



ATTRACTING INVESTMENT: STANDING OUT FROM THE CROWD

Finding the right equity investor can take time and effort, but it is a process that is well worth the effort. Having a financial partner with a deep understanding of and interest in both your company's value proposition and the industry can be game changing. Often, it makes the difference between a long-term successful enterprise and a struggling business that's forced to close up shop.

Once you've identified a potential partner in your journey toward growth, investors need to see that you understand and can sustain your competitive edge. And they want a guarantee that your business is the best investment compared to the multitude of other prospective ventures. But how do you position yourself in the best possible light to attract the right investor? How do you argue that the company you've built is the right investment for them to make in a sea of companies vying for market attention?

Here are four tips to help you stand apart from the muddled crowd of companies seeking investor partnerships:

1. Understand the importance of positioning

“IN THE SHORT TERM, THE MARKET IS A POPULARITY CONTEST. IN THE LONG TERM, THE MARKET IS A WEIGHING MACHINE.”

-Warren Buffet



When marketing a business, you need to know not only what investors want to buy, but also how and why they buy. What are common attributes of the businesses they invest in? What financial profile are they looking for? What has been the trajectory and outcome of previous investments and how might you compare? As much as you pay attention to how you market your products, you must pay attention to how you position yourself with investors. Look beyond your accomplishments with products, customers, and influence to your marketplace and consider why your business will be a good fit with the potential investor.

2. Win with customers

“YOU CAN'T JUST ASK CUSTOMERS WHAT THEY WANT AND THEN TRY TO GIVE THAT TO THEM. BY THE TIME YOU GET IT BUILT, THEY'LL WANT SOMETHING NEW.”

-Steve Jobs

Customers have the potential to be true brand ambassadors and can play a crucial role in proving market validation when pursuing monetary backing. To entice new users, it is important to clearly articulate what it is that they need and why your offering meets that need. Not only will this win them over and keep them coming back, it can also make them your greatest ally as investors dig into the strengths of your customer success. Whether through exceptional customer service or a truly incomparable product, highlight positive feedback from loyal customers frequently during the funding process to help illustrate product traction to investors.

3. Paint a picture of the business potential, not the business history

“WHEN IT COMES TO BUSINESS, THERE IS A SIMPLE SCORECARD. ARE YOU MAKING MONEY OR ARE YOU NOT MAKING MONEY? ARE YOU SUCCEEDING OR ARE YOU NOT? SO WHEN YOU GO TO RAISE MONEY, ALWAYS, ALWAYS CATCH YOURSELF AND ELIMINATE THE BACKSTORY.”

- Mark Cuban, Investor / Dallas Mavericks

The key to showcasing your market potential is envisioning and clearly conveying the future potential of the business, rather than emphasizing what you've already accomplished. It's the job of the fundraising company to paint a vision for the business in a way that is convincing, demonstrating the long-term and sustainable impact. While focusing on parts of a company's existing story and success to-date is core to telling a comprehensive story, the future potential should be the main focal point while making a case for funding.

Frame big-picture, long-term ideas with a tangible growth plan. This will force decision makers to think realistically, objectively, and unemotionally about their business goals. The plan also makes it easier to communicate objectives and strategies to the prospective investor, and helps to ensure all aspects of the strategy are clear and integrated.

4. The perfect pitch

“WHEN WE ARE SELLING OUR IDEAS, THE AUDIENCE MUST FIRST BUY US.”

- Peter Coughter, The Art of the Pitch

You know the strengths of your company better than anyone, but communicating that in a pitch can be difficult. A good pitch encompasses more than just the four walls of your company; it showcases an understanding of your addressable market, how you compete within it, the broader economic climate, and how that impacts your business. Your confidence in the delivery of the pitch will emphasize your conviction about the business.

Elements of the ideal pitch:

- Act naturally and be yourself. This will enable you to relax so you can effectively demonstrate your knowledge and excitement in an authentic manner.
- Keep it simple. Less is always more. Lengthy and long-winded presentations will bore potential investors. Focus on the crisp, clear elevator pitch.
- Be realistic. Illustrate you have a grasp on reality by discussing reasonable company goals. Credible investors will not take you seriously if you present hockey stick projections. Show the bigger picture but keep it grounded in reality.
- Cut out the marketing speak. Make sure your presentation is clear to everyone in the room. Avoid tech speak and marketing buzzwords, speak in layman's terms.



FINDING THE RIGHT EQUITY INVESTOR

When searching for an equity partner, it's important to find the right fit for your business. While similarities exist, different investors will focus on different areas that may or may not be attractive to you as a partner and your vision for your business. Look for a partner whose business you appreciate due to their demonstrated success, reputable relationships and an approach that is congruent with yours. Seek out investors that will support your long-term vision and continued growth trajectory. Understand how the investor can assist in all facets of the business – either organically or inorganically – and ensure they have a solid grasp of your business and industry.

An added benefit is a willingness to compromise on some items in favor of a broader, shared business plan – this is a sign you've found a true partnership. A partner that understands the business potential is vital, which in turn will generate even stronger returns.

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