



Communicating with Investors

One of the first challenges facing many entrepreneurs and established companies that are seeking to finance their operations is effectively communicating the vision of their business to investors.

Creating Your Elevator Statement

The first step is developing a clear statement defining the company, its products, and services. This statement is commonly called an elevator statement because it is the response you would give to someone on an elevator that asks, "What does your company do?" It must be a short, succinct, and impacting statement that grabs the listener's attention. Moreover, it should clearly state what problem you are solving for the customer and what benefits you bring to them.

Developing an elevator statement can be a time consuming and challenging undertaking since so much must be packed into a couple of sentences. One common pitfall to avoid is including too many buzzwords in an elevator statement. The best solution is to clearly state, in plain English, what your company does so that even the least technically savvy investor can understand the great business opportunity your company brings to the table.

Once an elevator statement is developed, the next step is to articulate how you will build a successful business around the opportunity.

Put Yourself in the Investor's Shoes

When you are faced with this challenge, start by putting yourself in the investor's shoes. If you were investing in an early stage company, what would you need to know to stimulate your interest to the point that you want more information?

You would want to hear a story that builds on itself and convinces you that by investing in this idea, over the thousands of others out there, that you will earn an exceptional rate of return considering the level of risk inherent in the opportunity. All the investor really wants to know is "How will I make money?"

Understanding this is the essence of communicating with investors. To successfully garner the precious financial resources that you need to make your dream a reality, you must convince the investor that it is in his or her best interest to take the risk on your opportunity.

It All Starts with Excellent Communication

The standard vehicles for communicating to potential investors are the Business Plan, its Executive Summary, and an Investor Presentation.

Often, the first piece of information supplied to an investor after the initial introduction to the idea by telephone or an impromptu meeting is the Executive Summary. This is a brief two-page document that captures the essence of the opportunity.

The Executive Summary must be powerful enough to move the investor from a level of casual interest to a level of intrigue and desire to learn more about the opportunity. If successful, the next steps are often a presentation to the investor followed by more detailed discussions and a review of the business plan.