



V3 PARTNERS

USE YOUR BUSINESS PLAN TO
MOBILIZE RESOURCES
FOR YOUR VENTURE

“IF YOU DON’T KNOW WHERE YOU’RE GOING,
ANY ROAD WILL GET YOU THERE”

- ANONYMOUS



MOTIVATION

In 1925 a company said this to invited investors:

“We propose to enter the construction equipment industry. Our competition is: GM, Ford, Chrysler, International Harvester, Allis Chalmers, JI Case, and 20 other lesser sized companies. Because of the quality of competition, it will take us 18 months to lead the industry and another 5 years to sell more than all of our competitors combined.” – instant

Today

"with 2010 sales and revenues of \$42.588 billion, [we are] the world's leading manufacturer of construction and mining equipment, diesel and natural gas engines, industrial gas turbines and diesel-electric locomotives.,,"

- Storage Tech-Jesse Aweida, one presentation, \$1B+
- Ella Bank: TGS, five years, 1.5B EUR in assets
- Xerox - Chester Carlson, 10 years, 22.5B in sales



RESOURCES

What do we mean by resources?

Almost anything that helps you get started and stay moving:

- Money: debt, equity
- Good will: help, free work, information, good words, etc.
- Contribution-in-kind: assets, services, things, licenses
- Moral support
- Guanxi



SOURCES OF RESOURCES

in the order of cost to your business:

Money

- Inheritance - dangerous
- A find, lottery, Las Vegas, (Fred Smith) Macao– extreme luck,
- You – your savings
- Family and friends
- Gov – in China it's a life and death matter
- Banks – mortgaging your assets
- Angels – early investors, dilution concerns
- Funds – main focus, professional investors
- Loan sharks – Wenzhou curbside banking



SOURCES OF RESOURCES

Good will

- You and your partners
- Family and friends
- Professional services providers
- Suppliers
- Cooperators
- Employees
- Gov
- Etc



SOURCES OF RESOURCES

- Contribution in kind
 - You and your partners
 - Many others who have an interest in your success
- Moral support from your family and friends and many others whose interests are aligned with yours
- Guanxi
 - Though the name is Chinese, the thing is not
 - Entrepreneurs need connections everywhere
 - They get it by networking, meeting with like minded people and those with relevance to your business
 - In China, good government guanxi is critical for gov. controls land, licensing, banks, compliance supervision, a lot of information, etc.
 - Your startup should assign a government relations responsibility to one of the founders in the team



MOBILIZATION

Selling your plan to them! How?

- By knowing what you want and what you're willing to give up for it (your Business Plan) and
- By being a salesman
 - If you can't stomach selling then you should not be an entrepreneur
 - Study the techniques of sales – many sources
 - Know your customer (sources of resources); who're you selling to?



MOBILIZATION

Prepare different sales pitches for different customers

- **Your partners (to be):** down to the last detail including down sides, honesty goes a long way to forge lasting relationships
- **Friends:** simple language, emphasize upside, unless they are experts, avoid too much technical fluff
- **Government agency:** concepts, job creation, how your they will be able to show the results to superiors – everybody has at least one
- **Bankers:** bankers are not in the risk business so: how safe they money will be by conservative business practices, successful business will do more business with the bank, emphasize your own and your partners' monetary contributions
- **Investors:** the whole plan but in a brief, cogent, crisp story, backed up by facts, lasting about 1 hour – remember the 340 character business plan at the beginning?
- **Unsavory characters (loan sharks):** you're on your own but they clearly want very high returns. Their collection techniques are decidedly unfriendly however very efficient.



MOBILIZATION

- Rehearse your pitch with attention, deliver them with passion
- Remember: your are selling your project and sales is about: attention, interest, desire, close
 - **Presentation skills – dynamics!**
 - Proposition – tell them what they’re about to hear, get their attention:
 - "we're going to save 5 million diabetics from amputations,"
 - "our machine drills 5,000 holes per minute; a world record!"
 - "we will wash your car in 3 minutes or it's on us"
 - Methodically build enthusiasm, gain their interest – “we will do this together”
 - Watch the audience carefully, make sure the important people are with you
 - Get to the crescendo make them desire it– make it memorable! See quote above.
 - Wrap up, a small close– short and sweet "you have a unique opportunity to participate with great upside potential” ASK FOR THE MONEY!



MOBILIZATION

Make **EFFECTIVE** sales calls: where you have at least a 50% a priori (and 70% a posteriori) probability of success. How do you tell? By intelligence gathering **BEFORE** the visit:

- **Government:** have they done anything like that in the past? Do they have money? Who signs the check? Know the decision-making process and timing!
- **Bankers:** these are loan officers, are they lending to businesses like yours? History? Terms? Conditions?
- **Investors:** Sector focus? Startup? Early stage? Mezzanine? Status of the fund? Personalities? Process?



MOBILIZATION

1. Get their attention with an excellent presentation
2. Raise the interest by targeting soft spots: making money, success, fame, part of the team
3. Make them feel part of a winning team, an insider, co-founder, important contributor and beneficiary of your efforts
4. Try a few pre-closes to gauge commitment. Closing is when you get the commitment. Pre-closing tries are small efforts at trying to get small commitments: “How long to a term sheet?” ““Would you target a date for due diligence?”, “If all goes well with the DD when would you approve funding?” When investors start spending money (DD, consultants, travels, etc.) those are commitments to your project.
5. Information from low-level people: secretaries, assistant to the assistant. Occasionally from higher-level people. Befriend them. Visit their offices before the meeting!



MOBILIZATION

Track the status of leads, report it to your partners frequently. Report should show real objections and how to overcome them. Here is a sample; include:

- no. visits, audience maps
- questions asked
- objections raised
- your response
- promises made
- next meeting if any
- probability of close
- when
- how much



MOBILIZATION

- You should have a team approach to it. Added benefit: you will learn how good you and your team are
- As founder you should assign members of the founding team various mobilization responsibilities, as:
 - Organizer – project management skills
 - Scout - lead generation – knows people, makes connections
 - Presentation builder – good at distilling ideas
 - Presenter – good sales skills, credible, commands respect
 - Investor relations – the founder
 - Government relations – good at schmoozing
 - Banking relations – your finance guy
 - Reporter – the organizer but he must interview the team regularly
 - may be others



MOBILIZATION

Suggest ways to defeat buyers' remorse

- Show them that you are:
 - Responsible with money!
 - Can hold the team together!
 - Can execute the plan!
 - Can deliver the goods!
- Convince them that you are a committed person who will:
 - Expect a long-term relationship
 - Care for his investors
 - Keep them informed
 - Expect help from them in building the business



RECAP

- Securing resources for your startup is the main focus at startup
- Resources are diverse, just as their sources
- Mobilizing resources – getting them where they are needed – is a sales job
- You must be good at this, you must work at it!
- Don't forget that most of those providing you resources are in it for the long haul, you must take care of them!



THE END