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6 Tips for Chicago Startups Seeking Funding Outside Chicago

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Chicago startups have more local funding options than ever before. However, many founders remain hungry to obtain funding from elsewhere—especially from the venture-rich east and west coasts. Trouble is, for reasons both practical and instinctual, investors tend to direct their capital to nearby companies.

While it may be an uphill battle to obtain funding outside Chicago, growth-stage startups should still look far and wide for capital. Broadening your potential funding sources can help you scale your company's footprint nationally, giving you access to people with deep experience and connections in alternative markets. Below are six tactics that an entrepreneur should consider before seeking funding outside of Chicago.

- **Embrace your roots.** Chicago is a city full of gritty entrepreneurs. Before you go looking for funding elsewhere, you should take advantage of your ingenuity, determination and talent—plus local funding sources—to establish consistent growth and nail down your business model. Make it clear that all you need in order to scale is additional capital, so that when you do sit down with venture capitalists, you have a compelling story to sell.

- **Do your homework.** It's simple, but often overlooked: go on venture funds' websites and research their portfolios. If they haven't invested in companies from outside their zip codes, they probably won't invest in yours either. If they have invested in Chicago companies, tap your network to connect with founders of those companies. Then ask for intros to their investors, so you can meet them the next time they're in town.

- **Work your network.** You'll obviously reach out to everyone you know who's tied into other tech communities. But you should also think about adding an advisory board member with connections outside of Chicago. Consider entering one of the many excellent incubator programs around the country and living in a different city for 12 weeks. You'll come back with enough relationships (and, hopefully, credibility and buzz) to get the right meetings when it comes time to raising additional funding.

- **Swing for the fences.** Venture investors on the coasts are high-stakes gamblers – they bet on many startups in the hopes of hitting the jackpot on a few. If you want their cash, you'll have to convince them that your business could be a home run. Your idea has to be *different*—the kind of company that causes major fear of missing out. It can't just be a twist on Uber or AirBnB, and slow-but-steady, Chicago-style profitability and growth won't help you stand out from the thousands of pitch decks that a prominent investor receives every year – unless, that is, you show there is room to quickly expand nationally with additional capital.

- **Be realistic.** Investors want grandiosity in your vision, not your valuation. If you've gotten as far as talking valuation with an investor, it means they are interested. Keep your valuation reasonable and defensible so that they remain interested in working with you. While this may mean sacrificing your valuation initially, if you find the right investor you can create a company worth much more in the long run.

- **Book a trip.** At some point, you just have to be there, live and in-person. Buy a plane ticket and try to set up all the meetings you can in advance. As a frugal entrepreneur, the expense should motivate you to get meetings scheduled. Worst case, you can use the trip to network – on any given night in a saturated market, there are sure to be at least two or three events full of potentially valuable connections.

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