




Department for
International Trade

WHAT ARE THE CHANCES OF RAISING PRIVATE EQUITY?

On average, this is what happens to business plans presented to investors:

- 60% are rejected after a 30 minute review
 - 25% are rejected after a 3 hour appraisal
 - 10% are rejected after a full day evaluation
 - 3% are rejected following failed negotiations
 - 2% succeed in raising funds
- 

WHY WE GROAN

It's not unusual for us to review a business plan which looks great initially but once we dig a little deeper, we discover flaws. Here are the main offenders. Make sure you don't have any of these elements in your business plan.

1. **Top heavy management & board but nobody driving.** A highly qualified and experienced team / board often with senior management experience. However, they hold values appropriate for the corporate world which don't always translate to the early stage business market. A common subset of this group is the investment banker who has raised billions in another life and thinks raising £750,000 should be easy.
2. **Laughable valuation.** A great business but ridiculous valuation which implies the founder is neither realistic nor prepared to compromise and let go of the business.
3. **Serial dabblers.** The founder of the business professes to be an experienced entrepreneur who set up another business two years ago, and has a couple of other businesses on the go. A few have been folded and abandoned but none have successfully exited.
4. **Flawed revenue assumptions / Top down sales approach / Ludicrous sales forecasts.** We are wary of top down sales approaches ('The market is worth x billion and we aim to capture just 0.5% of it') or sales assumptions that simply grow too quickly. It is amazing how easily some entrepreneurs think they can achieve £10m of sales.
5. **Too dilutive in future funding rounds.** The business is going to require a lot of additional funding, and the structure of the deal will mean early investors and founders risk being diluted to nothing.
6. **Too complicated a deal structure.** Most private investors prefer straight forward ordinary shares. Most can't be bothered with complex deal structures via convertible loan stock, redeemable preference shares or companies listed in foreign countries.
7. **Being cute with the investors.** The company is seeking investment in the UK, but a separate holding company will own the IP rights for the rest of the world.
8. **Raising too much money/not raising enough money.** An investor wants you to raise only what is required and certainly won't pay for 'fat' in the system.
9. **No significant stage reached with funding.** The investment should get the company to a definable stage (either break-even or profitability).
10. **A solution looking for a problem.**
11. **Momentum.** Make sure when you communicate with your investors that it sounds as though your business has momentum and is moving forward. Investors are looking for entrepreneurs who don't see a lack of money as necessarily a barrier.



Department for
International Trade



What my friends think I do



What my mom thinks I do



What society thinks I do



**What the
Government thinks
I do**



What I think I do



What I actually do



PRAEFINIUM

[Home](#)[About Praefinium](#)[Our Objectives](#)[Our Funds](#)[In the Media](#)[Contact](#)

Our Funds > Main Fund Facts

List of all funds

- Global SME Fund I
- Central Eastern Europe Opportunity Fund I
- Tamarind Fund
- Global SME Fund II (launching soon)

For further details please contact one of our offices or contact@praefinium.com

Main Fund Facts

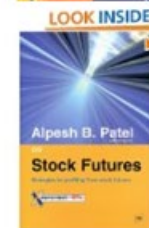
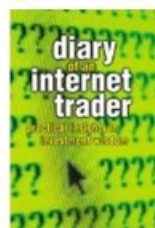
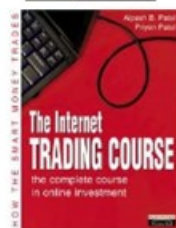
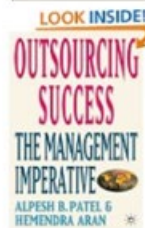
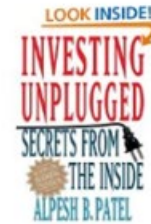
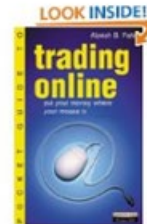
Incorporation:	Grand-Duchy of Luxembourg
Legal Form:	SIF/SICAV
Regulator:	CSSF
Custodian Bank and Administrator:	Edmond de Rothschild (Europe)
Auditor:	Ernst & Young
Legal Advisor:	Allen & Overy



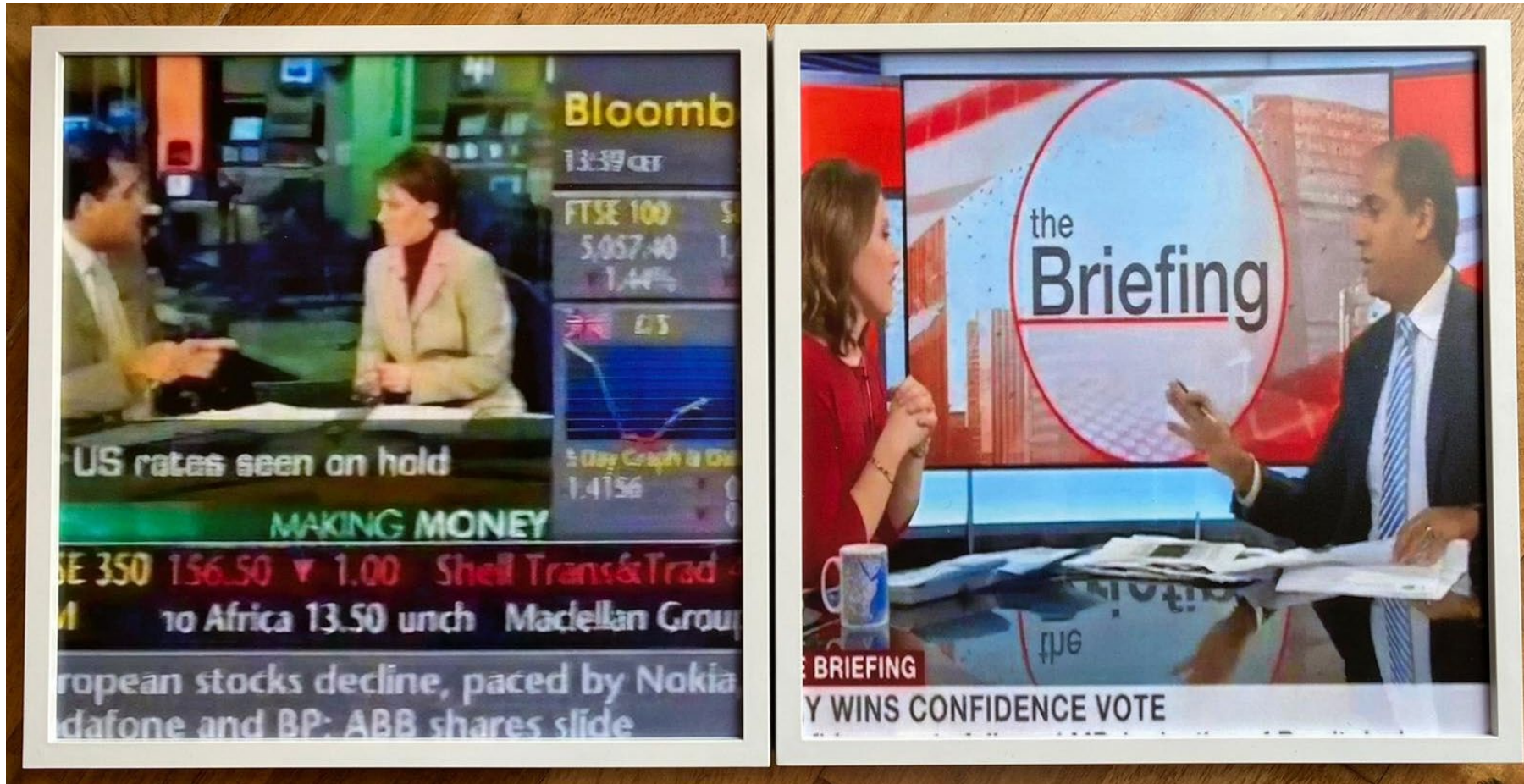
 **Alpesh Patel**



Who Am I...



Then & Now 1999 & 20 years later





WHAT DO INVESTORS LOOK FOR?

Investment criteria for private investors and investment funds vary quite significantly although generally speaking, most will be looking for ventures which meet the following criteria:

THE TEAM

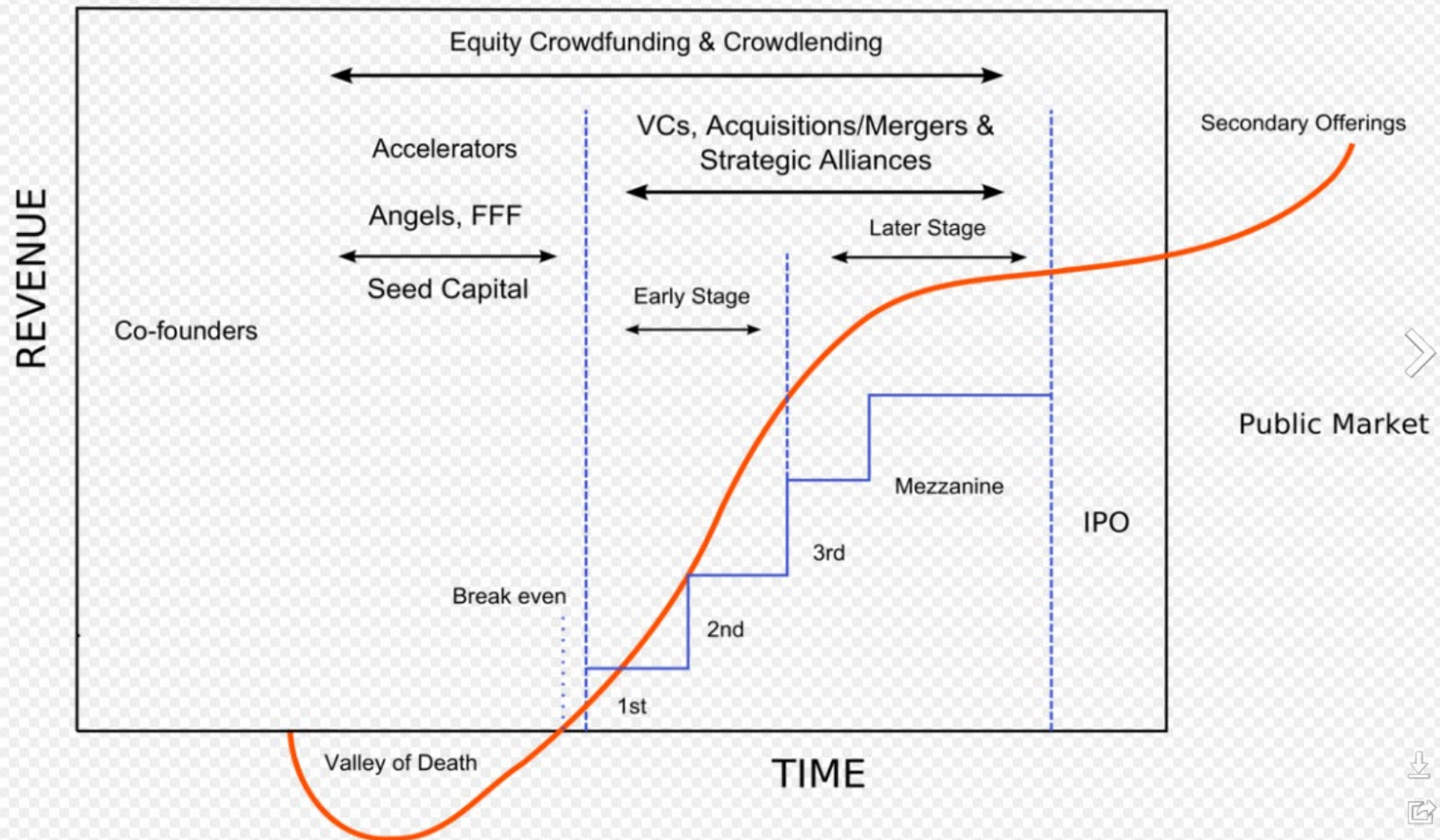
- **Honesty:** Transparency is the best route to take.
- **Management Team:** A full time management team of at least two people is preferred. Make sure you have identified someone to manage the money side of things.
- **Commitment:** Investors like you to have a vested interest in the success of the business not just financially but to ensure you don't slip back into a previous job when the going gets tough.
- **Chemistry:** Investors back people they like and trust and who are receptive to their input.
- **Determination:** You need to be focussed, tenacious and show a 'bias for action'.
- **Low starting salaries:** Don't expect to earn a good salary until the business is approaching profitability.

THE BUSINESS

- **High return:** A realistic chance of achieving a high return on capital – an IRR of 50% per annum is a good, minimum starting point. It may seem high, but reflects the risk involved in investing in early stage businesses.
- **Stage:** Investors prefer businesses which are already generating some kind of sales.
- **Realistic financial forecasts:** Be realistic with your financial forecasts. Investors can hold you to your forecasts and penalise you if they are not achieved.
- **High growth potential:** Investors like highly scalable businesses.
- **Intellectual property:** IP needs to be secured within the company.
- **Local:** Many investors prefer companies close to their home so they can attend board meetings and keep an eye on their investments.
- **Market knowledge:** Private investors tend to back businesses which interest them, preferring those in sectors in which they have experience.
- **Investment ready:** Make sure you have a comprehensive business plan with detailed financial forecasts
- **Exit route:** After putting their money in, most investors want to get it back within three to five years, either through trade sale, sale to other shareholders, refinancing, or, rarely, flotation.













Startup Financing Cycle




All-time record VC investment in first half of 2019 in UK



Notable investment rounds in 2019

 Greensill \$800M	 deliveroo \$575M
 OakNorth <small>Lending for entrepreneurs, by entrepreneurs</small> \$440M	 energy \$240M
 checkout.com \$230M	 WorldRemit \$175M
 wejo \$100M	 STARLING BANK \$90M
 GOCARDLESS \$75M	 nutmeg \$54M



PROBLEM 1: WHERE TO
LOOK; WHO TO LOOKS FOR?
“Do you know anyone at...”

Not How
It's Done



What Do
Goldman
Sachs Tell
Their
Wealthiest
Clients?

Would You
Like 30%pa?

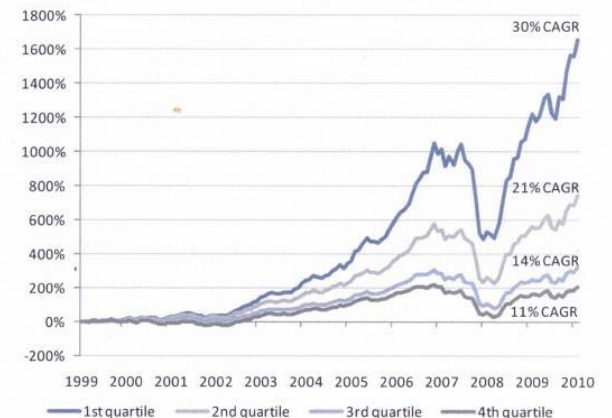
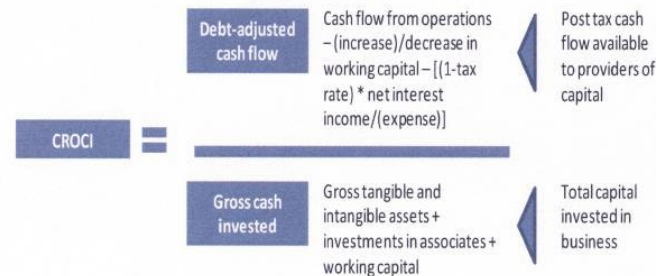
Rich-Poor
Divide is
about Access

Returns: For most sectors we analyse CROCI and focus on identifying Q1 CROCI stocks

Goldman
Sachs

CROCI measures the cash flow companies generate on the gross cash invested in the business


Q1 CROCI stocks have delivered substantial outperformance over time
Total shareholder returns of companies in each sector-relative CROCI quartile



Source: Quantum database, Goldman Sachs Research.

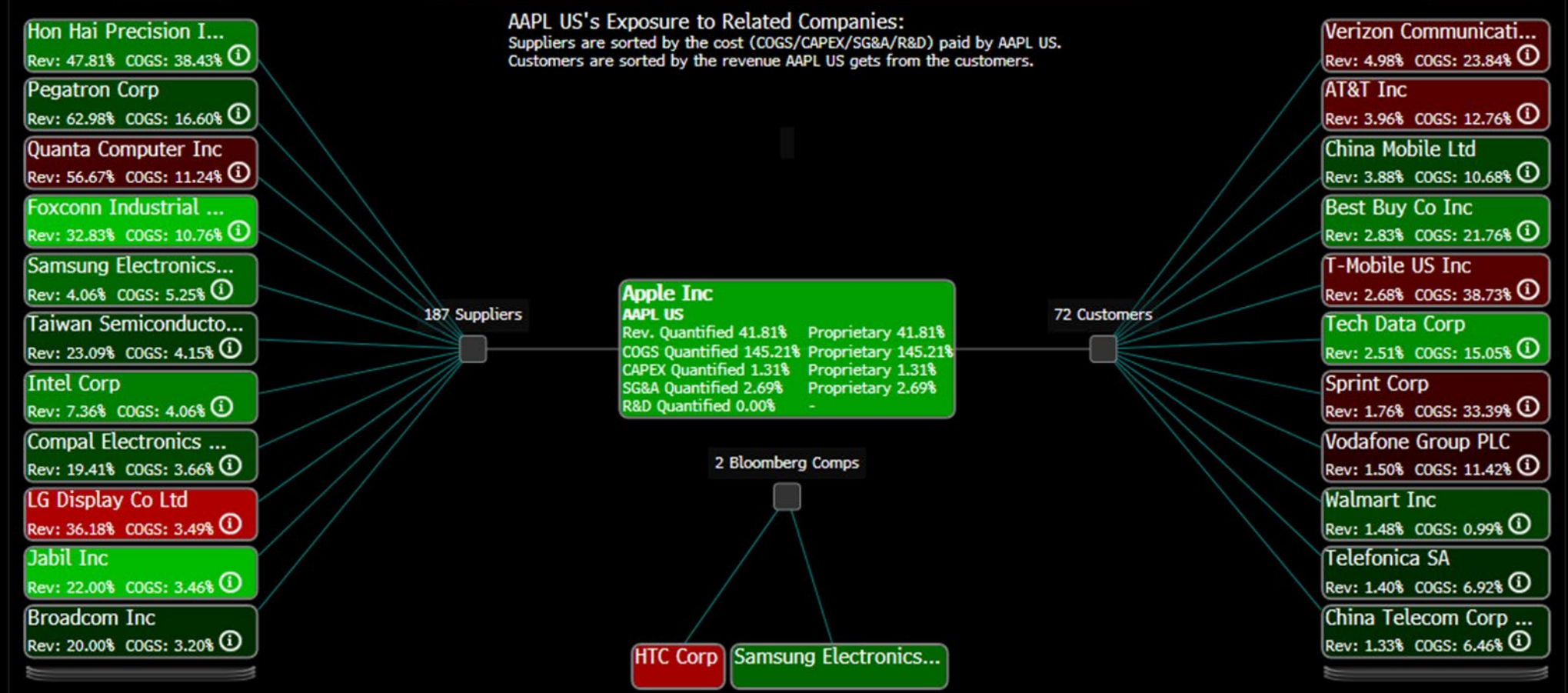
AAPL US \$ ↓ 380.19 +7.50  Z380.19 / 380.23Q 1x3
⏱ At 9:52 Vol 4,774,096 0 376.72P H 380.224D L 376.36D Val 1.806B

AAPL US Equity Peers ▾ Actions ▾ Output ▾ Supply Chain Analysis

Viewing Apple Inc As of 07/08/20 

Analyze Latest Sales Surprise % ▾ USD ▾ Display Name ▾ 6) Filters

Show As 7) Chart 8) Table Sort By Quantified Company Exposures ▾ Show Events None ▾



Your Competition To Getting Investment



The Holy Grail

The Secret Vault

a,b,c & x,y,z

No.	Name	Alphesh value/growth rating	CROCI (%)	Price% 6 months ag	Sorinno Ratio	Return Alpha %	Altman Z	Piotroski F-score	Close	Target price	Percentage Gain	Sector	Exchange	Return Deviation %	EPIC	PEG	Price% 2 weeks ag	Price% 3 months ag	Rolling Yield 1	Rolling PE 1	Alphesh bi
1	Amgen Inc	9	20.5	2.67	0.3605	4.7716	2.26	6	89.97	96.625	7.40	Pharmaceuticals & Biotechnology	NYSE	17.33	100%	0.2	8.96	-4.32	5.1	12.17	A Grade
2	Amgen Inc	9	-11.4	2.13	0.3686	7.5367	2.24	4	2.88	5.69	97.57	Financial Services	LSE	22.2	100%	0.3	-2.04	-31.43	3.16	9.33	A Grade
3	Amgen Inc	9	-12.7	-57.69			2.44	6	0.253	15193	498.14	Financial Services	LSE		100%		-17.05	-50.59	38.07	1.59	B Grade
4	Amgen Inc	9		23.64	0.6421	7.5073			26.045	24.875	-4.49	Mining	NYSE	27.25	100%	0.3	6.87	33.91	0.52	19.68	A Grade
5	Amgen Inc	9	-21.8	4.23	0.6566	7.092	0.561	5	33.03	40.3333	22.11	Financial Services	NYSE	11.99	100%	0.4	-1.52	-17.45	4.43	27.85	B Grade
6	Amgen Inc	9	9.4	5.94	-0.0887	1.2363	2.1	5	2.426	3.224	32.73	Construction & Materials	LSE	12.13	100%	0.4	-6.55	-17.31	1.41	16.12	B Grade
7	Amgen Inc	9	8.9	23.17	0.8778	5.3637	2.92	7	1.05	1.05	0.00	Support Services	LSE	11.64	100%	0.4	0.96	22.81	2.68	18.02	A Grade
8	Amgen Inc	9	3.8	27.88	-0.2126	-3.6284	3.57	5	26.97	22.5	-16.57	General Retailers	NYSE	18.01	100%	2.6	15.21	4.9	4.45	9.9	A Grade
9	Amgen Inc	9	-1.6	65.87	0.5478	8.4288	5.03	6	10.35	13.089	26.48	Mining	LSE	21.13	100%	0.2	4.86	27.78	2.43	8.81	A Grade
10	Amgen Inc	9	16.9	28.17	0.7555	6.6618	2.79	7	4.96	4.9	-1.21	Software & Computer Services	Bats (FI)	12.29	100%	1.7	6.9	-0.8	2.17	17.63	A Grade
11	Amgen Inc	9	9.3	9.94	-0.2876	-1.8582	14.7	7	0.365	0.45	23.23	Financial Services	LSE	16	100%	0.3	-12.05	4.86	18.83	A Grade	
12	Amgen Inc	9	12.3	18.47			3.55	8	10.2	11.5	12.75	General Retailers	Bats (FI)		100%	1	-3.32	-9.73	2.64	18.78	A Grade
13	Amgen Inc	9	9.8	-16.44	-0.306	-0.9222	2.34	7	16.87	19.8	17.37	Oil Equipment, Services & Distribution	NYSE	12.35	100%	0.7	-3.82	-19.78	10.75	10.17	A Grade
14	Amgen Inc	9	2.4	13.53	-0.306	-5.9607	3.22	7	0.765	1.8	135.23	Personal Goods	LSE	28.27	100%	0.3	26.24	1.32		8.28	A Grade
15	Amgen Inc	9	86.2	13.73	0.3156	0.623	13.6	6	5.675	6	5.73	Financial Services	LSE	3.59	100%	1.2	11.82	19.22	4.88	5.08	A Grade
16	Amgen Inc	9	17.8	10.21	0.372	4.1357	1.79	4	51.8	72	39.08	General Retailers	Bats (NO)	10.95	100%	0.7	-0.77	-9.44	5.95	9.62	A Grade
17	Amgen Inc	9	7.2	16.17	0.538	6.6252	2.73	4	10.32	13	19.05	Electronic & Electrical Equipment	Bats (NO)	14.29	100%	0.7		-8.7	3.81	13.71	A Grade
18	Amgen Inc	9	65.2	15.21	0.4823	14.8955	13.8	6	88.3	85.5	-3.17	General Retailers	NYSE	37.53	100%	2.3	16.46	-14.84	2.38	13.43	A Grade
19	Amgen Inc	9	-0.6	36.65	0.1232	0.5596	2.17	7	0.1495	0.23	53.85	Mining	LSE	23.45	100%	0.1	3.93	18.65	1.93	6.11	A Grade
20	Amgen Inc	9	12.9	-58.8	-0.2662	-0.5452	1.32	5	8.66	16.8	94.00	Oil Equipment, Services & Distribution	NYSE	18.22	100%	0.6	0.12	-58.68	23.93	4.92	A Grade
21	Amgen Inc	9	8.9	38.87	0.4753	3.051	3.55	7	16.345	16.5745	1.40	Mining	LSE	16.09	100%	0.4	0.12	28.45	3.78	15.03	A Grade
22	Amgen Inc	9	-2.2	-45.93			1.1	7	7.78	9.4286	21.18	Oil Equipment, Services & Distribution	NASDAQ		100%	0.2	14.08	-17.96	10.67	9.47	A Grade
23	Amgen Inc	9	17.5	7.35	-0.0039	2.233	3.28	7	4.09	4.6886	15.04	Construction & Materials	LSE	16.76	100%	0.6	-9.51	-28.17	2.68	10.67	B Grade
24	Amgen Inc	9	8.4	9.16	0.3208	3.8128	2.1	6	2.205	2.799	26.94	Beverages	LSE	15.83	100%	1.4	17.04	-0.45	4.57	14.4	A Grade
25	Amgen Inc	9	8	28.81	-0.0149	2.3078	3.06	7	0.38	0.575	51.32	Support Services	LSE	23.5	100%	0.2	4.11	-16.28	1.59	9.1	B Grade
26	Amgen Inc	9	38.3	6.87			20.7	7	2.49	2.9333	17.80	Financial Services	LSE	21.5	100%	0.7	-5.68	-13.54	3.8	19.48	B Grade
27	Amgen Inc	8	1.1	-47.69	-0.4437	-4.1061	0.661	5	0.17	0.6	252.94	Financial Services	LSE	214	100%	10	7.94	-38.16	6.42	2.5	B Grade
28	Amgen Inc	8	2.1	4.59	0.0307	1.894	2.22	7	54.7	73.75	34.83	Support Services	Bats (SE)	10.05	100%	1.2	7.89	-7.91	1.17	12.21	A Grade
29	Amgen Inc	8	2.7	10.63	0.1942	1.335	1.17	2	22.69	21.657	-6.78	Nonlife Insurance	LSE	6.7	100%	0.4	-2.62	-2.45	4.88	16.09	B Grade
30	Amgen Inc	8	26.7	20.66	1.2527	10.6214	12	6	355.39	340.4259	-4.21	Software & Computer Services	NASDAQ	10.87	100%	0.9	0.49	-4.4		46.02	A Grade
31	Amgen Inc	8	34.8	-5.11	0.0811	1.2939	3.01	4	167	165.5	-0.30	Construction & Materials	Bats (NO)	8.93	100%	1.5	-0.83	-7.22	6.49	19.57	A Grade
32	Amgen Inc	8	6.3	10.07	0.425	5.5339	8.7	4	49.08	60.4444	23.15	Software & Computer Services	NASDAQ	17.74	100%	1.4	3.73	2.98		41.15	A Grade
33	Amgen Inc	8	12	8.08			2.35	7	28.1	46.6667	66.07	Software & Computer Services	Bats (DE)		100%	0.3	-5.23	-23.85	0.67	23.54	B Grade
34	Amgen Inc	8	2.4	2.51	0.3158	4.8363	1.6	6	38.36	45.28	18.04	Industrial Engineering	Bats (FR)	12.78	100%		2.43	-21.13	1.53	19.39	B Grade
35	Amgen Inc	8	10.2	-37.3	-0.1263	1.0389	1.81	5	3	6.626	120.87	General Retailers	LSE	14.51	100%	0.2	12.36	-33.77	0.35	13.28	A Grade
36	Amgen Inc	8	-20.1	-3.09	0.7906	3.713		5	68	70	2.94	Real Estate Investment & Services	Bats (BE)	6.77	100%	0.1		-4.76	3.46	23.12	A Grade
37	Amgen Inc	8	15.5	3.95			2.59	6	4.524	4.8339	6.85	Software & Computer Services	LSE		100%	0.5	-1.27	0.53	2.61	20.8	B Grade
38	Amgen Inc	8	0.6	-40.33	-0.2443	-0.2371	0.236	4	15.01	23.5674	57.01	Nonlife Insurance	Bats (FR)	14.16	100%	0.2	-6.93	-41.07	3.61	8.13	B Grade
39	Amgen Inc	8	6.9	11.83			12.9	4	0.945	1.5	58.73	Software & Computer Services	LSE		100%	7.3	1.07	-24.1	0.42	42.86	A Grade
40	Amgen Inc	8	289.9	93.99	0.3813	3.5573	19	7	5.975	4.9	-17.99	Travel & Leisure	LSE	21.87	100%	0.7	35.8	37.04	2.58	22.89	A Grade
41	Amgen Inc	8	52.9	27.5	0.6924	7.9866	170	6	415	37.5	-3.64	Pharmaceuticals & Biotechnology	LSE	13.07	100%	3.3	-2.7	7.65	2.08	33.66	A Grade
42	Amgen Inc	8	5.4	7.37			2.87	6	28.55	30.9375	8.36	General Retailers	NYSE		100%	0.8	8.51	30.51		19.33	A Grade
43	Amgen Inc	8	7.6	22.47			3.88	7	72.67	77.5454	12.42	Software & Computer Services	NYSE		100%	0.6	7.35	-2.08		61.32	A Grade
44	Amgen Inc	8	-5.2	8.73			3.03	3	61	53.3333	-12.57	General Retailers	Bats (SE)		100%	2.2	0.33	30.48		57.87	A Grade
45	Amgen Inc	8	10.2	9.06	0.2094	2.3893	1.92	3	63.8	65.9447	3.36	Pharmaceuticals & Biotechnology	NYSE	13.34	100%	0.2	4.4	-3.9	2.7	16.18	A Grade
46	Amgen Inc	8	11	-59.91	0.2988	10.7572	2.55	8	27.18	46.0229	69.33	Oil Equipment, Services & Distribution	Bats (NO)	23.51	100%		-6.73	-45.96	1.3	8.3	A Grade
47	Amgen Inc	8	6.5	48.15			2.75	7	72	80.6667	12.04	General Retailers	Bats (SE)		100%	0.8	2.42	5.73		35.93	A Grade
48	Amgen Inc	8	6.1	68.12	-0.0251	-3.9298	1.71	5	45.46	38	-16.41	Construction & Materials	Bats (SE)	22.39	100%	0.3	7.42	57.41	1.33	15.88	A Grade
49	Amgen Inc	8	10.4	-34.16	-0.3577	-1.6048	4.22	7	0.744	1.6467	121.33	Household Goods & Home Constructio	LSE	16.57	100%	0.3	-12.28	-40.19	6.07	11.63	B Grade
50	Amgen Inc	8	13.1	1.99			11.6	7	1.535		-10.00	Food & Drug Retailers	LSE		100%	0.7	1.66			15.18	A Grade
51	Amgen Inc	8	19.2	10.54	0.7987	10.944	10.1	5	1143	14.6667	28.32	Technology Hardware & Equipment	NASDAQ	15.02	100%	2.3	8.55	-5.15		20.45	A Grade
52	Amgen Inc	8	5.2	3.37	0.0541	2.0717	1.25	6	3.39	5.2775	32.27	Health Care Equipment & Services	LSE	11.71	100%	0.6	-5	-19.88	2.96	11.64	B Grade
53	Amgen Inc	8	2.8	-41.84	-0.2517	0.1157	0.664	7	14.26	26.5	85.83	General Retailers	NYSE	17.23	100%	0.3	-5.06	-41.77	2.1	14.47	B Grade
54	Amgen Inc	8	0.6	42.94	0.3245	6.5674	1.98	6	70.2	74.8	6.55	Pharmaceuticals & Biotechnology	NYSE	11.16	CTLT	0.8	0.89	16.13		40.23	A Grade

READ FIRST

Approved List

Dow

FTSE100

FTSE Small Cap

FTSE250

Nasdaq100

ETFs

+

4

Data											
No.	Name	Alpesh value/growth rating	CROCI (%)	Price% 6 months ago	Sortino Ratio	Return Alpha %	Altman Z	Volatility %	Piotroski F-score	Correlation	
13	Investment Industrial Properties Inc	9	9.2	★	28.71	1.12	19.06	5.59	21.32	7	0.3
16	Indi Star	9	17.8	★	58.54	0.56	4.47	1.98	13.07	4	0.2
30	Indi Star	8	26.7	★	29.66	2.26	9.58	13.1	8.22	6	0.38
39	Indi Star Global Management Ltd.	8	19.4	★	19.27	0.67	7.70	2.43	13.26	6	0.45
44	Indi Star Logistics & Co	8	9.5	★	8.23	1.39	4.37	1.44	5.43	4	0.32
52	Indi Star	8	20	★	30.34	0.54	12.06	3.9	27.93	3	0.24
62	Indi Star	8	52.9	★	25.37	0.78	8.59	174	15.15	6	0.1
64	Indi Star	8	13.2	★	11.45	0.88	8.07	4.35	10.40	6	0.29
70	Indi Star & Brown Inc	8	11.4	★	12.06	1.08	6.28	2.92	7.83	6	0.34
77	Indi Star	8	21.6	★	48.34	0.90	9.14	6.99	17.61	7	0.24
79	Indi Star	8	9.2	★	23.42	1.00	4.80	2.71	7.18	4	0.36
80	Indi Star	8	27.1	★	5.68	1.08	9.66	11.8	11.90	4	0.24
82	Indi Star	8	12	★	49.67	0.64	6.91	2.93	16.43	8	0.33
84	Indi Star	8	24.4	★	13.91	0.67	8.93	4.25	11.50	7	0.28
92	Indi Star	8	12	★	8.9	0.73	7.56	3.92	10.85	3	0.49
99	Indi Star	8	15.4	★	16.88	0.67	10.86	3.82	20.34	8	0.09
105	Indi Star	8	12.5	★	38.73	0.85	10.04	5.49	13.48	5	0.36
108	Indi Star	8	61.5	★	129.21	1.72	18.49	423	20.80	4	0.29
110	Indi Star	8	14.5	★	11.05	0.52	6.06	6.86	14.58	8	0.26
117	Indi Star	8	14.2	★	19.83	0.88	6.16	7.18	11.72	4	0.25
119	Indi Star	8	12	★	16.32	1.20	11.66	4.8	13.18	6	0.33
122	Indi Star	8	14.7	★	16.18	0.63	7.52	1.89	13.94	7	0.34
137	Indi Star	8	12.4	★	21.27	0.84	6.64	4.8	10.71	6	0.38
142	Indi Star	8	14.7	★	14.73	0.55	6.71	4.52	12.66	5	0.26
154	Indi Star	8	12.7	★	23.73	0.68	14.95	4.63	24.93	6	0.19



UK

Convertible

Pockit

Amount raised:
£1,124,580.00



UK

Convertible

Genuine Impact

Amount raised:
£921,920.00



UK

Convertible

Chip

Amount raised:
£840,160.00



UK

Moneybox

Valuation: **£143,695,055.00**
Amount raised: **£7,074,588.48**



UK

EIS

PACK'D

Valuation: **£4,883,000.00**
Amount raised: **£522,780.00**



UK

EIS

VITL

Valuation: **£6,794,912.00**
Amount raised: **£908,950.00**



UK

EIS

Zzish

Valuation: **£8,285,787.00**
Amount raised: **£531,760.00**



UK

EIS

Qured

Valuation: **£7,500,000.00**
Amount raised: **£763,160.00**

WHAT NEEDS TO BE IN YOUR BUSINESS PLAN

- **Don't make it boring:** Like any selling document, you need to engage the reader i.e. the investor, by making it exciting, colourful and interesting. You also need to show why this is a much better proposition than the hundreds of other business plans they wade through. It must be written and understood by you (rather than getting consultants to write it for you), although it is helpful to get someone not close to the business to review it.
- **Include all the relevant information:** The business plan should be short and concise (20 pages maximum plus appendices) and needs to answer all the basic questions:
 - What is the market opportunity? (Clearly articulate the problem.)
 - What are you selling?
 - Who will buy it?
 - How do you divide the market into targeted segments?
 - Who are your competitors and why is your product/service better?
 - How much will it cost and what will it sell for?
 - How will it be promoted and distributed?
 - What are the risks and threats? (Be honest)
 - Who is the team behind it? (CVs should be within the appendices.)
 - How much funding do you need to raise?
 - How will the investors get their money back? (Exit route/comparable exits.)
- **'Knock-your-socks-off' executive summary:** Your summary needs to cover all the key issues. It is useful to have a 250-word, one-page and a two page version to cater to the specific needs of different investors.
- **Clear financials:** You must have clear and realistic financials showing three to five year monthly forecasts, perhaps with a 'Target' version (assuming all goes well) and a 'Survival' version (if things don't quite go to plan). Overall the financial model should be an illustration of how your business operates and makes money. If financial modelling is not your strength, it's best to seek advice.

WHAT ARE THE MOST COMMON REASONS INVESTORS REJECT PROPOSALS?

- Lack of skills in the management team
- No track record or proof of concept
- Financial forecasts based on weak assumptions
- Too complex
- Inadequate financial returns
- Not scalable
- Lack of trust
- Lack of market awareness
- No clear exit route

WHAT NOT TO SAY IN YOUR BUSINESS PLAN

- 'This is a wonderful and exciting opportunity.' They all are. Just give the facts and let people make up their own minds.
- 'There is no competition.' If there really isn't you have to persuade the investors that there is a sufficient market.
- 'Can you afford not to invest?' On most occasions, investors feel that they can.

10

- 'The product will sell itself.' Need good execution skills and strong management to sell the product.
- 'Our target market is X million'. When on closer scrutiny it is much smaller.
- 'We will achieve a return of £Xm for the investor after 5 years.'
You cannot give guarantees of returns.
- 'By leveraging our managerial innovation and IT capability, we aim to provide pioneering and cost effective solutions to the global market by retooling and transforming organisations to achieve the highest possible impact on their top and bottom lines.'
Keep it simple and avoid such sesquipedalianism.

HOW TO VALUE YOUR BUSINESS

Broadly speaking, the valuation of your business determines how much of the business the investor is buying for their investment. For example, if a business angel invests £500,000 at a pre-money valuation of £1m, they would have 33% of the business (i.e. postmoney valuation of £1.5m).

Before marketing your proposition as an investment opportunity, you have to be clear about the valuation of the business. There is no point skirting around the issue, as this is one of the key pieces of information required by an investor to enable them to assess the investment opportunity.

Too many people say 'we will talk about valuation when someone is interested' which, in reality, is not the way it works.

There are established market values for early stage deals and an investor will compare the risks and returns of your deal against other deals being evaluated. If your valuation is too high, you will receive a lot less interest and find it harder to raise money.

Research conducted by NESTA, which looked at data from 96 investments, concluded that the pre-money valuations of early stage businesses can be summarised as follows:

- A pre-revenue seed business would be valued at between £350,000 and £750,000
- An early stage business with some revenues (i.e. under £300,000 per year) would be valued at between £500,000 and £1m.

For further information on valuation, please feel free to contact us at Envestors.

WHAT DOCUMENTATION DO YOU NEED?

Term Sheet: The Term Sheet states the significant terms of the deal and it is tactically a good approach to use one to summarise the agreement in broad terms before any documents are drafted by the lawyers. When the time comes to instruct lawyers, ensure you find a lawyer experienced in handling early stage investments and try to find a 'positive' lawyer (one who focuses on solutions not problems). Remember to closely manage your legal costs.

Shareholders Agreement: This sets out the relationship between the shareholders and covers areas such as who the directors should be and non-compete undertakings.

Subscription Agreement/Investment Agreement: Sometimes combined with the Shareholders Agreement, this sets out the terms of the Share Subscription, including pre-conditions of the investment (e.g. the current owners to sign Service Agreements and confirmation of bank finance), warranties about the existing business and details of any options or bonuses to be awarded.

Service Agreement: This would include employment contracts with the managers/directors, incorporating non-compete restrictions.

Disclosure Letter: This makes disclosures against the warranties in the Subscription Agreement.

Memorandum and Articles of Association: The Memorandum sets out the formal powers of

WHAT PROTECTION DOES THE INVESTOR LOOK FOR?

An experienced investor will use an array of tools in an attempt to protect his or her investment. These might include all or some of the following:

- Liquidation preference
- Tag/Drag rights
- Pre-emption rights
- Rights to appoint directors/Non Executives
- Service contracts
- Good leaver/bad leaver clauses
- Future funding rights
- Veto rights
- Key man insurance
- EIS advanced assurance
- Confirmation of existing lender support
- Liquidity event rights
- Information rights

It is worth finding out more about these terms (or come and speak to us).

An experienced investor will know that statistically four in ten of his investments will fail, and investors will set the terms with these experiences in mind. No matter how wonderful you think your business is, the legal process represents the only opportunity for them to secure maximum downside protection for their investment.

HOW MUCH DOES IT COST TO RAISE FINANCE?

There is a lot you can do to prepare yourself beforehand and give yourself the best chance of raising finance.

Going out to the market without having all the required legal, financial and market information will waste time. As a rough guide, it is recommended you have a 'war chest' of around £10,000 to £20,000 to cover legal fees, accountancy fees and corporate finance fees. In total, the cost of raising finance can be around 8% to 10% of the funds raised.


If you have identified an investor and do not require the assistance of a corporate finance intermediary, you are likely to have to pay for the following:

- **Legal fees:** This is for advice and preparation of all the relevant documentation, e.g. Shareholders Agreement (between the existing and new investors) and Service Agreement (the executive directors' employment contracts with the company, so that everyone is clear as to who is doing what). You may also need to make adjustments to the Articles of Association and Memorandum. You should allow a total of around £5,000.
- **Bank fees:** If you are also raising bank debt, you will need to pay arrangement fees which tend to be around 1% of the facility amount. You may also need to make adjustments to the Memorandum and Articles of Association. You should allow a total of around £5,000 - £10,000.


- **Monitoring fees:** Most investment funds will require you to pay monitoring fees once the funds are in place. These are usually around £3,000 per annum.

How: Going Global Why UK?

Crowdfunding: How it works & the best fundraising platforms




Investment OpportunitiesInvestingRaisingAbout UsLog inJoin



Elifinty
Operating in a market worth c. £7 billion, Elifinty has developed a money app that aims to transform the way people interact with charities, banks and other institutions. Identifying the magnitude of financial problems, the AI powered digital platform gives relief to all actors involved.
£100,000 Target
78%

£78,270 Raised	7.41% Equity	74 Investors
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12 days left



Arival Bank
ARRIVAL of a fintech bank for businesses and entrepreneurs. A RIVAL for traditional and digital banks who are not willing to serve "abnormal" clients.
£700,000 Target
51%

£360,504 Raised	5.51% Equity	257 Investors
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Last day



ImpactRI Limited
QIARK facilitates individuals, groups, companies, experts and non-experts at any-scale, to provide insights to any question: social, governmental, research, commercial, risk assessment, and more, providing instant, real-time analytics for data specialists and Citizen Data Analysts alike.
£200,000 Target
90%

£180,160 Raised	5.56% Equity	73 Investors
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19 days left

Investor Research

[illegible]

Tracking & scheduling investor engagements

Investor Engagement										
INTRODUCTIONS					MEETINGS				RESULT	
Investor	Mutual Connection(s)	Intro Requested	Intro Sent	Followed Up	Meeting Date(s)	Partner Meeting / Pitch Date(s)	Followed Up	Meetings Complete	Interest	Reference Check
Michael Scott	George Michael, 1st	Y, date(s) / N	Y, date(s) / N	Y, date(s) / N	month/day/time	month/day/time	Y/N	Y/N	Y/N	Pass / Fail
Meeting Calendar (Ex: May - June)										
	Mon	Tues	Wed	Thurs	Fri					
Research	13	14	15	16	17					
Investor Intros	20	21	22	23	24					
Schedule Pitches	27	28	29	30	31					
	3	4	5	6	7					
Target Meeting: Week 1	10	11	12	13	14					
Target Meeting: Week 2	17	18	19	20	21					
Follow Up	24	25	26	27	28					

Securing the investment capital

Closing Process					
FINAL STEPS					IN THE BANK
Investor	Paperwork Sent	Paperwork Received / Signed	Confirmation of Receipt Sent	Funds Transferred	Investment Amount
Investor A	Y	Y	Y	Y	\$2,000,000
Investor B	Y	N	N	N	
				TOTAL INVESTMENT:	\$2,000,000

3 Biggest Mistakes I've Observed

- “Do you know anyone who might want to invest in my company”
- Don't know how to present – see Guy Kawasaki on Youtube on how to do it right
- Pitch deck poor – see www.tech2great.com

**“If you aren't
making a difference
in other people's lives,
you shouldn't be in business
– it's that simple,,**

Richard Branson



Find **your ideal clients.** Reach out when they're **ready to buy.**

Global database with full market coverage, **updated in real time**. Direct dials and verified emails.

Smart sales triggers - reach out to prospects at optimal times.

Built-in eadvertising - engage with your prospects within the platform.

Dedicated customer success manager to help at all times.

Fully **GDPR compliant data**.

Get a live demo & see how Cognism can help you **drive new revenue**.

First name:

Last name:

Work email:

Phone:

Company:

Job title:

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As trusted by



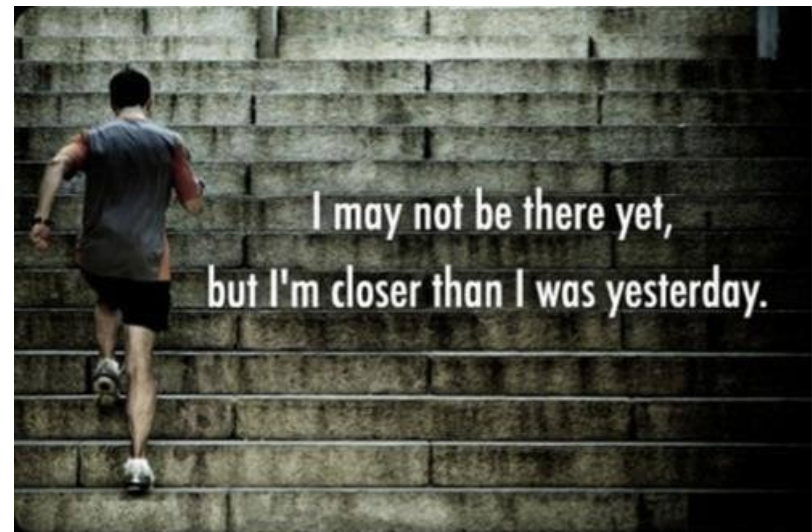
Get Personal. Fast.


B2B contact information at your fingertips.

[MY ACCOUNT](#)



Top companies trust Lusha





PROBLEM 2
WHAT TO ASK?
“Can we meet for a coffee?”
Advice/money?



Resources for Entrepreneurs

Every UK
Accelerator and
Incubator

<https://entrepreneurhandbook.co.uk/incubation-centres/>

<https://entrepreneurhandbook.co.uk/business-accelerators/>

Business
Development –
How Do I Meet
Bill Gates?

This video is a must-watch and the article here too:

<https://youtu.be/7ZPglhljp6M>

<https://www.linkedin.com/pulse/7-rules-highly-effective-can-you-introduce-me-requests-alpesh-patel>

[How to Find Investors and Get Email Intros](#)

Workspaces

<https://maps.london.gov.uk/workspaces/>

www.hubblehq.com

Find an Expert
You Need

<https://www.great.gov.uk/investment-support-directory/>



Every UK Angel and VC Group and What They Do and Contact Details

<https://entrepreneurhandbook.co.uk/venture-capitalists/>

<http://www.forbes.com/sites/alejandrocremades/2019/01/08/how-to-get-a-venture-capital-introduction/>

<https://alejandrocremades.com/dealmakers-podcast/>

Crowdfunding

<https://entrepreneurhandbook.co.uk/angel-investment-networks/>

<https://www.ukcfa.org.uk/about-us/members/>

Funding and grants from Innovate UK

Innovate UK is the UK's innovation agency. Its role is to stimulate innovation, working with business and other partners, in order to accelerate economic growth. The vision of the Innovate UK is for the UK to be a global leader in innovation and a magnet for technology-intensive companies, where new technology is applied rapidly and effectively to create wealth. See <https://www.innovateuk.org/funding-support#>



Alpesh Patel

Fund CEO. Tech for World Problems: Tech2Great.com. BBC Paper Reviewer to 300m. UK Govt Appointed Dealmaker. Pe...

Founder

PRAEFINIUM PARTNERS LTD

Feb 2004 – Present · 16 yrs

London, Luxembourg

Initially purely Hedge Fund, then expanded into Private Equity funds; a successful investor in cleantech, medtech globally with an India bias; a catalyst for innovation (investors in spinal implants, knee replacement technology); driver of economic growth (yoy positive returns on our investments). We are entrusted to invest for Family Offices and Pension Funds. Supportir ...[see more](#)



+5



Board Member

10 Downing Street Entrepreneurship Advisory Group

Jan 2012 – Present · 8 yrs 1 mo

Advising the Prime Minister's Special Advisor; members include Sherry Coutu (LinkedIn investor), Sir David Tang (China Tang) with special focus on shaping public opinion on entrepreneurship and strategies to encourage global entrepreneurs to establish high growth companies in the UK.



Dealmaker, Ministerial & Strategic Relationships, Global Entrepreneur Programme (Asia-Pac, Mid-East)

Department for International Trade

2005 – Present · 15 yrs

UK, India, China, Singapore, Malaysia, Hong Kong, Thailand, Middle East



“

If you can't fly then run. If you can't run, then walk. If you can't walk, then crawl, but whatever you do, you have to keep moving forward

MARTIN LUTHER KING JR



Department for
International Trade

A stylized graphic of the Union Jack flag, showing the red, white, and blue diagonal stripes.

**ENTREPRENEURS
ARE
GREAT**

BRITAIN & NORTHERN IRELAND