How Investors Can Leverage Referrals to Increase Deal Flow

MCMK

Deal flow is a crucial indicator of an investment firm's health. We'll explain how firms can use their spheres of influence to increase deal flow and help their businesses flourish.

What is Deal Flow?

Deal flow is *the rate a company receives business proposals and investment pitches from their partners, collaborators, and clients.*

Deal flow is cyclical; *it's important for firms and investors to take advantage of periods of high deal flow, recognizing that it comes in waves.*

"In one year Investors see over a thousand business plans and meet on average with hundreds of companies, but ultimately only invest in one to two. ...It really is a referral business.

Effective investors use 3 avenues to assemble referrals and increase deal flow:

Referrals From Other Investors

Investors are more likely to prioritize referrals from someone they know than from strangers.

Referrals From Portfolio Companies

The referral comes from a portfolio company that's benefited the investor in the past. This signals the company understands the investor's priorities, interests, and areas of expertise.

Referrals From Service Providers

"Lawyers, accountants, banks, consultants... who have worked with us frequently in the past generally have a very strong sense of fit." That's why it can be worth your time to build relationships within these networks even if you don't need the service provider's help currently. You never know when a relationship will come in handy.

If your firm is struggling to maximize deal flow, reach out to MCMK Tech Marketing Solutions for help. Our experienced team offers tailored marketing strategies and tactics to boost your firm's reach and success.