



Equal-Invest Guide

1 Business Case

Business Case: clear market need and competitive advantage

This is part one of a series of five guides for social enterprises seeking to get investment-ready. The content was developed through the Equal-Invest programme.

When considering investment, a thorough examination of your business case provides you with a strong foundation for communicating your needs.

By mapping the structure of your business, you can pinpoint where the strengths and weaknesses lie and create a business plan – this will help you feel confident about where you are going, why and what you need to get there.

This business plan must show that you offer clear value to a segment of the market in a way that generates revenue. At the same time you can reassure yourself that you are ready for investment.

Business plans should be specific, measurable, achievable, realistic and targeted.

What is your vision and how specific is it? Do you have realistic objectives? How do your products target market needs and what competitive advantage do you have?

In order to answer these kinds of questions clearly, you need to break your business down into bite-size chunks and give each one focus. Have the courage to see the truth and know that this will help you to create change.

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Things to consider when examining your business case

- Vision and objectives
- Strategy
- Visibility in the marketplace
- Marketing and communications
- Brand
- Customer feedback
- Financial model – revenue streams, cost structure and break-even points
- Business model
- Product development.

Once your business is dissected and analysed, the parts need to be re-integrated to communicate a coherent 'story' to investors.

To tell a good story, it is important for you to understand how each aspect of your business relates to the others, and where a weakness in one area can impact on another. For example, if your cost structure does not deliver a financial return, you may need to review your business model or think about new products and revenue streams. The better your understanding how the parts relate to the whole, the clearer and more useful such reviews will be.

If this process reveals that you don't understand certain areas of your business as well as you should, this will give you a focus for your learning and development.

Once your understanding is more complete place, your business plan will be a natural continuation that is meaningful both to you and to potential investors.

Here are some additional tools to help you when articulating your business case

- SWOT analysis
- Market research – size, needs, niches
- Competitor analysis
- Using 'PESTLE' analysis to identify trends that may affect your enterprise
- Defining your USP
- Identifying your break-even point and payback period
- Cash flow analysis
- Risk analysis

Remember to update your business plan regularly as your vision, markets and services evolve!

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Brighter Future Workshop

Brighter Future Workshop (BFW) in Skelmersdale trains and employs disabled and disadvantaged people to refurbish mobility equipment for resale. Their vision is to create a unified community that helps to remove barriers for those with disabilities and disadvantages.

There are clear indications that they are achieving some success in this, such as recognition through accreditation for training and strong interest from national equipment providers.

They have enjoyed substantial growth recently, with an increase in the demand for services and so the team at BFW decided to request an investment of £300,000 to achieve sustainability.

In their preparations they needed to update their business case to articulate the size of the market for their services and why they had a competitive advantage. The team at BFW mapped their growth, breaking income down and identifying areas for future growth in relation to their vision.

There was still potential for expansion within Lancashire and so they decided to keep the focus local and work on sustainability before looking further afield.

This process enabled them to define their growth strategy and use facts and figures to demonstrate that it was feasible.

They pitched for investment, and were successful.