WHY YOUR STARTUP ISN'T GETTING FUNDED

WHAT TO FIX BEFORE YOU RAISE.

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INTRODUCTION

Getting rejected for funding does not always mean your business is bad. Sometimes, the problem is that your startup is not ready to be funded yet.

You may have a good idea, a growing business, or even some traction, but still have gaps that make investors or grantmakers hesitate.

This guide will help you identify those gaps before you spend time applying, pitching, and hearing "no."

Go through each section carefully. The goal is not to make your startup look fundable. The goal is to make it fundable.

The 10 Fundability Gaps

Before a funder says yes, they need to see that your business is ready for their money.
These are 10 common gaps that can make a startup harder to fund.
Go through them honestly. If you find a gap in your business, don't see it as a failure. See it as something you can fix before your next funding conversation.
Let's get into it.

1. You’re Raising Before You’re Ready

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2. Your Business Model Isn't Clear

Having a good product does not automatically mean you have a good business.

Funders need to understand how your business makes money and how it can grow.

You should be able to clearly explain:

- **What you sell**
- **Who pays for it**
- **How much they pay**
- **How you reach your customers**
- **What it costs to deliver your product or service**
- **How the business will make more money as it grows**

If your business model is difficult to explain, it becomes harder for a funder to see how their money can help you build a bigger business.

What to fix:
Be clear about how your business makes money today and how you expect that to grow.
If you are still testing different models, know what you are testing and what you need to learn before you start raising.

Ask yourself:
Can I explain how my business makes money in a few simple sentences?
If you can't, your business model may need more work before you start fundraising.

3. You Don't Have Enough Proof

A good idea is not enough to convince someone to fund your startup.

Funders want evidence that there is a real problem, that people want your solution, and that your business can make progress.
The type of proof you need depends on your stage. It could include:

- Paying customers
- Revenue
- User growth
- Customer retention
- Repeat purchases
- Successful pilots
- Partnerships
- Strong customer demand
- Product usage

You don't need all of these. The important thing is having evidence that supports the claims you are making about your business.
For example, saying "there is a huge demand for our product" is weaker than showing how many people have signed up, paid, returned, or agreed to use it.

What to fix:
Identify the most important claims you are making about your business and find evidence to support each one.
If you don't have enough proof yet, focus on getting that proof before making a bigger funding ask.

Ask yourself:
What evidence do I have that customers actually want what I'm building?

If most of your pitch is based on what you believe will happen, rather than what you can already show, you probably need more validation.

4. Your Financials Don’t Make Sense

Funders don't expect your startup to have perfect financials.
But they do expect you to understand your numbers.

You should know:

- How much revenue you make
- What it costs to run the business
- Your gross margin, where relevant
- How much cash you have
- Your monthly cash burn
- How long your current cash can last
- What you need the funding for
- How the funding will change your business

Your numbers should also tell the same story as your pitch.
If you say you are growing quickly but your revenue, customer numbers, or other key metrics don't support that claim, it raises questions.

The same applies to unrealistic financial projections. Your projections should be based on reasonable assumptions that you can explain.

What to fix:
Keep your financial records up to date and understand the assumptions behind your projections.
Don't just put numbers in a spreadsheet because an investor expects to see them. Know where every important number comes from.

Ask yourself:
If a funder asked me why I expect these numbers to happen, could I explain the assumptions behind them?
If you don't understand your own numbers, it will be difficult to convince someone else to invest in the business.

5. Your Funding Ask Is Weak

Saying “we need ₦50 million to grow the business” is not enough.

A funder needs to understand how much you are raising, what you will use it for, and what you expect it to help you achieve.
Your funding ask should connect to a clear business plan.

For example:

- How much you are raising
- What you will spend it on
- Why those expenses are necessary
- What milestone the funding will help you reach
- How long the funding is expected to last

You should also be able to explain why you need that amount rather than a significantly smaller or larger amount.

What to fix:
Work backwards from your next important milestone.
Calculate what it will realistically cost to reach that milestone, then build your funding ask around that number.

Don't raise an amount simply because it sounds impressive or because you think you can get it.

Ask yourself:
If a funder asked me, “Why exactly this amount?”, could I give them a clear answer backed by numbers?

If you can't connect your funding ask to specific needs and milestones, your ask probably needs more work.

6. You’re Pitching the Wrong Funders

Not every funding opportunity is right for your startup.

A funder may have money available and still not be a good fit for you.

Before applying or pitching, check things like:

- **Your startup stage**
- **Your industry or sector**
- **Your location**
- **The amount you are raising**
- **The type of funding you need**
- **The funder's investment or funding criteria**
- **Whether they have funded businesses like yours before**

For example, a pre-seed startup may not be a fit for a fund that only invests in Series A companies. A grant focused on climate solutions may not be a fit for a startup with no connection to that problem.

Applying to everything you find can waste time and lead to unnecessary rejection.

What to fix:
Build a list of funders that match your startup before you start applying.
For each one, check their criteria and understand why your business fits before you submit an application or pitch.

Ask yourself:
Why is this particular funder a good fit for my startup?
If your answer is simply, “Because they give funding,” you probably need to do more research before applying.

7. Your Pitch Deck Isn't Convincing

Your pitch deck is not just a presentation about your business. It is an opportunity to help a funder quickly understand the business, the opportunity, and why you are worth backing.

A strong deck should make the key points clear:

- The problem
- Your solution
- Your target market
- Your business model
- Your traction
- Your competition
- Your go-to-market strategy
- Your team
- Your financials
- How much you are raising and what you will use it for

The information should also be consistent with the rest of your fundraising materials.

A beautiful deck with weak evidence will not fix a weak business case. And a strong business can still be overlooked if the deck makes it difficult to understand why it matters.

What to fix:
Read through your deck from the perspective of someone who knows nothing about your business.
Can they understand what you do, who you serve, how you make money, what progress you have made, and why you need funding without you being there to explain it?

If not, simplify the deck and make the most important evidence easier to find.

Ask yourself:
If I sent this deck to a funder without explaining it on a call, would they understand the opportunity?

8. Your Market Isn't Compelling Enough

A funder is not only investing in what your startup does today. They also want to understand the opportunity to grow.

You need to show that there is a real market for your product and that you can realistically reach enough customers to build a meaningful business.

You should be able to explain:
- **Who your target customers are**
- **How many potential customers you can realistically serve**
- **What they currently spend on the problem you are solving**
- **Why they would choose your solution**
- **How you plan to reach them**
- **What makes the market attractive now**

Simply saying "the market is worth $10 billion" does not make your startup attractive.

A large market means very little if you cannot explain how your startup can realistically capture a share of it.

What to fix:
Focus on the specific customers you can realistically reach, not just the biggest possible market number.
Show how your target market connects to your business model, pricing, customer acquisition strategy, and growth plans.

Ask yourself:
Can I clearly explain who will buy my product, how I will reach them, and why there are enough of them to build a large business?

If your market story depends mainly on a huge industry number, you need a stronger case for why your startup can win in that market.

9. You Haven't Shown How the Money Will Be Used

Funders want to know what their money will help you accomplish. Saying you will use the money for "growth" or "marketing" is too vague.

You should be able to explain:

- **What you will spend the money on**
- **Why each expense is necessary**
- **How much you expect to spend**
- **What the spending will help you achieve**
- **How it connects to your next milestone**

For example, instead of saying:
"We will use the funding to expand our marketing."
You could explain that the funding will support a specific customer acquisition plan, including the channels you will use, the expected cost, and the number of customers you aim to acquire.

The exact level of detail will depend on the funder and the stage of your business, but your plan should always be clear enough to show that you have thought through how the money will be deployed.

What to fix:
Create a simple use-of-funds breakdown. Connect each major expense to a specific business objective or milestone.
Don't create a spending plan just to fill a section of your pitch deck. Make sure the numbers reflect what the business actually needs.

Ask yourself:
If someone gave me this funding today, could I explain exactly what I would spend it on and what I expect that spending to achieve?

If you can't, your use-of-funds plan needs more work.

10. You’re Not Telling a Strong Enough Story

Funders need more than facts and numbers. They need to understand why this business matters and why you are the right person to build it.

Your story should connect the problem, your solution, your progress, and where you want to take the business.

You should be able to explain:

- **Why you started the business**
- **Why this problem matters**
- **What you have learned from your customers**
- **What you have achieved so far**
- **Why now is the right time to grow**
- **Why your team is capable of executing the plan**

This does not mean creating an emotional story or exaggerating your journey. It means giving the funder a clear reason to believe that there is a real opportunity here and that your team can make it happen.

What to fix:
Make sure your story connects the dots. Don't just list your achievements. Show how your experience, customer insights, traction, and vision have led you to where the business is today and where you are taking it next.

Ask yourself:
After hearing my story, would a funder understand why this problem matters, why we are building this business, and why we are the team to build it?

If the answer is no, your pitch may need a clearer story, not more information.

FUNDABILITY SELF-CHECK

Now that you know the 10 common fundability gaps, use this quick self-check to see where your startup stands.

For each statement, answer Yes, Partly, or No.

Your Startup

- [ ] I can clearly explain the problem my startup solves.
- [ ] I know exactly who my target customer is.
- [ ] I have evidence that customers want my solution.
- [ ] I have a clear business model and know how my startup makes money.
- [ ] I understand my key financial numbers.
- [ ] I know how much I need to raise and why.
- [ ] I have identified funders that are a good fit for my startup.
- [ ] My pitch deck clearly communicates my business and the opportunity.
- [ ] I can clearly explain how I will use the funding.
- [ ] I can explain why my team is capable of building the business.

What Your Score Means

8–10 Yes
You have a solid foundation. Focus on strengthening your weakest areas before you raise.

5–7 Yes
You have some important gaps to address. Fix them before making a serious funding push.

0–4 Yes
Your priority should be improving your business and fundability before actively fundraising.

Need Help Getting Fundable?

If you scored below 8 on the self-check or know there are gaps in your business, you don't have to figure them out alone.

Book a consultation with ScaleLab Africa.

We'll help you identify your biggest gaps, what to fix first, and what you need to do before you start fundraising.

Apply here: https://forms.gle/iKGjEJkE9YQSm2nr8

Fix the gaps. Then raise.