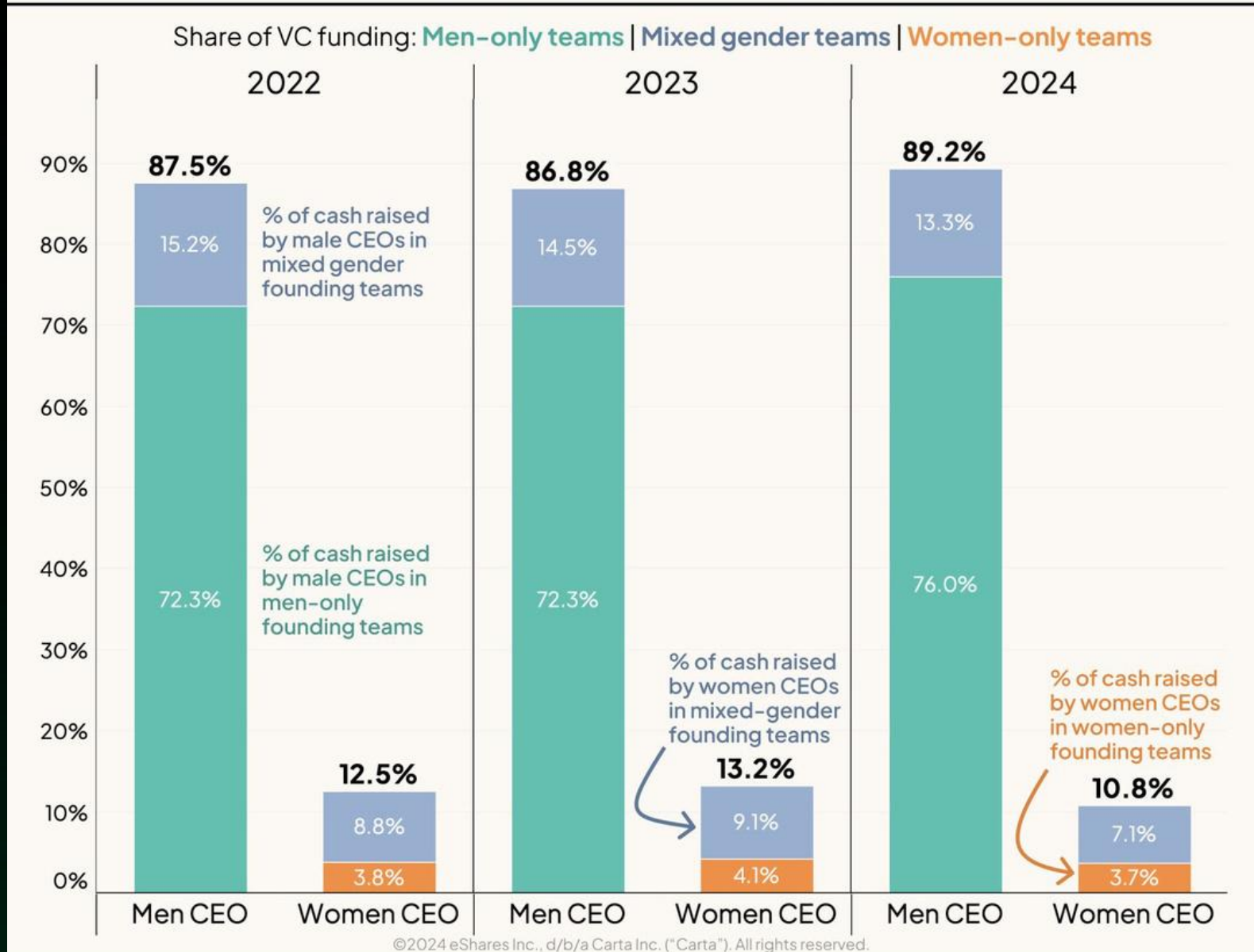www.profitual.ai

The reality of bias in fundraising

Fundraising is not a level playing field

- Studies show that diverse teams outperform in revenue growth and ROI
- Ex: First Round Capital's report found that companies with at least one female founder **performed 63% better than all-male founding teams**
- Despite this, women receive less than 2% of VC funding globally

Who gets Seed+Series A funding?

Startups with men as CEOs received 89% of venture dollars

Data: $64 billion in Seed + Series A cash raised by US startups on Carta since 2022

Share of VC funding: Men-only teams | Mixed gender teams | Women-only teams

	2022	2023	2024
Men CEO	87.5% (15.2% / 72.3%)	86.8% (14.5% / 72.3%)	89.2% (13.3% / 76.0%)
Women CEO	12.5% (8.8% / 3.8%)	13.2% (9.1% / 4.1%)	10.8% (7.1% / 3.7%)

% of cash raised by male CEOs in mixed gender founding teams
% of cash raised by male CEOs in men-only founding teams
% of cash raised by women CEOs in mixed-gender founding teams
% of cash raised by women CEOs in women-only founding teams

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carta Read the report: https://carta.com/data/equity-report-2024

Since 2014 only 10% of Canadian VC investment deals involved shaking hands with a woman.

The reality of bias in fundraising

Fundraising is not a level playing field

The Pattern-Matching Problem

- Many VCs rely on past patterns of success (e.g "this looks like the last founder who made me money") which skews funding towards white male founders from specific backgrounds
- Markets evolve - sticking to outdated patterns ignores emerging opportunities in diverse markets
- Example: Early-stage fintech founders were overlooked in the 2000s, now, fintech is one of the biggest VC-backed categories

Data bias

- Because systemic bias underfunds many diverse founders, valuations are artificially low compared to their potential
- Investors who look past bias invest based on data-backed fundamentals (not just instinct) are positioned to capture outsized returns
- Case study: female-led startups raise less money but generate more revenue per dollar raised, a signal that efficient capital allocation leads to stronger returns

The role of financial models in countering bias

Disparity in Questioning: Promotion vs. Prevention Focus *(TechCrunch Disrupt NYC)*

Promotion-Focused

VCs typically ask male entrepreneurs questions centered on potential gains and growth opportunities. Ex: How do you plan to acquire new customers? or What's your brand vision?

Prevention-Focused

Conversely, women often receive questions emphasizing potential risks and losses, such as "How do you plan to retain customers? or What are your strategies to prevent customer churn?

The role of financial models in countering bias

Disparity in Questioning: <u>Promotion vs. Prevention Focus</u> *(TechCrunch Disrupt NYC)*

	Promotion-Focused	Prevention-Focused
Market Opportunity & Growth	How do you plan to expand into new markets and scale your customer base?	What challenges do you anticipate in retaining your current customers, and how will you mitigate churn?
Revenue & Business Model	What are the key drivers of your revenue growth, and how will you accelerate them?	What risks could impact your revenue projections, and how are you preparing for them?
Leadership & Team	What strengths in your team will help you execute your vision and achieve success?	What gaps exist in your leadership team, and how do you plan to address them?
Competitive Advantage	What differentiates your company from competitors?	What threats from competitors exist, and how do you plan to defend against them?
Financials	How do you plan to use capital efficiently to drive profitability and long-term success?	What cost-related risks could threaten your financial sustainability?

The role of financial models in countering bias

Disparity in Questioning: **Promotion vs. Prevention Focus** *(TechCrunch Disrupt NYC)*

Funding disparities:

The study found that startups receiving predominantly prevention-focused questions raised significantly less capital than those fielding promotion-focused questions.

Specifically, for every additional prevention-focused question asked, startups raised approximately $3.8M less on average.

Mitigation Strategies

Entrepreneurs can potentially mitigate this bias by **reframing prevention-focused questions with promotion-oriented answers.** For instance, if asked about customer retention strategies, a founder might respond by highlighting plans for customer acquisition and growth, thereby steering the conversation toward opportunities rather than risks. *InvestHer Academy*

The role of financial models in countering bias

Your financial model as your greatest equalizer

The difference between a guess and a model

- A financial model that's grounded in real data (market comps, historical performance, runway, and burn rate instills confidence in investors.
- It shows you're not just optimistic—you're strategic, and you understand the numbers behind your business.

Anticipating Investor Questions = Control in the room

- Investors will challenge your assumptions—data-driven forecasts help you answer tough questions with confidence.
- Examples:
- "How do you justify your revenue growth assumptions?" → Show industry benchmarks and historical trends.
- "What happens if customer acquisition costs rise?" → Walk them through sensitivity analysis.

Your financial model as your greatest equalizer

A compelling vision isn't enough—investors need to see the path to execution. Data-driven models turn your story into a tangible, investment-ready opportunity. When numbers align with the vision, **investors are more likely to trust your ability to execute.**

Forecasting for Investor Skepticism

Tough Questions? Your model has the answers.

	How investors think	How to preempt it
Are your revenue projections too aggressive?	Founders overestimate market demand or underestimate sales cycles	1. Use historical data (your own or industry benchmarks) to justify growth rates 2. Show a bottom-up revenue model (customer acquisition + conversion rates) rather than just top down market sizing 3. Include sensitivity analysis - what happens if sales take 3 months longer to close?
Is your burn rate sustainable?	Cash efficiency matters - burning too fast signals high risk, while burning too slow may mean your aren't scaling aggressively enough	1. Show a clear path to breakeven with unit economics that make sense 2. Align expenses with revenue milestones (e.g "We only hire 3 new sales reps after hitting $500k ARR") 3. Forecast runway under different scenarios (best case, base case, worst case)
How will you defend against competitors?	They need to believe you can maintain market share	1. Show revenue resilience - do you have a strong pipeline, recurring revenue, or high customer loyalty?

Forecasting for investor skepticism

Building assumptions that defend growth potential

Ground assumptions in market data

- Use industry benchmarks (growth rates, margins, sales cycles)

Be conservative in early-stage projections

- Avoid unrealistic hockey stick growth, show gradual ramp-up and sales learning curves
- Ex: "We assume a 3-month sales cycle based on pilot customer data"

Tie assumptions to actionable metrics

- Don't just assume lower churn - explain retention strategies and previous trends
- Ex: "Churn is projected at 5 due to our expansion pricing model that locks in 12-month commitments"

Stress-test key assumptions

- Investors want to know what happens if things don't go planned
- Include a worst-case scenario to show you've considered risks
- Ex: "If CAC increases by 20%, our sales efficiency strategy maintains profitability by focusing on higher-LTV customers"

# Aligning Forecasts with Industry Benchmarks

Build confidence in your operating plan

Research Industry Standards

- Find reports on revenue growth, gross margins, customer retention, and sales cycles for your sector
- Ex: "B2B SaaS startups at our stage grow ~80% YoY, our model projects 75% keeping us within expectations

Compare your metrics to funded companies

- Look at startups that raised at your stage *within your geography*. What financial milestones did they hit?
- Ex: "Seed-stage marketplaces with ~1M ARR are well positioned to close their Series A, we're on track to hit $900k by year end"

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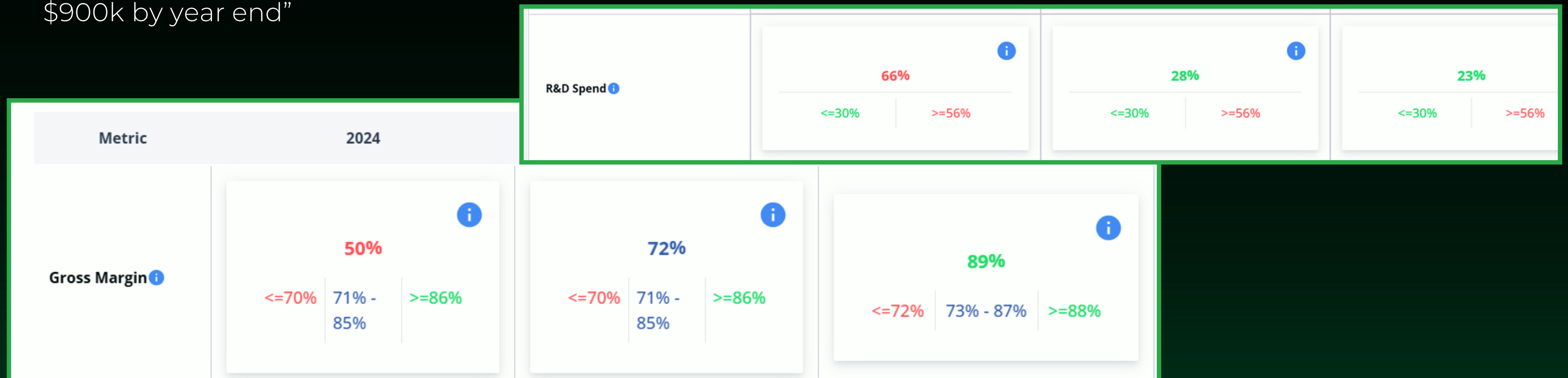
Who's investing? Active funds & advocates

Finding investors and partners who value strong fundamentals

WOMEN'S EQUITY LAB

bdc*

THE 51

THE FIREHOOD

DMZ

forum ventures

SANDPIPER VENTURES
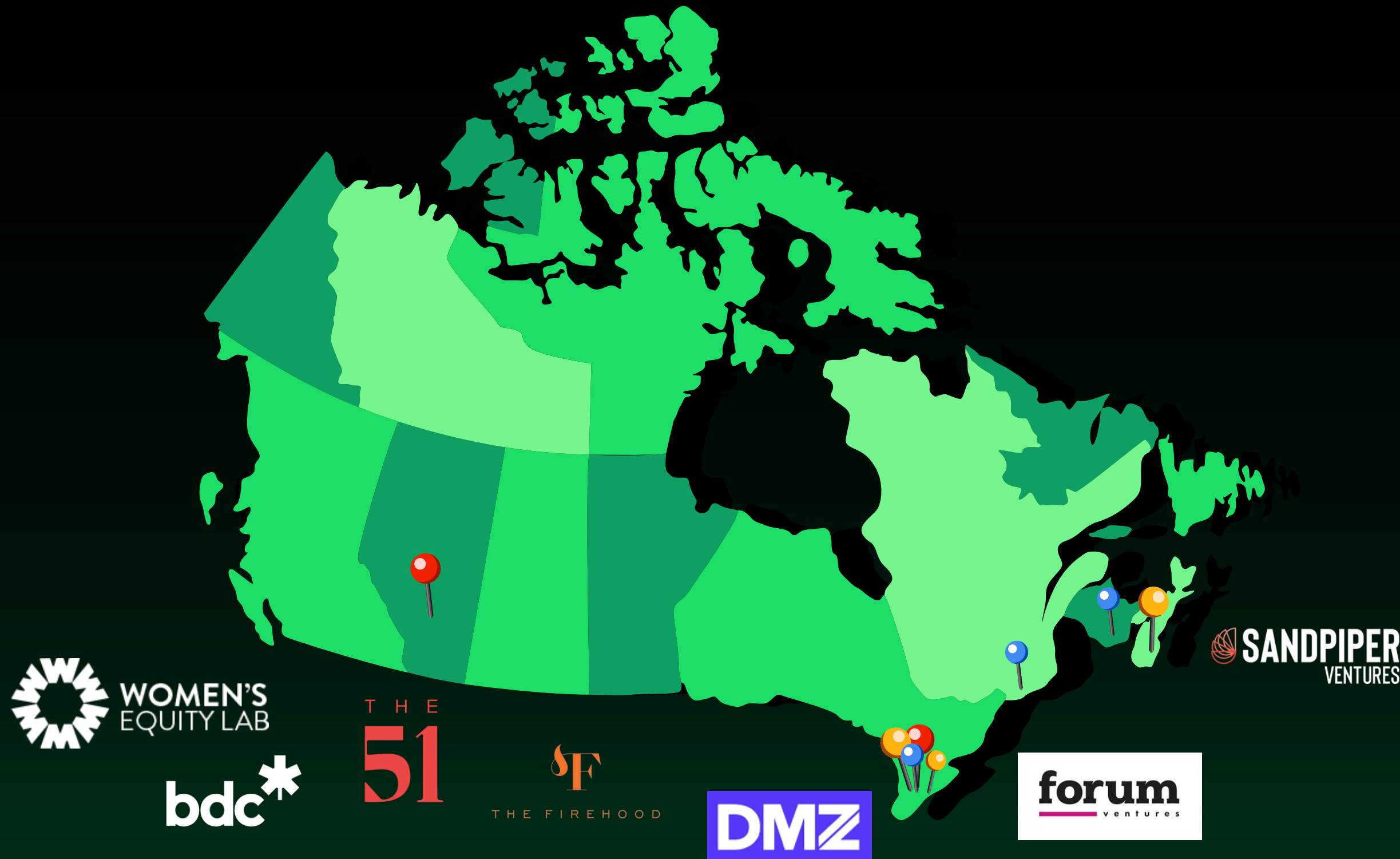
Key takeaways & next steps

> ❝ **Bias exists, but data speaks louder than assumptions** ❞

Actionable steps:

- Audit your model for strength, preparing for investor scrutiny
- Practice mock pitch and Q&A scenarios with peers and mentors
- Incorporate benchmarking into your FP&A practice
- Stay tuned for email follow up with upcoming opportunities, resources, and investor lists

Let's keep connected!

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3-Year Forecast

Average Burn (Gross)   Months of Runway

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