportunity to meet potential investors face-to-face and pitch them your product idea
- [Paradigm Talks](#) is another networking events and funding platform which might be interesting for you to explore.

Finding investors tip #9: build relationships and follow-up

After pitching your idea, remember to follow up. Building relationships is key when trying to solicit investor interest – so ensure that messages sent afterwards are friendly but professional (e.g. avoid asking for advice without offering something in return). By taking this step, you can demonstrate strong communication skills, giving potential investors more confidence in your company's future success.

Finding investors tip #10: understand the law regarding investor relations

What rights, duties, and obligations do you have to your investor – and vice versa? There are laws surrounding investor relations, so before entering into an agreement, consult a professional to ensure you're aware of those rights. For example, do they have the right to be informed of significant business decisions you take? Do they have shares in your company, and if so, what [rights will they have as shareholders](#)? On which issues do investors have the right to vote?

Final thoughts on how to find investors?

As you've most likely noticed, finding investors isn't a step-by-step process, as it's all interlinked. It can be daunting and demoralising – especially if we have to hear 'no' 10 times before getting a 'yes' – , but the tips above should set you up for success and [avoid common startup mistakes](#).

In our next post, we'll take a closer look at presenting to investors and getting your financials right – so watch this space. Subscribe to our newsletter to receive notifications on funding and finance-related posts, and let us know if you find our tips helpful!

Comments

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3. Creative, M. (2019, September 5). How To Avoid Picking The Wrong Investors. Method Creative | Ad Agency. <https://themethod.ca/how-to-avoid-picking-the-wrong-investors/>

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