

Zachariah George talks early-stage funding in SA

 By [Evan-Lee Courie](#)

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As part of our #StartupFunding1010 series, Zachariah George, co-founder and chief investment officer of [Startupbootcamp AfriTech](#) and [Endeavor mentor](#), walks us through the stages of early-stage funding and how to approach it in South Africa.



🔗 **Could you take us through the funding stages of starting a business? (levels of seed funding, early stage funding, etc.)**

Typical stages of funding in the VC industry:

- Pre-Seed – typically at MVP but pre-revenue
- Seed Stage – some proof of concepts (“PoCs”) and/or pilots in place, could be pre-revenue still or barely post revenue
- Growth Stage – Series A and B
- Later Stage – Series C and beyond

Associated typical funding sources with each stage:

- Pre-Seed – founders, friends, family, angels
- Seed Stage – Angels, accelerators, venture capitalists
- Growth Stage – Venture capitalists, Super Angels
- Later Stage – Venture capitalists, some early-stage PE



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🔗 **How should entrepreneurs approach the funding process?**

Always first focus on getting your product-market fit right, and secondly the problem-solution fit. Once those two aspects are understood, things become a lot easier.

“ Investors have a high degree of confidence in founders who understand their addressable market exceptionally well. ”

Often, way too little time is spent by founding teams on thoroughly assessing the size of their market, competitive forces, and industry dynamic. Thorough market research (or lack thereof) is where most founders lose out on investor confidence.

Secondly, founders don't do much homework at all on their investors, their mandates or what their current existing portfolio looks like. Good funds often look at synergies within their portfolio companies, and this is an attribute that a lot of founders rarely take note of.

Lastly, founders should always be looking to learn and get advice from industry, sector and regional experts. The learning process in the entrepreneurial space is never-ending.

“ Ask for advice, and you will often get funding, ask for funding, and you may get advice. ”



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❏ **When you're looking for an investor, what should you look out for to know that's the right fit for your startup?**

Read my article [10 Ways in which a VC Fund Manager can truly create value for their portfolio companies.](#)

❏ **From an investor perspective, what do investors look for in a startup before offering them funding of any sort?**

It's hard to speak on behalf of all investors. So I will not attempt to do so. However, these are five broad categories that I look for as an angel investor and venture capitalist.

1. Team (Preference is for founders with a prior entrepreneurial track record)
2. Traction (Preference given to ventures that already have pilots and/or proof-of-concepts signed up with major corporations, i.e. B2B or B2B2C plays with a clear distribution channel.)
3. Total Addressable Market (Ability to scale outside their home market within two years or after Series A. TAM of a minimum \$100m by Year 5)
4. Technology (Unique technology with I.P. preferably housed in the US, UK, Singapore, Mauritius or other investor-friendly jurisdictions)
5. Timing (Evidence of not being the very first to market and preferably having learnt from the mistakes of other similar

startups)

■ **As an Endeavour mentor, what is the best advice you can give to someone starting up?**

- Focus on identifying a gap in the market and really hone in on product-market fit and problem-solution fit
- Do extensive market research and customer validation before building your product/service offering
- Always ask for advice, mentorship and guidance before starting out
- Incentivise the smartest people to work with you by offering equity upside in the business. Focus on getting a small piece of a very large pie rather than a large piece of a small pie.
- Never exaggerate what you think you can achieve, but don't be too meek and coy either. Be assertive, but not arrogant.



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■ **Do you foresee any opportunities that may be a disruptor in the startup ecosystem?**

Plenty. This is such a generic question! There are technology-driven solutions to almost every industry and sector on the planet – be it renewable energy, agriculture, healthcare, education, mobility and logistics, financial inclusion, etc.

Artificial intelligence and machine learning, blockchain, sensors and drones, robotic process automation. The applications are endless.

Endeavor is a global high-impact entrepreneurship movement to drive long-term economic growth and build strong entrepreneurship ecosystems in South Africa by selecting, mentoring, and accelerating the best high-impact entrepreneurs.

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