



Equal-Invest Guide

5 Investment preparations

Investment preparations: good investment materials and story

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

It may seem that a business plan, a review of the ability to execute, evidence on recent performance and a financial review is already a lot of preparation. Yet there are some very specific things that you can do to strengthen your case even further.

Each investor has their own organisational health to care for and the way in which they do that will be different depending on their needs. One of the first things to consider therefore is the picture from their perspective. What is *their* vision and what do they need to do to achieve it? Does it align with what you are trying to achieve? Can you help them to achieve their own objectives?

Think of investors as potential partners and relate this to your respective needs. Can an investor help you to find solutions to your skills gaps? Could this be traded for some of the funding you require? Are you able to speak confidently about why you have approached them? What convinced you that this would be an energetic partnership?

With this background knowledge and understanding in mind, present your materials and pitch accordingly.

There is a skill in being able to present your organisation positively whilst demonstrating your awareness of where you need to improve and grow.

Demonstrate your marketing flexibility by marketing your organisation to them, once you have done your research.

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Understand their need for return on investment and possible exit strategies to protect their own position. If you can help them to address their own vulnerabilities by presenting an inspiring offer, grounded in solid preparation, you will get their attention.

Things to consider when collating your investment preparations

- Business plan update
- Executive summary
- Organisational flowchart
- Financial projections and cashflow forecasts
- Due diligence
- Return on investment and exit strategies

Remember that the materials presented are in support of your pitch and so there is no need to repeat everything.

Having given so much attention to your research, you need to create a vision for the investor that is not bogged down with detail. If they require more, you can confidently refer them to your supporting materials. Skilfully select the most significant points so that they can see the wood for the trees.

Here are some points to include in your pitch

- Financing history
- Funding required and reasoning
- Well presented back up materials

Above all, keep your language clear, concise and relevant.

West Anglia Crossroads

West Anglia Crossroads has a mission to care for carers, providing emotional and practical support to people with a wide range of needs.

Having recently grown through four mergers, the team's main challenge is to manage change and recruit new skills to explore new opportunities. They decided to request an investment of £50,000 to increase marketing skills, which would lead them towards sustainability and becoming the employer of choice:

- They understood their market, presenting clear statistics on the national and regional picture.

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- They understood how legislation had impacted the market and were ready to embrace those changes immediately and over the long term.
- They clearly outlined new markets and potential partners and whilst able to articulate those possibilities, they recognised the need for business development personnel to thoroughly assess which markets to opt for.
- Their ability as an organisation to embrace change was evidenced through quality assessment on financial and social indices.
- The financial picture included turnover, reserves, cash flow prediction related to shifting parameters in the market and cost cut predictions relating to expansion.
- They also cited a mortgage offer they had received whilst articulating their decision to expand services before purchasing premises.

All materials were beautifully presented and the pitch was delivered with confidence in a language that the investors could relate to. They agreed that West Anglia Crossroads was ready for investment.