



Investor Playbook

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Foreword by Kris Jones, Co-Founder magicsauce.online

"We built magicsauce.online because there's loneliness all along the journey.

Being an entrepreneur is hard — and lonely. Especially when you're pre-product, pre-funding, and building something the world isn't quite ready for.

Being an investor is lonely too — particularly when you're not part of a syndicate, or you don't see yourself reflected in the startup ecosystem, or you want to do things differently but aren't sure where to start.

We wanted to create a home for everyone to raise everyone else. A place where bold founders and thoughtful investors could meet on fairer ground — without needing to play dress-up for gatekeepers or chase capital stuck in yesterday's biases.

This playbook is part of that mission.

It's designed to help investors who want to fund differently — and fund better. Whether you're writing £5K cheques or £500K ones, this guide will help you sharpen your lens, widen your network, and build more meaningful partnerships with the founders who are usually ignored... right up until they win.

Inside, you'll find:

- Why under-represented founders are your next unfair advantage
(Hint: it's not about charity. It's about overlooked opportunity.)
- How to evaluate startups with deeper rigour and less bias
From founder-market fit to traction signals that don't show up in flashy decks.
- What inclusive investing *actually* looks like
With practical ways to shift your sourcing, decision-making, and support style.
- How to support founders beyond the cheque
Including mentorship tips, network-building, and when to just show up and shut up.
- Tactics for co-investing and building smart syndicates
So you can lower risk, bring in great people, and write smarter rounds.
- Clarity on legal and financial essentials
Valuation, cap tables, term sheets — demystified without dumbing down.
- How to build real, lasting founder relationships
The kind that earn you trust, referrals, and long-term access to top-tier deals.
- And one real case study
Because integrity matters more than hypotheticals — and we're just getting started.

If you believe that where capital flows determines what gets built, then this isn't just a guide — it's your call to action.

Let's fund better. Together."

Chapter 1: The Value of Investing in Under-represented Founders

Let's start with a fact: under-represented founders build billion-dollar businesses too — but most never get the chance.

That's not a pipeline problem. It's a pattern-matching problem.
And if you're willing to look where others aren't, you'll find alpha where others see risk.

At magicsauce.online, we've seen time and time again that overlooked founders — especially those from the global majority, women, LGBTQIA+, disabled or neurodiverse backgrounds — bring sharper insights and hungrier execution. Why? Because they've had to. They've been validating their ideas in the wild long before anyone gave them permission.

These aren't 'diversity hires.' These are market-beating outliers.
And they're building companies for the next majority.

Why it matters:

- **Demographics are shifting** — if you're not funding startups built *by and for* tomorrow's consumers, you're investing in yesterday.
- **Bias kills opportunity** — but it also kills returns. Diverse founding teams outperform on revenue, capital efficiency, and resilience.
- **Representation isn't charity** — it's strategy. A diversified portfolio isn't just safer. It's smarter.

Want to be early where everyone else is late?
Start by backing people the ecosystem still ignores.



Chapter 2: Evaluating Potential Investments

Forget the polished decks. Real investing starts with pattern-breaking questions.





You're not here to be impressed by logos or confident jargon. You're here to find out if this founder has something others don't — insight, tenacity, and the ability to build something the market *needs*, not just wants.

Here's how to tune your radar:

What to actually look for:

- **Clarity of problem** — Does the founder *deeply* understand the pain they're solving? Can they describe it better than their customers?
- **Evidence of momentum** — It's not always revenue. Look for learning velocity, customer signals, demand pull, pilot engagement.
- **Unreasonable obsession** — Great founders aren't just excited. They're obsessed. It shows in their knowledge, follow-up, and pace.
- **Team-market-founder fit** — Are these the right people to solve this? Lived experience counts. So does insight from the edges.
- **Scalable model (eventually)** — Early-stage is messy, but if there's no path to scale, there's no return.

Red flags to watch for:

-  *Too much buzz, too little data*
-  *Misaligned incentives or hidden cap table issues*
-  *Blaming others too easily (markets, VCs, co-founders)*
-  *Vagueness around customer acquisition or retention*

Under-represented founders may not pitch the way you're used to. That's good. Get curious, not condescending.

Ask better questions. Back better businesses.



Chapter 3: Inclusive Investing Practices

Writing a cheque doesn't make you inclusive.

How you show up, what questions you ask, and what rooms you unlock — that's where it counts.





If you want to be an investor that founders trust, especially those underrepresented in the current ecosystem, then you've got to ditch some bad habits and build new ones.

Here's how.

Do:

- **Standardise your process** — Ad hoc decisions reinforce bias. Use clear frameworks to evaluate all founders.
- **Give clear feedback** — Even a “no” can help a founder. But ghosting? Weak.
- **Audit your network** — If all your deal flow looks like you, that's not a coincidence. It's a limitation.
- **Signal safety** — Be upfront about how decisions are made. Ask pronouns. Show you're not just performative.

Don't:

-  Ask under-represented founders to ‘prove themselves’ more than others
-  Offer “warm intros” but never follow through
-  Talk about “hustle” when you mean “overwork”
-  Expect emotional labour in exchange for access

Inclusive investing doesn't mean lower standards. It means fair ones.

And when founders feel safe, they'll tell you the truth. That's how you make better calls.



Chapter 4: Supporting Founders Beyond Funding

Cheques are great. But they're just the start.

Founders — especially those breaking new ground without old-school connections — don't just need money. They need partners. People who pick up the phone, gut-check a hire, or know when to say “That's normal. Keep going.”

If you want your investment to grow, *you* need to grow into more than capital.

Ways to show up that actually matter:

- **Be a sounding board** — Early-stage founders face constant doubt. Sometimes a 15-minute call saves a 3-week spiral.
- **Use your network** — Introduce them to non-VCs too: first hires, early customers, advisors. Make their world bigger.
- **Hold space, not control** — Support \neq micromanagement. Ask “How can I help?” not “Why didn't you do X?”
- **Champion in rooms they're not in** — Say their name when people are looking for what they do. Be their backchannel.

What founders *don't* need:

- **✗** Passive-aggressive “advice” from someone who's never built anything
- **✗** Endless push for vanity metrics just to please future investors
- **✗** Dead weight on the cap table who only show up at board meetings
- **✗** “Let me know how I can help” (then silence)

Being a good investor isn't about rescuing founders.

It's about *respecting* them — and backing them when it's hard, not just when it's hot.



Chapter 5: Co-investing & Syndicates

You don't have to go it alone.

Co-investing isn't just about splitting risk. It's about amplifying insight, extending networks, and sometimes — getting into deals you'd otherwise miss.

The right syndicate doesn't just bring capital. It brings *credibility*, *capability*, and *coverage*.

Why co-invest:

- **Access to better deals** — Founders love groups who bring more than money.
- **Learning through osmosis** — See how experienced angels assess, structure, support.
- **Stronger signal to follow-on investors** — If a known group backs early, others take notice.
- **Spread your capital across more bets** — Diversification without dilution of insight.

But pick your people wisely.

There's a difference between being part of a thoughtful syndicate — and being in a WhatsApp group full of punters throwing cash for clout.

Tips to make it work:

- ☒ Align on thesis and founder-first values
- ☒ Use simple terms (SAFE/ASA/convertible) early on
- ☒ Nominate someone to liaise with the founder
- ☒ Be clear on comms — nobody wants 18 conflicting opinions in one thread

Co-investing done right feels like family.

Co-investing done badly feels like group chat hell.

Choose wisely.




Chapter 6: Navigating the Fundraising Landscape

Founders are constantly told to “raise the right round at the right time.”
Investors? Not so much.

If you're new to early-stage investing — or stepping into under-represented founder ecosystems — it helps to understand how messy and nonlinear fundraising *actually* is.

Not all rounds are clean. That's OK.

You'll see:

-  Pre-product founders with traction, but no tech
-  Post-revenue startups with patchy decks
-  Founders bridging between ‘pre-seed’ and ‘seed’ with weird hybrid rounds

Learn to listen for *intent* and *momentum*, not just labels.

Here's a rough guide to help:

Round	Typical Raise	What To Look For
Friends & Family / Angel	£10K–£500K	Hustle, proof of concept, strong founder story
Pre-Seed	£250K–£1M	MVP, early signs of customer pull
Seed	£500K–£3M	Repeatable model, strong team, growth plan
Series A+	£2M+	Traction, team depth, scalability proof

But these are just heuristics. Especially for underestimated founders, there's often *asynchronous traction* — crazy momentum that doesn't show up in standard forms.

Key tip:

Don't wait for founders to meet *your* definition of a round.
Meet them where they are — and help shape the round they actually need.

Chapter 7: Legal & Financial Considerations

Let's get one thing clear: if the legal stuff feels confusing, it's not because you're dumb. It's because most of it was designed to sound clever and keep outsiders out.

Here's the no-BS breakdown of what you actually need to know to invest smartly — and avoid screwing over the founder (or yourself).

Key documents:

- **SAFE / ASA** — Simple investment agreement that converts later. No valuation now, but you agree on a cap or discount.
- **Convertible note** — Similar to a SAFE, but technically debt that converts.
- **Equity investment** — You buy a % of the company now. Usually needs more legal faff (and cost).

Startups at early stages often use SAFEs or ASAs. Keep it clean, quick, and founder-friendly unless there's a real reason not to.

Understand the cap table

Don't just ask for a copy. Understand it.

- What % does the founder still own?
- How much is earmarked for the option pool?
- Any weird early investors with veto rights or massive chunks?

A messy cap table isn't a dealbreaker — but it's a signal to dig deeper.

💡 *Pro tip:* Tools like **Vestd** help manage cap tables, options, and governance in a clean, transparent way. Recommend them early. It's better for everyone.

Valuation & dilution

Don't obsess over ownership %. Obsess over *outcome potential*.

10% of something stagnant is worth less than 1% of something explosive.
Be generous. Fair. Strategic.

And if you're structuring deals to protect yourself from failure but not sharing upside fairly — you're not an investor. You're a parasite.

Chapter 8: Building Lasting Partnerships with Founders

Being a good investor doesn't end when the money hits the account.
In fact, that's when it starts.

Especially with under-represented founders, trust is earned slowly — and broken fast.

If you want to be the one they call when shit hits the fan *and* when the big cheque clears, you need to show up now, not just at exit.

Build trust by:

- **Showing up consistently** — Even a short quarterly call can make a founder feel supported.
- **Asking good questions** — “What’s keeping you up at night?” goes further than “How’s revenue?”
- **Respecting their time** — Be clear, concise, and helpful.
- **Backing their leadership** — Don’t start mansplaining their own business back to them.

Understand founder dynamics:

- Co-founders fight. It’s normal.
- Mental health breaks aren’t weakness. They’re survival.
- Burnout is real — especially for solo and underestimated founders.

Sometimes, the best thing you can do is send a supportive message *without* asking for an update.

Founders remember how you behaved when times were hard.
That’s what earns you access when things start to fly.

Chapter 9: Case Study

Let's keep it real.

The magicsauce.online platform is still young. But here's what *doing it right* looks like:

Founder Profile

- Female
- African/Italian heritage
- First-time founder
- Non-technical

She came with a big idea in a heavily regulated space: insurtech. Smart. Intuitive. Backed by deep market insight — but no technical co-founder and no VC-friendly resume.


The early response?
Scepticism. Ghosting. “Too early.” You know the drill.

What changed the game?

A single investor — a respected name in the insurance world — saw what others didn't. They didn't try to reshape her. They helped her *own* her story and look to her *own* network.

That backing didn't just bring capital. It brought credibility.

A well-known VC followed.
The round closed at £2.5M — *pre-seed*.
Now she's Series A. Still solo in her market. Still winning.

 That's what happens when investors *listen*, not filter.
When they *partner*, not patronise.
When they back potential, not pedigree.

You in?

Share widely and do tell people you got this at magiicsauce.online – the home for under-represented founders and those that invest in them