Chapter Five:

Investment Ready. Now what?

You've finally worked through all the steps; you've checked the investment readiness checklist and the financial readiness checklist, compiled the documents, and are ready to speak to investors. But what happens now?

This depends on the type of investment you are looking for. Naturally, the process is much simpler when seeking investment from friends and family and gets more complicated and much longer when approaching angel investors, banks, other financial institutions, or investment firms. Below, we've provided a simplified description of the process for seeking formal investment.

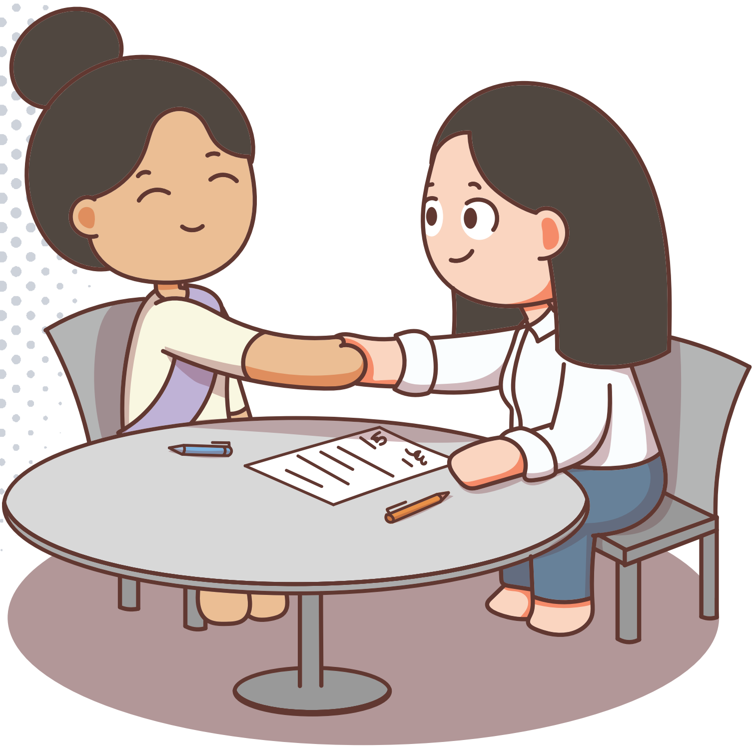
Seeking Investment: Start to Finish

1. **Introduction/Identification:** An investment-ready business meets with the potential investor. This could be facilitated through a pitch day, networking, or an introduction from a supporting organization (like SHE Investments). The introduction usually occurs over a few meetings

during which the investor seeks to understand the business and the entrepreneur in-depth.

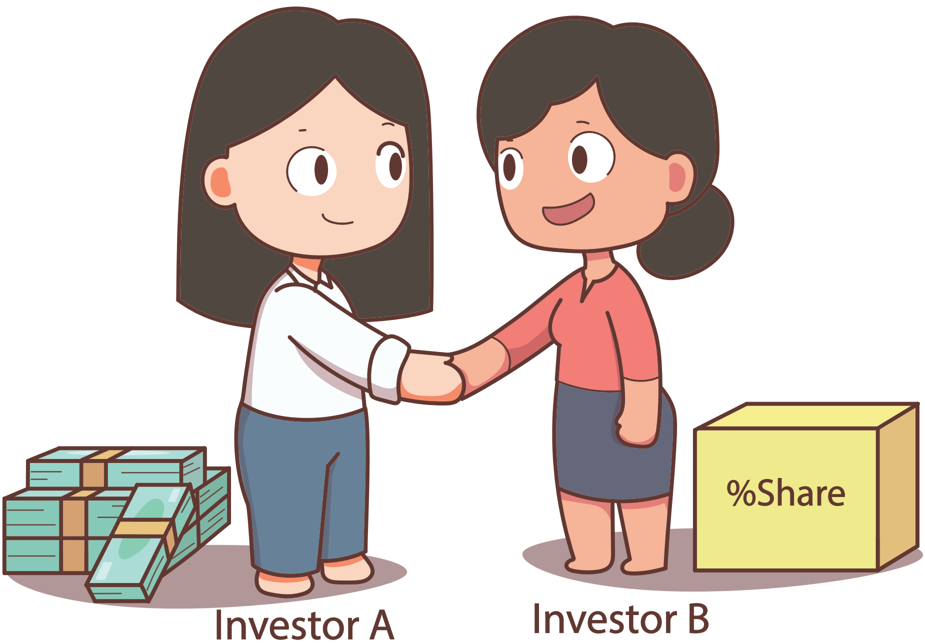
2. **Due Diligence:** After meeting the entrepreneur and going through the initial documents (such as the pitch deck and financials), the investor will do more rigorous research and analysis. This is when the investor will look more deeply into the business, particularly the financials and accounting. The investor may want a more detailed business plan to go along with the pitch deck as well.

3. **Investment:** Once due diligence has been exercised, the investor and entrepreneur begin negotiations on the investment deal, including the terms and amount of money to be invested. For a debt investment, this includes repayment terms (whether you pay interest regularly, for example). For equity investment, it includes the amount of equity the investor receives. This is also where you would negotiate decision-making power as well as what will be expected of you as the entrepreneur (what, for example, you'll need to report to the investors). Finally, once all the documents are signed, the investor transfers the money.



4. **Investment Management:** Once you have received investment, you need to be able to report to the investor on what is happening in the business and how it is performing. This may include regular reports, board meetings, individual meetings, annual reports, etc.

5. **Exit:** Lastly, the investor will look to exit the investment according to what has been agreed. For a debt investment, this is relatively easy; once the money has been repaid, the deal is usually closed. For an equity investment, this will usually involve some sort of sale; either the investor sells their part of the company to another investor or the entire business is sold to another company and a cut of the sale price is paid to the investor.



Obtaining investment can be a difficult, complex process but can make a huge difference in your business reaching its potential. This guide contains a lot of information, but one of the most important ideas is how crucial it is to choose the right type of investment for your business. If you are not generating much cash at the moment, there is no point getting a loan or debt investment; it is too risky. If you have a small business without a really high growth trajectory, there is not much point looking for venture capital: they are unlikely to be interested and you will have spent time looking for investment rather than looking after your business.

Behind every investments is a good business. Before you begin looking for investment, we recommend you focus on building a great business with a clear business model. We strongly believe that this should come first.