

## **Why do founders make expensive decisions before approval, and how to stop it**

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When you are trying to raise money for your startup, there is a stage that seems like “we are basically in.” Investors haven’t officially said yes, but they have hinted strongly that things look good.

Such incidents psychologically change how a founder behaves:

- You start preparing as if the money is already yours.
- You move quick, make plans, maybe even spend more.
- You think like you are almost done.

But startups don’t fail because investors said no. In my experience, they fail because founders acted too soon i.e., before the deal was signed.

So, don’t count your chickens before they hatch. Wait until the funding is officially approved before you make big business moves.

### **What changes?**

Nothing outside your company changes when investors hint that your funding is likely to go through. You don’t suddenly have more money. You don’t have a signed deal.

But inside your head:

- You stop worrying about what happens if the deal doesn’t close.
- You stop focusing backup options.
- You start making plans as if the money is already in the bank.

That is not a bad strategy; your thinking is fine. The problem is timing. You are acting too early.

And timing mistakes don’t seem wrong in the moment. They seem good, like you are being efficient and getting ahead. But in practice, you are building on money that isn’t yours yet.

## **The invisible change Framework**

When founders are raising money, there is an understated turning point where they lose control. This is not because of what investors say, but because of how they themselves start thinking.

**Stage 1: Listening** = At first, you are cautious. You are paying attention, weighing every word, protecting yourself from disappointment.

**Stage 2: Interpreting** = Then you start hearing positive signals. You connect the dots and think, “This is looking good.”

**Stage 3: Internal commitment**= Without saying it out loud, you begin to believe the deal will happen. You mentally lock it in.

**Stage 4: Behavioral Change** = That belief changes how you act. You start making decisions as if the money is already yours.

And, that last stage is where the cost begins. You change from cautious to committed too early, and that invisible change i.e., inside your own head, is what can sink you.

### **Case study**

Let me share a personal experience. A founder hears from bank this= “Everything looks aligned. We are just covering up internally.”

This founder takes it as a guarantee funding & started to change following:

- They pause talks with other lenders.
- They tell the team to “get ready.”
- They start imagining new hires.

Then, three weeks later, the deal falls apart. This happens because the investor re-evaluated loan application.

The moral is, you shouldn’t make business decisions based on loan signals. Instead, make decisions based on current capital.

## **The rule that can prevent this**

“You can plan early. You are not allowed to commit early.”

## **Way to protect yourself**

Before making business decisions, ask yourself:

- If this funding disappears tomorrow, does this decision make sense?
- Am I acting on something confirmed, or just something expected?

If you don't have logical answer, then wait & revise your plan.

Remember that in business, the most expensive decisions aren't wrong. They are early.

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