

# HOW TO BE INVESTOR READY

By Reuben Buchanan, Director – Integral Capital Group Pty Ltd

As corporate advisors, we meet with many companies who seek investment capital to help with the growth of their business. But attracting investor capital depends greatly on whether they are “investor ready” or not.

Recently, a company in the building industry approached us to raise A\$5m capital for them. They were well established and profitable and had the opportunity to expand overseas and required the funding to finance their expansion.

After a short period of due diligence, it was apparent to us that they were far from being “investor ready”. We prepared the following check list for them and are now working with them to implement it before we approach any investors.

The check list covers the major issues that an experienced investor will look for (and expect) in an investee company:

- Experienced and stable management team not only knowledgeable as regards the industry and product, but capable of successfully implementing the business plan and managing the company’s operations. Investors invest in management who are committed –long term-to the business
- Sound understanding of the industry the business is in
- Realistic investor ready business plan (featuring a detailed and realistic business strategy of current and future plans)
- Realistic achievable financial forecasts and potential for high returns on investment (ROI)
- Excellent business growth potential with rapidly growing markets
- A willingness to include, if required, the Investor in the management of the business
- A comprehensive understanding of your customer (target market), including market size, demographics, trends , pricing strategies, accessibility, growth potential, demand for products and services ,and commitment to business development
- A clear a idea of the valuation of the business, the equity available for the investor and a strategy for the exit for the investor
- Efficient internal accounting and financial systems and signed off Accountants reports are a must
- An easy to follow and manageable growth product/business strategy, combined with planned financial manageability over the period
- Ability to explain how the investment capital will be used
- Point of difference - in product, distribution, profit, returns, management, location, contacts, technology, barriers to entry, patents or other unique competitive advantages
- An understanding that attracting the right investor can take time-usually up to six months

Approaching investors unprepared is probably the single most common reason why entrepreneurs fail to attract capital. Some investors see 10 or 20 deals a week. If your proposal does not include all of the above, chances are you won't get past first base and they are immediately onto the next deal.

However once you learn how to make your business "investor ready" and you succeed in attracting an investor the first time, going for subsequent rounds of funding, or funding a new venture becomes much easier. Hence if you want to become a successful entrepreneur, it's worth spending the time and effort to learn how to make your company "investor ready".

### **[ENTREPRENEURS GUIDE TO RAISING VENTURE CAPITAL AND PRIVATE EQUITY \(DVD SET\)](#)**

If you want to learn more about raising capital, this DVD set is ideal for you. It features 16 experts covering topics that relate directly to capital raising such as IPO's, pitching to investors, legal, financials and due diligence. [Click Here](#) to learn more.

### **[ABOUT REUBEN BUCHANAN – DIRECTOR, INTEGRAL CAPITAL GROUP PTY LTD](#)**

[Reuben Buchanan](#) is a corporate advisor for Sydney based advisory firm, Integral Capital Group. His primary role involves raising capital for both public and private companies, of amounts between \$1m and \$20m. These companies use the funds to expand or make acquisitions of other companies. Integral Capital also assist companies with their IPO plans as an advisor, and from time to time do private placements into public companies of around \$1m to \$5m.

Previously Reuben Buchanan owned Wealth Creator magazine, which launched in 2002. ([www.wealthcreator.com.au](http://www.wealthcreator.com.au)) He on-sold the business three years later to a private investor group. Wealth Creator is still highly regarded in the business sector in Australia.

Reuben is also the co-founder and director of [Think Big](#) magazine, Australia's largest personal development magazine.

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