

# The Art of Funding Growth Companies

How Leadership, Strategy, and  
Market Positioning Shape Capital-  
Raising Outcomes

Solomon Capital Group  
October 2025

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## Letter from David Solomon

**Over** the past years, working closely with companies navigating the complexities of global capital markets, I have repeatedly seen how success or failure in fundraising is determined not only by financial performance, but by preparation, clarity, leadership, and narrative discipline. This realization is what led me to write this paper.

The core lesson is simple yet essential: **capital is not raised, it is earned.**

Companies that prepare early, articulate a coherent story, and align their strategy with the expectations of the right exchange consistently achieve better outcomes, stronger valuations, and long-term investor confidence.

I hope these insights support leadership teams as they approach the next stage of their growth journey with greater clarity and conviction.



### **David Solomon**

Founder & Executive Chairman  
Solomon Capital Group

# The Art of Funding Growth Companies: How Leadership, Strategy, and Market Positioning Shape Capital-Raising Outcomes

Funding a growth company has long been portrayed as a linear financial exercise—a simple choice between raising equity, attracting private investors, or seeking a strategic buyout. But the reality in today’s global capital markets is far more nuanced. Capital formation has become a strategic discipline that blends leadership, narrative, valuation, regulatory preparation, and a deep understanding of how different exchanges perceive risk and opportunity. The companies that navigate this landscape successfully tend to be those that understand that capital is not merely raised; it is earned through credibility, clarity, and disciplined execution.

At the center of this philosophy lies a simple truth: IPO readiness is not about spreadsheets—it is about trust. Companies entering the public arena must demonstrate that they know who they are, where they are going, and why investors should believe in their trajectory. IPO readiness is not just numbers – it is about shaping a clear story and earning investor trust.

Figure 1: Strategic Capital Pathways (IPO, PE, M&A)

	IPO	M&A	Private Equity
Control	Company retains partial control	Loss of control (buyer takeover)	Investor influence / control
Capital	Public capital, long-term	Full exit / strategic buyer funds	Medium-term capital injection
Liquidity	High (public markets)	Immediate (sale proceeds)	Limited until exit
Brand/Visibility	Strong global positioning	Integrated into acquirer	Limited public exposure

This article explores the strategic art of funding growth companies, drawing on insights from The Art of Funding Growth Companies presentation, McKinsey, and global stock exchanges.

## A Strategic Inflection Point: The Decision to Go Public

For most companies, the choice between an IPO, private equity, or a strategic sale is the most consequential corporate decision they will make. Each path shapes not only the ownership structure, but also the culture, governance expectations, and long-term strategic freedom of the organization.

An IPO offers benefits that no other alternative can replicate. It provides access to deeper and more diversified pools of capital, creates a public valuation benchmark, and strengthens corporate credibility with customers, suppliers, and lenders. It also enables companies to retain strategic independence, avoiding the cultural and operational constraints that can arise in private-equity-controlled environments.

Private equity, by contrast, can offer speed and strategic alignment, but often at the cost of board control and freedom of maneuver. M&A remains a compelling route for founders seeking a liquidity event, but it typically means relinquishing the company’s identity, long-term direction, and—often—its innovative edge.

**“In today’s complex global environment, the decision is no longer simply about financial efficiency; it is about defining the company’s future role in its industry”.**

## Choosing the Right Exchange: No Market Fits All

Although global capital markets are increasingly interconnected, each exchange maintains a distinct investment culture shaped by its regulatory environment, dominant investor base, and sector specialization. As a result, different exchanges reward different business models, risk profiles, and strategic narratives—and understanding these differences is critical for any company considering an IPO or cross-border listing.

For example, NASDAQ, for example, values forward-looking growth potential, technological disruption, and scalable innovation. It is a natural home for companies with strong R&D pipelines, high gross margins, and large addressable markets—even when profitability is still emerging. In this environment, investors are willing to price future optionality, provided that the leadership team and execution track record are credible.

The London Stock Exchange, both Main Market and AIM, tends to reward established revenue, predictable EBITDA, and disciplined governance. LSE investors look for operational maturity, capital discipline, and resilient cashflow generation. This makes London especially attractive for industrial technology, medtech, B2B solutions, and globally diversified mid-market companies.

TASE, by contrast, is particularly effective for companies with a strong domestic footprint and high familiarity among Israeli institutional investors. It rewards credible management teams, transparent reporting, and sector narratives that resonate with the local market. Meanwhile, ADX and DFM in the Gulf increasingly attract issuers with regional relevance, rewarding business models that align with MENA growth themes and cross-border expansion.

**Because each exchange applies a different lens to risk, growth, and governance, the same company can receive materially different valuations across markets. Exchange selection is therefore not an administrative question—it is a strategic valuation decision.**

Figure 2: Global Exchange Comparison

Criteria	LSE	NASDAQ	TASE
Best Fit	Mid-cap, industrial, diversified	High-growth tech, biotech, AI	Local strong presence
Investor Base	European institutional	Global, tech-oriented	Domestic institutions & retail
Liquidity	Strong in mid/large caps	Highest globally	Limited
Costs	Medium	High	Low
Regulation	UK Corporate Governance	SEC, Sarbanes-Oxley	ISA (Israel Securities Authority)

## Valuation as Narrative: The Evidence Behind the Numbers

One of the most misunderstood aspects of the IPO process is the valuation exercise. Valuation is often treated as a single ‘number’ to be negotiated between the company, the bankers, and the market. In practice, valuation sits at the intersection of three forces: comparable companies and sector multiples, prevailing market sentiment, and the company’s own performance, credibility, and clarity.

External data—such as sector EV/EBITDA and EV/Sales benchmarks—show clear dispersion across industries, reflecting differences in risk, cyclicity, and scalability. High-growth technology firms command premium multiples because markets price the future rather than the past; traditional industrial players are evaluated more on stability, operational efficiency, and capital intensity.

**But the company’s narrative—its story, supported by robust evidence—is what determines where it lands within the valuation range.**

Investors reward companies that can clearly articulate the problem they solve, the strength of their leadership, their competitive moat, and the path to sustained, cash-generative growth. They penalize companies whose forecasts are disconnected from execution capability or whose disclosures lack consistency.

**In this delicate balance, CEOs and CFOs become central to the valuation process—not by pressuring the independent analyst, but by improving the quality of information, sharpening the equity story, and demonstrating a disciplined track record.**

The execution and filing phase brings the company into a world of regulatory precision: drafting the prospectus, undergoing legal and tax due diligence, and engaging in early investor soundings. The subsequent roadshow is where narrative meets capital. Management must demonstrate consistency, command of data, and the ability to handle tough questions under time pressure.



Figure 3: Preparing for an IPO

## Inside the IPO Process: A Journey of Precision and Discipline

The IPO process is frequently perceived as a marketing exercise, but in reality it is an extended operational and governance stress test. From the first preparatory discussions through to listing, the company is required to demonstrate financial coherence, legal robustness, and strategic clarity.

The preparatory stage is the true heart of the IPO. During this phase, companies refine their financial reporting, strengthen governance frameworks, assemble advisors, and craft the equity story—the concise articulation of why the company deserves public capital. Multiple global studies have shown that preparation quality in this stage explains a substantial share of eventual IPO success.

Finally, pricing and listing mark the beginning—not the end—of the company’s public lifecycle. The months immediately following the IPO shape investor perception, liquidity development, and long-term valuation stability.

Figure 4: IPO Process Timeline



## Why Some IPOs Outperform and Others Falter

The presentation and global IPO research converge on a consistent conclusion: the difference between successful and underperforming IPOs is not simply the quality of the business model, but the alignment between valuation ambition and investor confidence. Overpriced IPOs tend to underperform in the aftermarket because investors feel that their margin of safety has been eroded. Reasonably priced IPOs, by contrast, often see stable or appreciating post-listing performance, reinforcing confidence and enabling future raises on favorable terms.

Execution discipline, governance readiness, and transparent communication are recurring features of outperforming IPOs. Underperformers, on the other hand, frequently suffer from rushed preparation, aggressive pricing, shallow disclosure, or narratives that are not fully supported by evidence.

Ultimately, IPO performance is a reflection of trust—trust in the numbers, trust in the management team, and trust in the company’s ability to translate its strategy into sustainable financial outcomes.

Figure 6: Successful vs Underperforming IPOs

	Successful IPO	Unsuccessful IPO
IPO Price	Realistic, oversubscribed	Too high/too low, weak demand
Investor Mix	Quality long-term investors	Speculative, short-term players
After Listing	Price stable or rising, strong liquidity	Sharp decline, low volumes
Long Term	Builds credibility, supports growth	Damages reputation, underperformance

## Leadership as the Multiplier of Capital

Capital markets may appear quantitative from the outside, but in practice they are heavily influenced by leadership quality. Investors invest in people as much as in models. The ability of the CEO and CFO to communicate clearly, respond credibly under pressure, and demonstrate ownership over both successes and failures plays a decisive role in institutional decision-making.

**Testimonials and track records matter. When boards and CEOs are known for professionalism, strategic insight, and integrity, investors are more willing to underwrite ambitious growth plans and accept reasonable risk. Conversely, weak or fragmented leadership can discount even strong financial profiles.**

## Conclusion: The Future of Funding Growth Companies

In a volatile global environment, the companies that will successfully attract capital over the coming years are those that treat funding as a strategic discipline. They prepare early, communicate clearly, and enter the public arena with both ambition and humility. They recognize that valuation is earned, not demanded; that preparation reduces execution risk; and that leadership is the most powerful asset in any capital-raising strategy.

**Early preparation and disciplined execution can maximize valuation and credibility. Companies that internalize this approach will not only raise capital—they will build the foundation for long-term, global success.**