



Showcasing Your Business with the Executive Summary

The standard vehicles for communicating to potential investors are the Business Plan, its Executive Summary, and the Investor Presentation. In this article, we provide tips and hints for building an effective Executive Summary.

The Executive Summary must encapsulate in two pages the essence of your business and your strategies for building a successful enterprise.

The best way to accomplish this goal is to tell the story of your business using as a foundation the most important information from your detailed underlying research and analysis of the business. The biggest challenge often is stating concisely this information for the investor whose level of knowledge about the business differs greatly from yours.

To guide you in developing a powerful summary, here is a suggested format and ideas for creating the content of your executive summary.

Introduction

The Executive Summary should start with a strong and powerful elevator statement that clearly describes what business you are in and the problem that you are solving for your customers. In addition, the introduction may contain any special hooks that might be of interest to the investor, for example patented technology, groundbreaking technology, or breakthrough distribution techniques. The introduction must grab the attention of the investor and the rest of the summary must hold their interest.

Market Opportunity

The investor needs to know what market you are addressing, the size of the overall market, the willingness of customers to spend money in this market, how the competition is positioned and what this means to your company. In addition, they want to understand from a more tactical perspective what initial market segments you are targeting to generate the initial revenue streams.

The Products and Services

Next, it is important to introduce in light of the market opportunity what role the company and products will play. What benefits will the company's products and services bring to the customer? Most importantly, what is the value proposition that will be communicated to customers and distributors to highlight the company's strengths in solving the problem at hand?

The investor also wants to understand how the products will be positioned in the market relative to the competition. Of particular importance is the product's unique position in the market and how the company will sustain any competitive advantages.

Marketing and Sales Strategy

Foremost in the investor's mind is how will you generate revenues. The distribution channels to be used and the marketing techniques required to build awareness and create customer demand are critical to the company's success. Illustrating the company's unique selling proposition and its ability to grow by selling into new or expanded markets provides a picture of the future.

The Competition

Investors want to ensure that you are cognizant of the current and future competitive landscape in your target market. As a result, the executive summary must provide a brief overview of the solutions (the competitors' products and services) that exist in the market and those that might introduce future threats to the company's success.

The Team

Now that the investor understands the strategies to be undertaken to build the company, he or she will want to understand how you will build the team to meet the company's expected growth. Moreover, they are interested in the credibility of the team both from a technical and business building perspective. An investor wants to ensure that the team will persevere in generating a return on the investment and will be able to overcome the inevitable hurdles they will face in building the product and the company.

Financial Growth & Success

Uppermost in the investor's mind is whether the company will succeed in making money based on the strategies outlined in the prior sections. They want to see a realistic assessment of costs and cash flows as well as revenue targets. They also want to understand how the company will grow in the future (e.g., by building additional products or expanding by acquisition).

Investment Requirement

Obviously, the growth expectations outlined above require a level of investment. This section outlines the level of investment required, what the investment will be used for, what milestones will be achieved as a result of this investment, and what happens to the company beyond that point (e.g., are additional investments required to achieve the projected growth). Finally, the investor wants to understand what is their expected return and when and how will they exit from the investment.

Succinctly communicating the story of your company to investors through the Executive Summary is an important step in gaining the attention of investors and successfully financing your company.