INVESTMENT SCAN
tool description & worksheet
Version 1.0

A checklist to see if you are ready for investment. Helps you identify weak points that must be remedied in order to secure investment.

To understand and successfully address the topics that are important for investors so they support your business.
STEP 1: IDEA AND STAGE
Consider these questions:
- Are you working on this business full time?
- Is there a demo, prototype or working product?
- Do you have a written business plan?
- Do you have paying customers?
- Are you making a profit?
- How long does the business exist?
- Do you have more than 5 – 10 employees?
- Is your annual turnover more than 100,000 – 250,000 Euro?
- Is your company registered?

Note down on the worksheet if you think you are ready for investment. Briefly explain the main reason for the conclusion, and add your ideas for improvement.

Investors most often do not invest in very early stage ventures. Do you have a lot of “no’s”? You may need to develop your idea further before you apply for funding.

STEP 2: TEAM AND ORGANISATION
Consider these questions:
- Do you have experience with running a company?
- Have you started/ran a business before in a similar/same sector?
- Have you exited a previous business successfully?
- Do you have co-founders?
- Is there technical/product development experience in the team?
- Is there sales and marketing experience in the team?
- Do you have an advisory board?
- Do you have a board of directors?
- Are you already incorporated?
- Do you have references?

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Investors invest in people and teams, and not in ideas. Inexperienced staff can be a red flag for investors.

STEP 3: MARKET AND MARKETING
Consider these questions:
- Do you know the size of your market?
- Do you know your customer acquisition cost?
- Do you know your profit margin per customer?
- Do you know how many customers/sales you need to break even?
- Do you know your competitors?
- Do you have signed contracts with customers?
- If low-income groups are your customers, can you explain your marketing plan towards them?

Note down on the worksheet if you think you are ready for investment. Briefly explain the main reason for the conclusion, and add your ideas for improvement.

Investors need to be convinced that there is a market for your product or service, and that you are able to capture a market share.
STEP 4: FINANCE
Consider these questions:
- Do you have a finance expert in your team?
- Do you have a three-year financial (revenue, expenses, cashflow) forecast?
- Have you calculated your break-even point?
- Do you have audited financial statements?
- Have you invested your own money in the company?
- Have you received grant funding?
- Have you received outside investment?
- Have you already connected with impact investors?
- Can you describe your assets?
Note down on the worksheet if you think you are ready for investment. Briefly explain the main reason for the conclusion, and add your ideas for improvement.

Investors need to see some good quality financial data before they can decide to invest. Investors also greatly appreciate if you have audited financial statements of financial results from previous years.

STEP 5: IMPACT
Consider these questions:
- Do you know what your social impact will be?
- Do you know the role of low-income groups in your business?
- Do you know how you will engage low-income groups?
- Do you know the environmental impact of your business?
Note down on the worksheet if you think you are ready for investment. Briefly explain the main reason for the conclusion, and add your ideas for improvement.

There is a growing number of investors that have an interest that goes beyond the financial returns of the investment. They are also looking for social and/or environmental impact.

STEP 6: INVESTMENT
Consider these questions:
- Do you need capital investment?
- Are you willing to give up equity?
- Are you willing to give up a majority share?
- Are you looking for debt finance?
- Do you prefer an active investor?
- Do you already have external shareholders?
- Do you need technical support along investment?
Note down on the worksheet if you think you are ready for investment. Briefly explain the main reason for the conclusion, and add your ideas for improvement.

There are different types of investors. But they do have one thing in common. They will demand something in return. Do you have a lot of “no’s”? Then you probably do not need or do not want finance at this time.

STEP 7: DISCUSS THE RESULTS
If you answered many ‘no’s to the questions above, your business is probably not ready for investment. Review the main reasons for these ‘no’s’ and consider what could be done to change the answers to yes?
You can start strengthening your business in the areas necessary to gain the support of investors and funding bodies. IB Accelerator can support you with this, for instance by helping you:

- Develop your idea
- Identify other financial sources
- Build the capacity of your team
- Find mentors
- Understand your marked
- Create a distribution and marketing strategy for your business
- Develop a financial plan
- Define the impact of your venture

Discuss your business needs with your IB Accelerator consultant, or the local IB Accelerator coordinator.
INVESTMENT SCAN

guidelines for consultants

Version 1.0

WHEN?

Use when you need to create awareness of what is important to investors and determine the extent to which a business meets their requirements.
GO THROUGH THE QUESTIONS QUICKLY
Use the questions in the tool description to initiate a conversation about essential aspects of the enterprise that need to be developed to a certain level before it is ready for investment. Answering all the questions quickly will give a good initial indication of whether the enterprise is ready for investment.
Do not dwell too long on each individual question. It's more important to get a good discussion going and to consider a total result than to treat each item in much detail. This tool helps to guide a general conversation.

CHECK THE LEVEL OF DEVELOPMENT OF THE ENTERPRISE
If you are dealing with an advanced, well-established enterprise, this assessment may be too light. Find a partner organization that can do a more detailed assessment.

CHECK FOR OPPORTUNISM
Some clients may provide too positive an assessment. If you think this is the case, ask follow-up questions and check sources. Explain that there are no right or wrong answers. To be able to support the company, it needs to provide an honest assessment.
SETTING AND APPROACH

TIME
1 - 2 hours.

MATERIALS
Printed checklist(s) and large print or slide of worksheet; whiteboard, markers and Post-its to post conclusions of the discussions.

TEAM
You can do this one-on-one with a key decision maker or with a group. Ask each question, and briefly discuss it before answering yes or no. You can also give group members the checklist individually, collect all the answers, and then discuss them as a group, focusing on the different views. Send the scan in advance if your goal is to create initial awareness of the requirements and priorities of investors.

DOCUMENTATION
Note the main areas in which the enterprise has to improve if it is not ready for investment. This will need to be addressed in follow-up activities.
Berman, Karen and Knight, Joe (2013), Financial Intelligence, Revised Edition: A Manager's Guide to Knowing What the Numbers Really Mean, Boston, Massachusetts, USA: Business Literacy Institute
## INVESTMENT SCAN

A checklist to see if you are ready for investment.

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