

## 12 STEPS TO RAISING THE EQUITY CAPITAL YOU NEED FOR YOUR UNLISTED BUSINESS

1. **Research** what your competitors are doing to find out what they are doing right and where they could improve so you can identify how to differentiate your product and/or service and create a [‘blue ocean’](#) of uncontested market space in your industry that you own.
2. Develop a clear, concise **mission statement** (no more than 20 words in length) and a **clear strategy** that differentiates you from your competitors which you can articulate in one sentence. **Learn** both of these off by heart and practise saying them to friends and family until you can say them clearly and confidently – remember that if you meet a potential investor in person, you have less than a minute to capture his/her interest and persuade him/her to spend more time looking at your proposition.
3. **Create a logo, business card and web site** with a unique domain name that you own and also use for email if you don’t already have these in place. Whether you’re a solo entrepreneur or CEO of a major company, develop a good [LinkedIn](#) profile for yourself (with a professional photograph of yourself) as potential investors will use LinkedIn to find out more about you. It’s worth paying for professional help to develop or improve these so the first impression investors will have of your business and you is a positive one.
4. Write a professionally formatted **one-page proposal** summarising the opportunity you are offering to investors and [convert it into pdf format](#) (click [here](#) to watch a video that explains how to write a one-page proposal).
5. Develop a **short (20 slides or less) visual presentation** that explains the opportunity you are offering to investors in bullet-point format. Make sure you address an investor’s primary concerns, which are the amount you are asking them to invest, how much equity in the business you are offering in return, the risks associated with the business or project, the potential return on their investment (as an Internal Rate of Return over a period of time) and when and soon they will be able to exit from the investment. Practise presenting it to friends and family until you can do it confidently and without hesitation or undue haste in under 20 minutes.
6. Write a longer **Information Memorandum** that explains your strategy and business plan, making sure you cover all the points you have made in your visual presentation in enough detail so a potential investor will be able to make a decision about whether to invest after reading it. You’ll also need to include your five-year financial history (balance sheets and income statements) and a five-year financial forecast. If you’ve developed a business plan already, you’ll need to adapt it so that it’s written for potential investors rather than with an internal focus – remember that the primary purpose of the document is to persuade investors to invest in your business. Avoid using clichés and superlative adjectives, e.g. ‘high-tech’, ‘cutting-edge’, ‘award-winning’, ‘leading’, ‘world-changing/leading’, ‘phenomenal’, ‘amazing’, ‘wonderful’, and worst of all, ‘mind-blowing’.
7. Write a **‘pitch’** that you can say without rushing in less than 2 minutes, which should include your mission and strategy (see point 2 above) and any investor’s 5 primary concerns (detailed in point 6). Write each point down in a single, concise sentence and write one sentence as an introduction and one to conclude with a call to action. Reduce each of the nine sentences to a word or phrase to help you memorise it and practise saying it to yourself and to friends and family until you can say it fluently and confidently.
8. Create a **standard application form or legal agreement** that you can give to an investor who wants to invest. This could be a relatively simple share application agreement if you are selling shares to many different investors or it may

need to be a longer, customised shareholder agreement if the investor is investing a relatively large amount and will be a significant shareholder in your business. You can search for templates of share application forms online and adapt them to suit your situation, and you may need to employ a lawyer if you need a shareholder agreement tailored to your specific requirements.

9. Once you've fully implemented the first 9 steps, **talk to your 'warm' network of friends, family and any existing investors** and ask them to invest in the business using your 'pitch'. (Some of them may have already heard it when you were practising it, which is a nice way of telling them about the opportunity without seeming to be trying to convince them to invest). If they are interested in finding out more, tell them you'll email them the one-page proposal that same day and that you'll follow up with them in three days to see if they are interested in making an appointment to discuss it with you in person or via [Skype](#) or another conference call facility (if your Internet connectivity is patchy, it's worth setting up a conference call number you can both dial into to ensure an uninterrupted meeting). Then you must email it to them that same day and call them on the day you said you would to follow up and set a time for a half-hour meeting with them to discuss the opportunity. (Remember, they are evaluating everything you say and do as part of their evaluation of the investment opportunity, so don't give anyone you approach a reason to doubt that you are not completely reliable and trustworthy).
10. Dress professionally for the meeting (even if it's being done via Skype) and **present your visual presentation** on a reasonably new and clean laptop (or by sharing your screen on Skype) as you practised it, but be prepared to deal with their questions during the presentation, which is a good sign they are seriously considering your proposal. Tips to make sure the meeting goes well are to meet in a quiet place where you can clearly hear them and be heard by them – avoid noisy coffee shops! – and ask them to turn off their mobile phones before the meeting so they won't be interrupted by a call (and remember to switch yours off!). Leave them with your business card and a laser-printed, professionally bound, colour copy of your one-page proposal, presentation and Information Memorandum (or courier it to them if you are doing the presentation via Skype), promise to follow up with them 10 days from then if you haven't heard from them (make a note in your diary to do this and make sure you do) and ask them if they know anyone else who may be interested in investing and wouldn't mind introducing you to.
11. Search using [Google](#) to **identify other potential investors and sources of grant funding**, make a list of all of them and contact them systematically, repeating steps 8 to 10 for each of them (the procedure for grants may vary as there will usually be a formal application process). If your business is a start-up or less than 3 years old, you'll need to find venture capitalists and angel investors, which can often be most efficiently found through an online crowd-funding platform or web site where you can list your business and expose the opportunity to potential angel investors. Be sure to look for small business incubators and government organisations set up to help small and medium-sized businesses in your searching. If you've been operating for more than 3 years and have made profits for the last year or two, you can try approaching private equity funds and family offices that are looking for investments in your industry and/or geographic region.
12. You must **close the deal** at some point, otherwise your entire capital raising exercise will have been in vain. How do you do this? When the time is right and your potential investor has read all the information you have given him and you have answered all his questions, you need to ask him either to invest or tell you that he is not interested in doing so. Most people would rather not ask such a direct question because they fear rejection, but it's the question you may have to ask in order to receive the money that you undertook this whole capital raising exercise for, so don't fail at the final hurdle. If they say a clear 'No' to you, see this as being very helpful, as you don't have to waste any more time chasing them and you can also ask them why they decided not to invest, which may give you some valuable feedback that will help you to improve your approach in future and succeed in persuading another investor to invest the money

you need. When you do ask them the million-dollar question, make sure you have the share application form or shareholder agreement you want them to complete and sign with you if you are sitting with them so they can sign it there or, if you are talking to them by phone, that it is ready for you to email to them immediately after your conversation. If you have developed a shareholder agreement, you should have given it to them as part of the information 'pack' to read in order to make the decision on whether to invest.

Note: The above steps are guidelines to assist unlisted businesses to raise equity capital and obtain grant funding. They assume that you have already registered a company or other recognised legal entity through which you operate your business. They are only guidelines and do not guarantee that you will raise the funding you require if you follow them. However, doing so will increase your chances of success and will help you to gain clarity about your business's mission and strategy, which can only help to improve its performance.

If you think you need help to implement these guidelines professionally and find international investors for your business, please contact **Jonathan Quail** of Neuma Capital on [jonathan@neumacapital.com](mailto:jonathan@neumacapital.com) or **+442089 355099**.