



## Can Your Business Attract Investors?

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Attracting investors to launch your business is very competitive and can take enormous amounts of time and energy. Investment capital flows towards good ideas, teams and execution. Below is a checklist of critical factors that you should consider when creating and marketing your business plan to investors.

### ***A. Your Business Model***

#### **Are you selling painkillers or vitamins?**

Painkillers solve a real problem. The harder the problem, the more people will pay for your solution. Vitamins are preventative and your customers may not see the results and may not use your product or service. Be sure you are creating real value for your potential customer that can be defined – ideally in terms of potential revenue (i.e., what your potential customer would be willing to pay to solve their problem).

#### **Would you care if your business plan was published in the newspaper?**

If you do not care, then you might have a business model that no one else knows how to implement or create. You may also have proprietary technology and patents that would prevent others from duplicating the exact business model. In other cases, you may have put considerable work in your business model already that it would take considerable time for another person to catch up. What are your barriers to entry?

#### **How big is the pie?**

Investors want to see huge target markets. Investors want to believe that your business will rapidly become a multi-million dollar business that will provide the large returns on investment they expect. A niche market may not provide the potential revenues that are attractive to investors.

#### **It's no longer 'Burn, Baby, Burn!'**

Businesses often describe their expenses per month as their 'burn rate'. The first generation of new economy businesses had high burn rates, largely as a result of huge marketing budgets and staffing up. Currently, businesses are aggressively cutting their staff and finding more cost-effective ways of marketing through partnerships and strategic alliances.

Does your business model include creative and cost-effective ways to market your business?

#### **Can you 'prove' your revenue model?**

You may think you have the best idea, but do others agree? Will they buy your product or service? How much time and money do you have to spend, before someone becomes your customer? And will they come back? Many businesses are finding that it is taking a much longer time for the general public to begin to use a new product or service. What are the 'adoption rates' among your targeted market? Have you undertaken a beta test to determine the 'conversion rate' of a potential customer to an actual customer?



### **Can you see the 'bumps in the road'?**

Can you clearly address where the pitfalls lie and how you plan to avoid them? Everyone knows that new ventures are risky. Be ready to address all areas of risk within your business model and industry. Demonstrate how you have thought through the challenges and show how you plan to avoid them.

### **Is your plan realistic and logical?**

Your business plan should clearly define how you plan to launch your product or service. Your plan should also define realistic milestones for both you and your investors to manage and evaluate progress against. Allow for tasks to take longer than planned.

### **Be Different, not just Digital!**

## ***B. The Management Team***

### **Are you passionate?**

Passion sells. It breeds enthusiasm in others that a business plan or power point presentation cannot. Work to share your passion and enthusiasm so that others will share it and pass it on.

### **Can you adapt?**

Although you are passionate about your business model, you will be exposed to new ideas and market conditions that will encourage you to develop, enhance, grow, or change your plan. LISTEN! And be prepared to adapt your model as sound and strategic ideas emerge. There is a fine line to walk between being too set on your original business model and changing with every new idea.

### **The Management Team – Names or Experts?**

The management team is continually rated one of the top determiners of who gets funding. Build a team that complements each other and demonstrates expertise and success. Many successful people can lend their names to your business in order to impress investors, but can they really help your business grow and succeed? Investors will be looking for a management team that can bring knowledge to the business that few other people have. You are selecting an exclusive 'brain trust' that will be difficult for a competing business to replicate.

### **Do you know what you don't know?**

Be sure to identify your strengths and weaknesses, especially within the industry you plan to operate. Build your team to complement your abilities!

### **Do you know who you know?**

It is all about who you know. Build a network of strategic relationships. Find out who your strategic partners, employees, and service providers (i.e., investors, lawyers, and accountants) know so that your network continues to grow strategically.