



The \$5–25M Gap: Mid-Market Capital Raising Dynamics, Structural Constraints, and Execution Frameworks

Abstract

This briefing analyses structural inefficiencies in mid-market capital raising, particularly in the \$5–25M range, where companies face a persistent execution gap despite strong global liquidity.

It examines investor behaviour, common failure points in positioning and process, and the impact of cross-border dynamics on transaction outcomes. The paper incorporates practical insights derived from active mandates and investor engagement, alongside a structured framework for improving capital raise execution.

1. Introduction

The mid-market capital segment remains structurally underserved. While global capital availability remains high, companies raising between \$5–25M frequently encounter friction that prevents successful execution.

This paper explores the underlying causes of this gap and outlines practical approaches to addressing it.

2. Market Context

2.1 Capital Availability

Global liquidity remains strong, with significant dry powder across private equity, family offices, and institutional capital pools. However, deployment has become increasingly selective, with heightened scrutiny on risk, governance, and execution capability.

2.2 The ‘Missing Middle’

The \$5–25M range sits between informal capital and institutional scale. It lacks efficient intermediation, resulting in a high failure rate despite viable underlying businesses.

3. Structural Failure Points

3.1 Positioning and Narrative

Many companies present generic or unclear investment propositions. Lack of differentiation and weak articulation of capital use reduces investor conviction.

3.2 Financial and Data Readiness

Incomplete financial models, inconsistent assumptions, and lack of sensitivity analysis undermine credibility and delay investor engagement.

3.3 Investor Targeting and Access

Companies frequently target inappropriate investor groups or misunderstand mandate fit, leading to low engagement and conversion.

3.4 Process Execution

Unstructured outreach, poor follow-up, and lack of transaction discipline result in stalled or failed processes.

4. Observed Transactional Patterns

Across active mandates and market observation:

- Industrial platform raising ~\$12M stalled due to unclear export positioning and investor misalignment.
- Climate-tech company failed to progress due to insufficient financial modelling and lack of downside clarity.
- Infrastructure-linked business successfully raised capital following repositioning and structured investor targeting.

These patterns indicate that execution quality, rather than opportunity quality, is the primary determinant of success.

5. Quantitative & Market Indicators

- Typical raise timelines: 6-12 months
- Conversion rates remain low without structured processes
- Investor engagement typically drops after initial screening if clarity is lacking

These indicators reinforce the importance of preparation and process discipline.

6. Strategic Implications for Firms and Investors

Companies must approach capital raising as a structured transaction rather than a marketing exercise. Investors are prioritising clarity, risk visibility, and execution capability.

Advisors play a critical role in aligning positioning, materials, and investor engagement strategy.

7. Who Should Care – and How to Incorporate This Into Strategy

7.1 Founders and CEOs

Leaders must adopt institutional approaches to capital raising, including clear positioning, robust financial preparation, and disciplined process management.

7.2 Investors

Investors should prioritise opportunities with strong clarity, governance, and execution capability, particularly in cross-border contexts.

7.3 Strategy Leaders

Capital raising assumptions should be embedded within broader strategic planning, including market entry, expansion, and capital allocation decisions.

7.4 Advisors

Advisors must focus on structuring transactions, aligning investor fit, and managing processes to improve conversion outcomes.

8. Risks, Misconceptions & Alternative Views

Capital is not constrained, but misallocated due to poor positioning and execution.

- Warm introductions are helpful but insufficient without institutional-quality materials and process.

- Strong presentation materials alone do not guarantee success without alignment to investor mandate and risk expectations.

These perspectives highlight that structural issues, rather than external constraints, are the primary drivers of failure.

9. Conclusion

The \$5-25M gap is not a function of capital scarcity, but of structural inefficiency and execution failure.

Companies that adopt institutional approaches to positioning, preparation, and process consistently outperform those that rely on informal or fragmented strategies.

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