

Business Plans to Attract Investment

15 February 2011

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This seminar is of a general nature and is not a substitute for professional advice. No responsibility can be accepted for the consequences of any action taken or refrained from as a result of what is said.

Ten tips to attract investment.....

1. First impressions

- Critical
- Decision made in first few minutes
- Elevator pitch
- Practise makes perfect
- FAQs

2. Demonstrable need

- Don't confuse features with benefits
- Where is the pain and what exactly is the need for your particular product or service?
- Make sure it's clear how and why yours is different.
- Is it better, faster, cheaper or is there some other reason why you will succeed when many others fail?

3. Existing revenues

- Pre-existing revenues can make a huge difference
- Current customer base

4. Strategy

- What is the future of your business?
- Do you have a vision?
- If so, is it realistic?
- Don't be tempted to over-promise and under-deliver. It's normally transparent from the start.

5. Business plan

- The credibility of your proposal will be reflected in the quality of your business plan.
- A poorly presented, badly researched plan will kill your proposal before it has a chance.
- **If you fail to plan, you plan to fail!**

6. Business Model

- Will determine how and where you make your profits.
- A model that requires huge revenues to deliver small profits is inherently unattractive
- A business in a niche market with high barriers to entry will get potential investors excited.
- Market penetration

7. You and your team

- Are you credible in the eyes of the investor?
- What is your track record and what experience do you have of your business?
- Passion, personal knowledge or experience
- Mentor / Non-Executive

8. Financials

- Result of the business plan
- Demonstrate a good understanding of your financials.
- Integrated model – profit and loss account, balance sheet and cash flow
- Understand the financial impacts of sensitivities.

9. Pricing/Value

- Don't be tempted to overvalue your business.
- Nothing will put an investor off more quickly than an excessive or unsupportable valuation.
- What are you going to do with the money?
- What do you want from your investor?

10. Exit

- It's very easy for investors to put money into your business, but how will they get it back?
- Taking in external funds means that you need to 'begin at the end' in terms of thinking about exit, having a clear strategy and plan.
- This may change as the business grows, but you need that stake in the ground.

Sections of the Business Plan.....

Executive summary

- Brief overview of everything that follows
- Designed to stand on its own
- Compelling and clear, as well as being interesting to the reader.
- Here's a tip - writing a draft version of the Executive Summary at the outset can be a great idea.

The Business: History/Model/ Opportunity/Future Plans and Goals

- Describes who you are, where you've come from, what you do and where you're heading
- It will summarize the history, achievements and current position of the business, as well as its ownership structure.
- It will also outline the future opportunity.

Your Business Strategy and Action Plan

- Explains your vision and strategy and tactics.
- This will focus on the strength of the business and explain the opportunity that the management team wish to pursue.
- It will outline the benefits of pursuing the opportunity and consider the benefits and risks involved.

Your Team and Management Structure

- The management team is considered by investors and lenders as the key factor in any business plan.
- Specifies the skills, credentials and experience that you, your team and your advisers have, as well as any recruitment, training and retention plans.
- Succession planning should also be covered.

Your Operations and Administration

- Outlines your premises and production facilities, your assets, and the IT and management systems.
- Also defines the mechanisms, processes and reporting systems you have in place to track, control and improve your performance.

Your Products and Services

- Describes the products and/or services, including your value proposition and USP
- Why customers buy from you and why you are successful
- It will also consider how products are sourced or manufactured, as well as the product or service lifecycle.

The Market

- Identifies key trends and drivers in your sector, including chances to increase your market share.
- Considers wider trends in the market and how these may affect your business in the future.
- Profiles your competition and compares that to your business and defines your competitive 'unfair' advantage.

Your Marketing Plan

- Includes the methods you'll use to reach, attract and retain your customers.
- Outlines your positioning in the market, how you are pricing and promoting your products and/or services, where and how you will drive future sales.
- Also outlines details of any strategic alliances or distribution partners.

SWOT Analysis

- Provides an analysis of your main strengths, weaknesses, opportunities and threats.
- Remember it will need to explain how you will reduce risk by tackling threats and overcoming weaknesses and what you are doing in order to seize opportunities and play to your strengths.

Financial Statements and Forecasts

- Summarises historic and forecast financial information based on an integrated profit, cash flow and balance sheet forecasts.
- Details banking and financing arrangements and sets out the required funding and how it will be used.
- Typically allows for funding headroom, to cover uncertainty and contingencies.

Appendices

- Provide CVs of key team members
- Organisation charts
- Product literature
- Key contracts and details of IP protection.
- Also provide more detailed financial analysis and market research reports.

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Road test your business

Thursday 30th April 2009 - Author: Guy Rigby

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25 Moorgate
London
EC2R 6AY

Tel: 020 7131 4000

Fax: 020 7131 4001

www.smith.williamson.co.uk

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