

# I want to attract the right investor **#HelpMe**



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by **Dr. Lucy Green**

**Business Development  
guides** by **Larato**

  
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# Introduction by **Dr. Lucy Green**

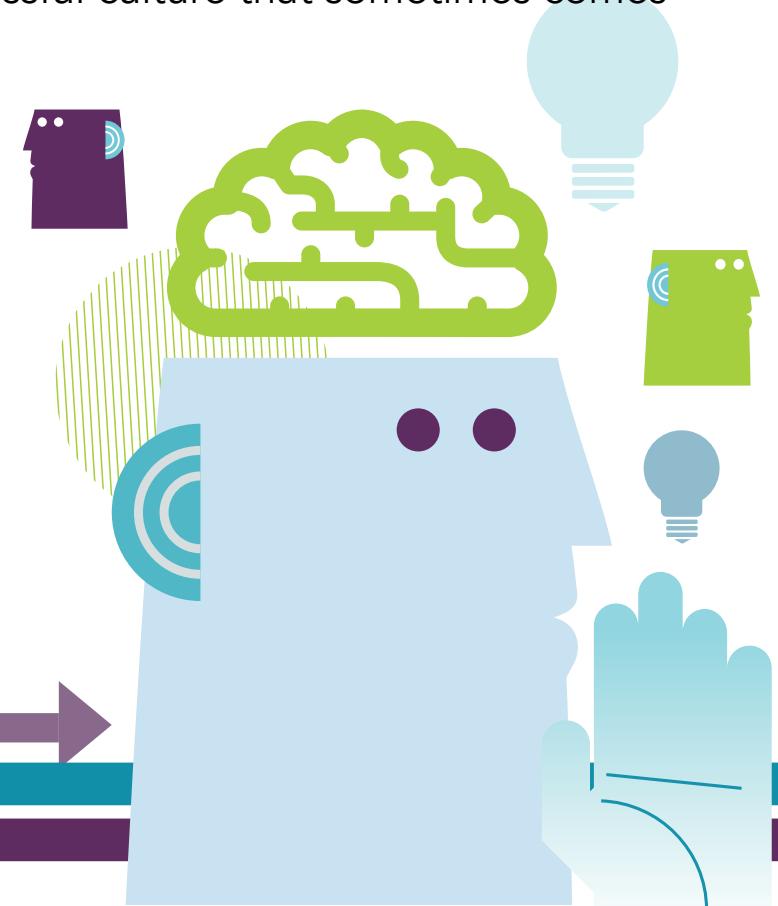


As the challenging economic conditions make some venture investors more risk-averse, it is becoming tougher for some companies to get the capital they need to expand and develop their business. Against this backdrop, ICT suppliers need to make their businesses more attractive to new investors that can help take them to the next stage. However, companies are increasingly worried about the loss of control and the change in an already successful culture that sometimes comes with new investors.

This **#HelpMe** guide shows you how to attract the right investors by making sure you are investor-ready and have confidence.

## About **#HelpMe**

The first two series of Larato's **#HelpMe** guides have proved so popular, we are publishing a third series. Larato has interviewed and surveyed business leaders from across the buy, supply, and investment landscape about the challenges they face in today's markets. We have invited expert commentators to drill into the research findings and provide insightful perspectives that put a new spotlight on today's most pressing business issues.



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# Contributors to the #HelpMe series



**David Bailey**, an expert in how to scale businesses successfully

David Bailey has been helping technology companies to scale for the last twenty-five years. Prior to that, he worked in senior roles for the likes of PwC and Ernst and Young, specialising in business development and performance improvement.



**Dr. Lucy Green**, an experienced and well-regarded business development specialist

Dr. Lucy Green has a proven expertise for finding and developing the potential that lies within a business. Business leaders respect her strategic insight, structured methodology, and strong commercial intelligence focused on measurable revenue generation and value creation.



**Joe McGrath**, a respected and forward-thinking financial journalist

Joe McGrath contributes to some of the world's largest publishing organisations, including the Financial Times Group and Dow Jones. He is the former London Bureau Chief of Institutional Investor and was previously the Asset Management Editor at Financial News.



**David Nicholson**, a leading economic commentator and thought leader

David Nicholson is a highly experienced financial journalist. David contributes to UK broadsheets including the Financial Times and international publications like the Wall Street Journal. He specialises in economics, technology, politics, business and finance.

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# Which investor is right for you?

by **David Bailey**

With financing becoming more difficult to source in a more challenging economic environment, making sure you get the right investor for your business is essential.

Some might be put off by the idea of a Dragons Den or Shark Tank-style process, but private equity and venture capital investors will often work closely with management to support the businesses they invest in—not just with funding—to realise the strong growth potential they see.

Representing large pools of capital drawn from investors, such as pension funds or insurance companies, these investors will provide capital and expertise for an equity stake to be sold at a later date.



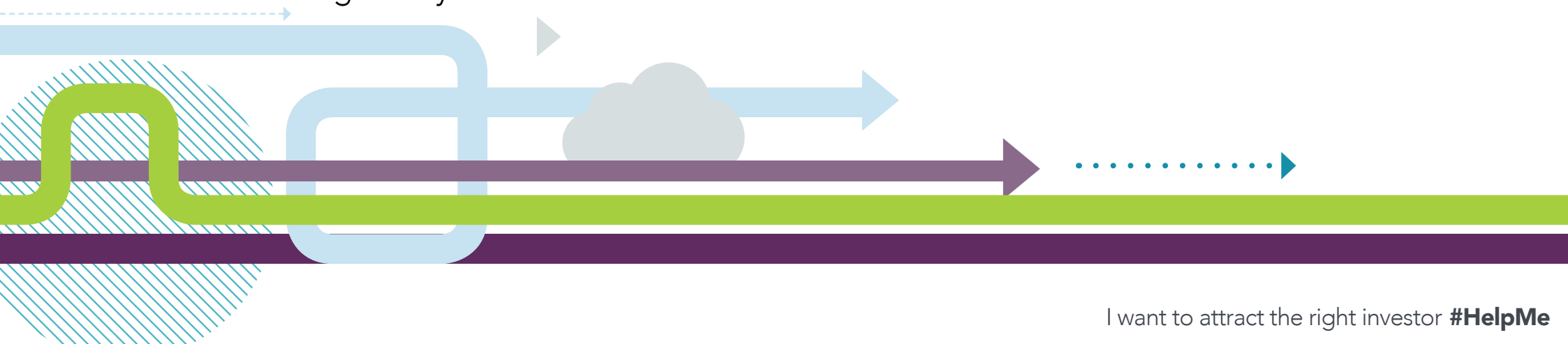
# Which investor is right for you?

by **David Bailey**

But business owners must consider a range of factors when deciding which investor to partner with. Do they have ICT industry experience and understand suppliers' challenges? Do they understand your vision? Do they have a strong network that can help drive your business forward? Will they put the time and effort in to help you grow?

ICT suppliers should also know what is involved in any investment transaction. They may access alternative forms of capital, such as a business loan that doesn't require them to surrender equity in the business.

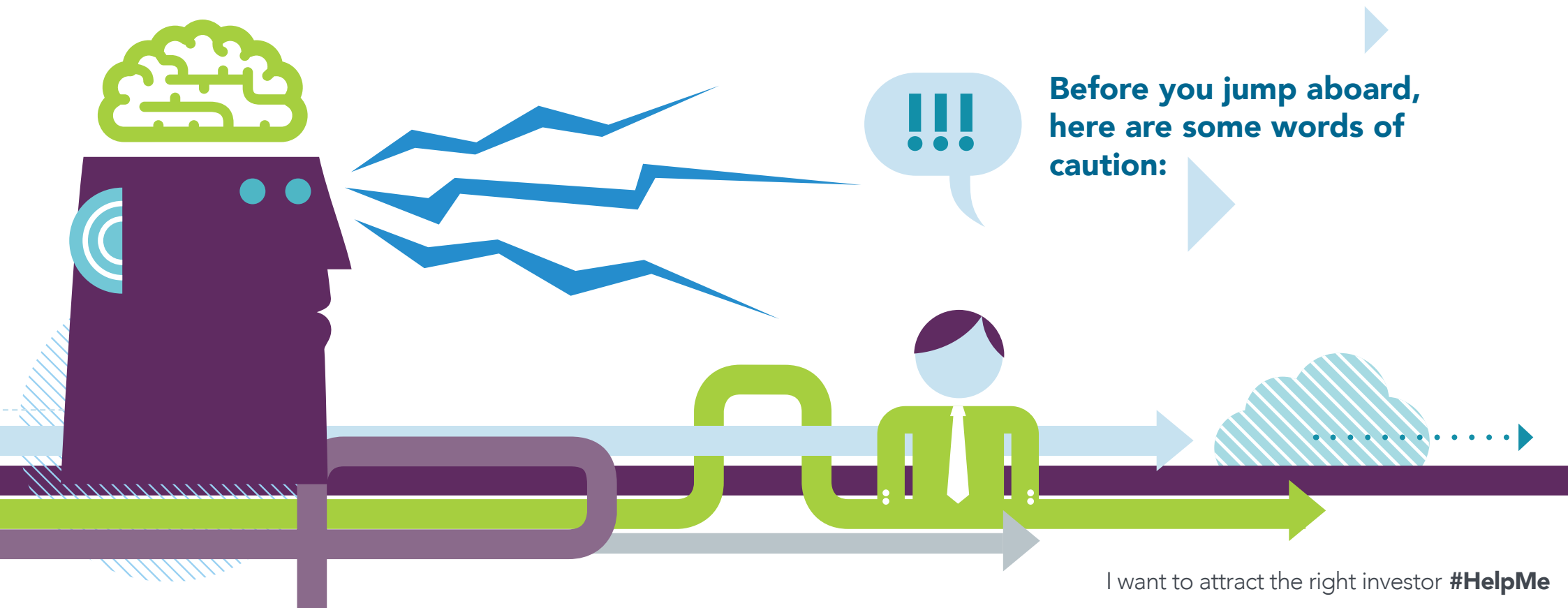
There are other forms of help too. Business incubators offer support and resources to start-up companies and early stage businesses that may struggle to access networks, mentors, and investors. Some accelerator programmes may also help with short-term mentoring, training, and investments. So, understanding your finance needs will go a long way in identifying what help you need, and which investor is right for you.



# Warning: the wrong investor will kill you

by **David Nicholson**

Going with the wrong investor can be like death through a thousand cuts. How do you make sure you get it right for your business? Does sector expertise matter? Does the investor's approach to board members matter? There is a strong awareness of the link between investment and company culture. In tough economic times, securing business investment can feel like a miraculous escape. Everyone else is drowning, and here comes a lifeboat!



**Before you jump aboard,  
here are some words of  
caution:**

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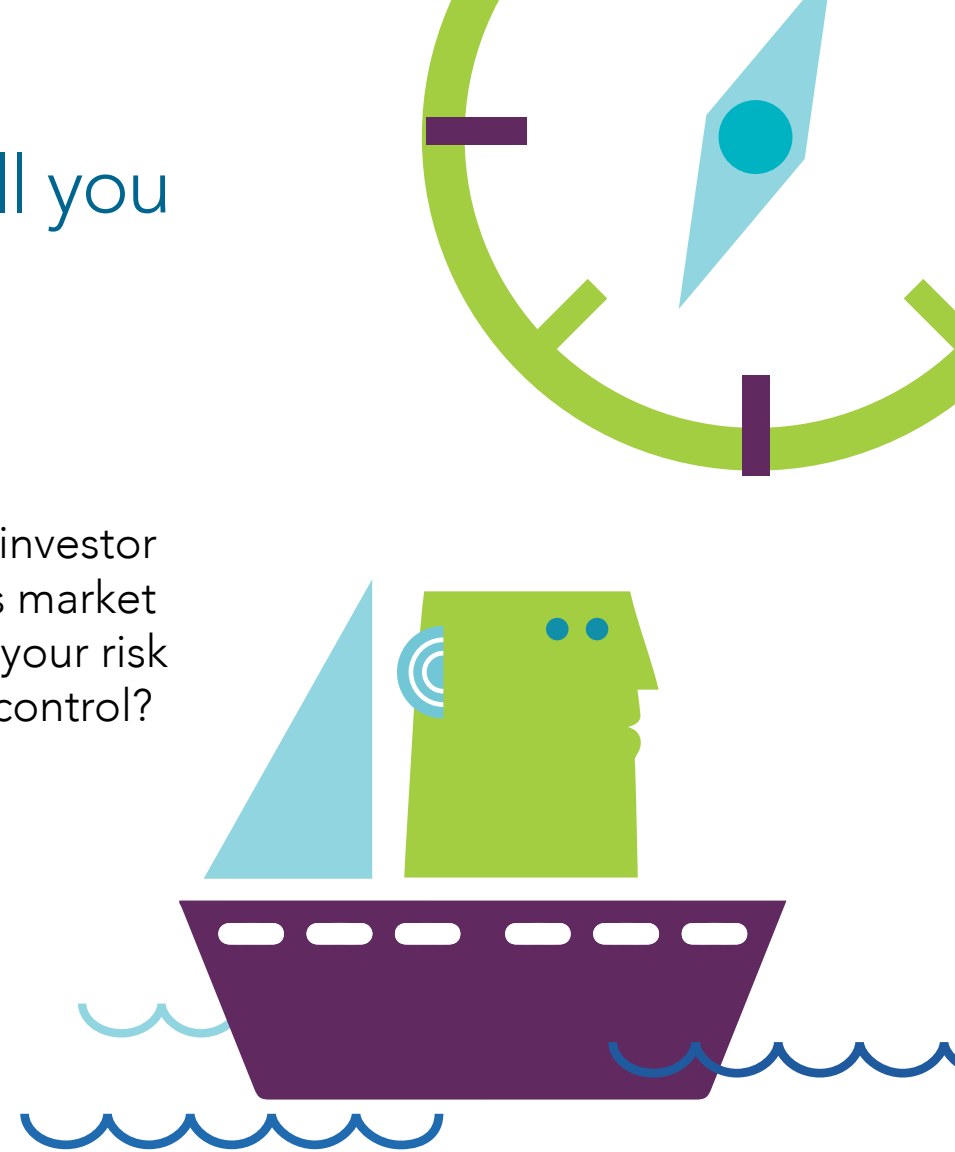
# Warning: the wrong investor will kill you

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## Where's the boat heading?

The destination you have in mind may be different to your investor and involve longer travel times. This can lead to friction. As market conditions change, you may want to alter direction or shift your risk profile. Will your investors be ok with this as you tussle for control?

 **Research finding:**  
a third of companies don't know how much investment to ask for



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# Warning: the wrong investor will kill you

by **David Nicholson**

## Are they good crew members?

You need people who can take their turn on deck but also know when to get out of the way. Beware of investors who want to micromanage, or who are too emotionally involved. Ask yourself - which do they believe in most fervently: your business or your team? You'll sail further and faster if they're right behind your team.



### Research finding:

80% of companies think investment impacts their culture



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# Warning: the wrong investor will kill you

by **David Nichols**

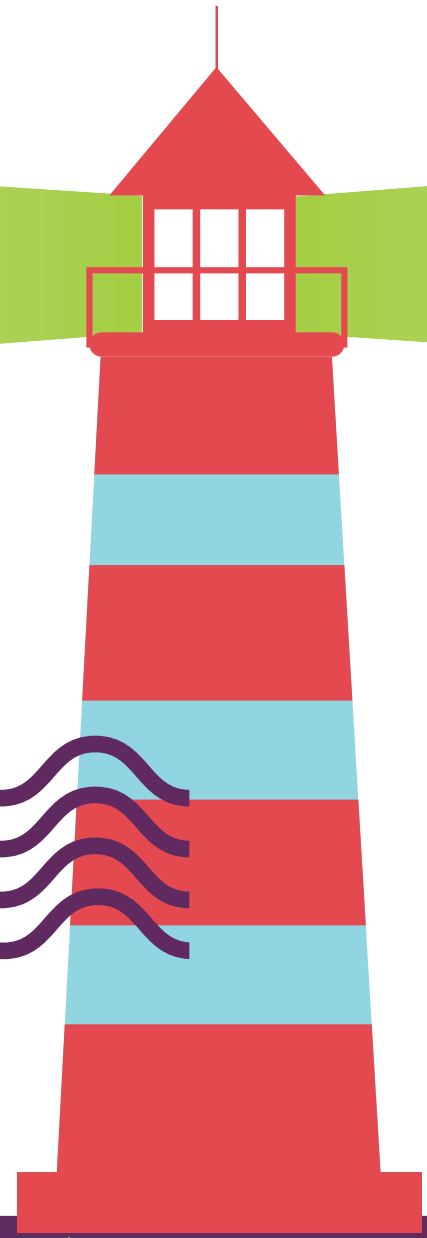
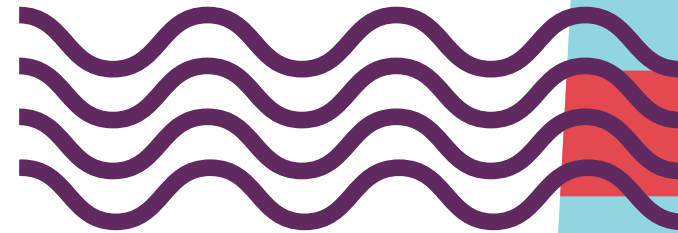
## Have they been here before?

Like the ocean, the commercial world is fraught with danger. A poorly prepared vessel is always at risk. Experience trumps enthusiasm almost every time. Ask investors about their track record, ideally building their own enterprises as well as investing in others. What obstacles do they perceive for your business? How will they help you overcome them? Equally, it's helpful if you or your colleagues have experience with investors.



### Research finding:

only one in three businesses have worked with VC or PE investors



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# Getting the investment partnership right

by **Joe McGrath**

Getting an investor on board is very important but making sure that partnership is strong will have a profound impact on how your business performs in the long term. For many business owners it may be one of the most important partnerships that they have in their professional lives.

Some 78% of business leaders believe that investment will impact their culture, and 53% of business leaders believe the impact on culture is due to potential changes in management strategy. So, it's important they consider several factors before making such an important decision.

Making sure that an investor is a good 'fit' for an investee company is important to ICT suppliers, particularly as many companies will already have worked hard to establish themselves and build a reputation. Some 69% of business leaders believe that having potential investors aligned with the investee's business culture is important or extremely important.



# Getting the investment partnership right

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Business owners will also need to consider whether an investor will want to bring its own personnel or management on the board of the company and whether they will work well with the incumbent team.

Understanding an investor's expectations will give an investee company a better insight into how they think and what their aims are. It can also help to identify any misalignments with the investee company early on in the investment process.

Not all investors are active, so it's important to understand early on whether there will be any ongoing involvement with the investor. Nonetheless, one-in-three businesses want their investor to bring innovative ideas to the business.

It's also a good idea to establish whether there will be a need to manage change in the event of a senior manager departure or market disruption. Having that discussion early on may prevent any differences in opinion over the process at a later stage.



# #HelpMe Action Plan

## I want to attract new investors

### 1. Strengthen your balance sheet

- How can I strengthen my balance sheet? Where can savings be made? Where are new revenue opportunities?
- What impact is the higher inflation environment having on my business? Can these costs be passed on to the client? Or must I absorb them all?
- Do I need to change the way my business operates to increase my profits?
- How can I invest and remain competitive? How much will it cost to keep up with my competitors?

### 2. What do you need to know about a new investor?

- How will an investor "fit" with your existing team?
- What additional personnel/management will an investor put on the board? Will they work well with your incumbent team?
- What are an investor's expectations? Are there any misalignments?
- Will there be any ongoing involvement with the investor?
- Will there be a need to manage change?

### 3. Consider a potential plan of action

Strengthening your balance sheet will offer the best opportunity to attract investors. Identifying areas where you can make cost-savings or expand sales should be the first step in any plan of action.

### 4. Complete Action Plan Checklist to help make sure you are investor-ready

# Titles in this series:

## I want to attract the right investors. #HelpMe

**Chapter 1:** What investor is right for you?

**Chapter 2:** Warning: the wrong investor will kill you

**Chapter 3:** Getting the investment partnership right

## I want to take cost out of my business. #HelpMe

**Chapter 1:** It's not about boosting profits

**Chapter 2:** Technology is the answer, but to what problem?

**Chapter 3:** Warning: the wrong technology could kill you

## I want to develop my salespeople. #HelpMe

**Chapter 1:** Stop blaming them, start supporting them

**Chapter 2:** Customers are demanding more than just another sales pitch

**Chapter 3:** Equipping sales for change

## I want to help buyers buy my solutions. #HelpMe

**Chapter 1:** Warning: the wrong data will kill you

**Chapter 2:** What are your customers being told about you?

**Chapter 3:** If you're not aligned with your customers, you are wasting your time

## I want to become a better buyer of technology. #HelpMe

**Chapter 1:** Think holistically or waste money

**Chapter 2:** Focus technology investments on outcomes, not outputs

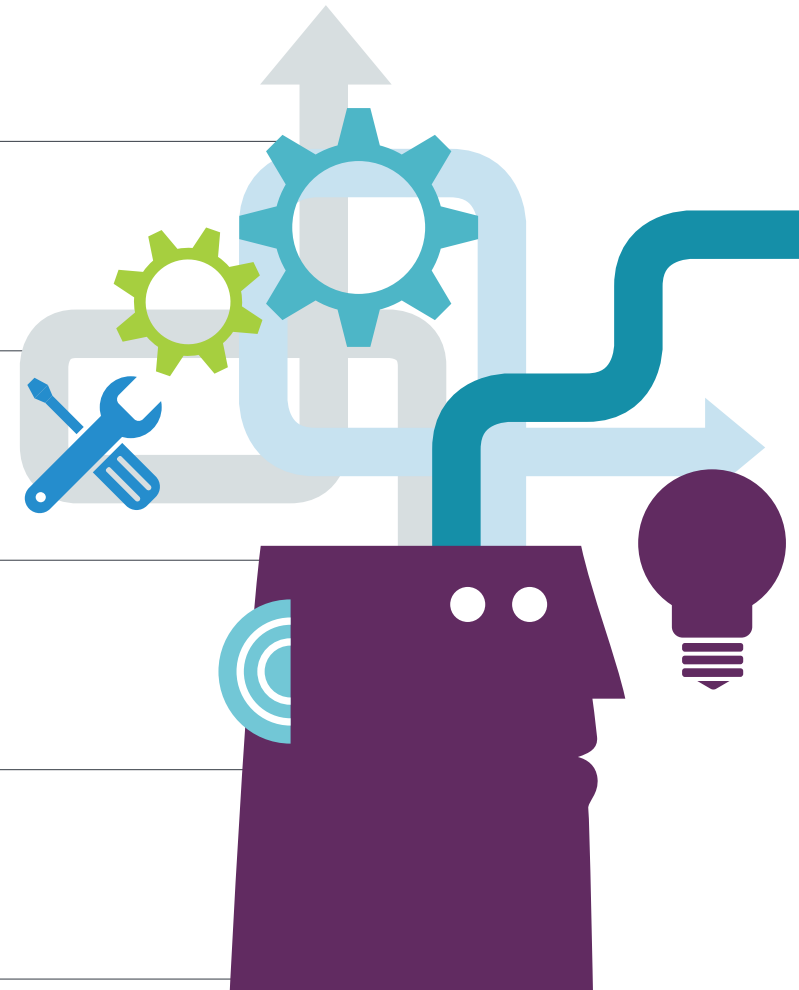
**Chapter 3:** The best-fit tender process is dead

## I want to understand what is and isn't working across sales and marketing. #HelpMe

**Chapter 1:** How are your salespeople marketing and your marketing people selling?

**Chapter 2:** Focus sales and marketing on outcomes, not outputs

**Chapter 3:** If you're not aligned with buyers' perspectives, you won't win



# What does Larato do?

Larato are business development experts. We understand how buyers buy and suppliers compete, helping sales sell more. Our team of independent experts are helping businesses win business everyday by bringing marketing and communications together with strategy and business development.

**For more details about the data behind these articles or to find out how we can help you, please contact Larato.**

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“It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to change”

Charles Darwin,  
English naturalist and geologist

