

INVESTOR AND DONOR RELATIONS PRESENTATIONS

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Introduction

Obtaining investors or donors (in the nonprofit world) in this market is not easy. What used to pass for an adequate presentation to a group of investors is no longer adequate. A mere PowerPoint presentation with embedded excel spreadsheets is no longer the standard. Investors want entrepreneurs to convey accurately the history of their business operations as well as its predicted future with facts, not assumptions as the key supporting ingredient.

Investor presentations in 2003 must convey a new level of thoroughness to convince wary, and often burned, investors. While many books have been written on the art of creating effective presentations, this article summarizes an often neglected area that exists behind the scenes in creating investor and donor relations presentations. For a more thorough analysis of all aspects of the art of presentations, see the classic *How to Create High Impact Business Presentations* by Professors Joyce Kupash and Pat Grimes (NTC Business Books, 1993).

Each company, start up or non-profit must decide if it is worth the \$5-10,000 investment to bring in a serious communications firm to help create, package and help deliver the investor/donor presentation opportunity to potential investors/donors. Whether or not you are considering using a communications firm, it is now clear that the investor/donor presentation must lay out kernels of wisdom and the key business facts derived from at least twenty separate documents. These documents are listed at the end of this article and become the source of information for either your in-house message and presentation developers or your outsourced communication firm that will undertake to create the presentation. What is clear today is that if you use a communications firm, it must be thoroughly educated about your organization and your organization's key message. It must also understand your audience's characteristics. By signing a non-disclosure-agreement, NDA, with a communications firm, a company or organization can protect its valuable and confidential information while providing the key information needed by communications firms to prepare winning communication presentations and strategies. Organizations can no longer afford keeping this information from communications firms working for them and organizations should be wary of communications firms that say they do not need these documents to prepare state of the art investor and donor relations presentations.

The Weaving Process

In the year 2000 story telling became the rage. Leaders took courses in how to develop a theme, stimulate excitement, build anticipation and conferences like those of the

International Leadership Association in Seattle in November 2002, even had a person with a job title called “Conference Weaver.”

Investor or donor presentations, which usually last only 10 to 20 minutes in their “lecture” format, must do the following:

Define the problem in the marketplace (or society)

Show the company’s or non-profit’s capability to solve the problem and stay ahead of the competition

Show that the organization fully understands the entire set of economic challenges the company or non-profit will face.

Lay out all of the finances of the organization’s past and future

Present the management team accurately

Show the uses of the money being sought

Explain the return on investment (ROI) projections for each investor or the social returns that will result from the donations.

These facts and projected facts are essential when seeking funds from donors and investors. While facts tell most of the story, the impact of the quality of the presentation can not be underestimated. As John May and Cal Simons clearly state in their book, *Every Business Needs An Angel: Getting The Money You Need To Make Your Business Grow* (Crown Business, Random House, 2001), “But he also invested because of the strength of Bob’s presentation (*italics in the original*), presentations that are world class make a huge difference in the results they produce.”

May’s book presents a thorough explanation of all aspects of the money solicitation process, including a thorough explanation of key elements of the investor relations presentation. (Much of the book is also relevant to the non-profit organizations seeking large donations from individuals, groups and foundations, although it was not written with this audience in mind).

Ultimately, with regard to a company seeking investors, the presentation needs to be able to answer this simple question from potential investors.

“If I invest x dollars how much am I projected to get back and when?” (The ROI, return on investment, question).

And from the non-profit perspective, the Executive Director or whomever is soliciting the funds must be able to answer the question,

“What will my money be able to provide through your organization?”

Entrepreneurs and non-profit leaders must have presentation materials that can articulate the vision to be made possible by the investment or donation in a way that appeals to investors’ and donors’ emotional side as well as their rational side. Thus, the presentation needs to weave in the big picture with detailed market research, financial analysis and keen insight into the best organizational structure to implement your vision and the small picture, the child helped, the product’s usefulness or the challenge successfully addressed by the organization described at a personal scale.

As John May stated earlier, investors and donors will also decide whether or not to invest in your company or donate to your organization based, in part, on the quality of the presentation. This includes the look and feel and how the content is arranged and presented. The investor/donor relations presentation should have a consistent look and feel with all of your organization’s other communication materials. In order to accomplish this, the presentation design should encompass the following:

Highly refined, no nonsense look

Efficient, but no key fact left out

Balanced, thoughtful presentation

Direct and honest, without pretense

Clear reflection of organization’s brand

In order to raise capital from investors or funds from donors, the organization’s presentation must be an integrated communication piece that encompasses all of these elements.

With these principles in mind, the following documents are to be used from the company or non-profit’s files to create effective investor and donor presentations. If a communications firm is used, these files are shared after the signing of a non-disclosure or confidentiality agreement. If many of these documents do not exist, Step 1 will be to create them to provide a solid base for the actual presentation. Without all or most of these documents, the presentation may amount to little more than winging it, a sure recipe for failure in today’s market. The background documents are:

The Background Documents

Current and all previous copies of business plans of the company or non-profit.

Outline of the latest research on the competitive landscape for the industry/sector involved.

Summary of the recent investments or large scale donations made in this industry by venture or seed stage investors or donors. With regard to a company seeking investors, it would be useful to provide an explanation of the valuations used to form the term sheets of the other investments.

History of all prior investments and donations in the organization.

Current operating budget (annual) for the company or non-profit for the past year and all previous annual reports.

Resumes of all key personnel on board and expected to come on board over the next year.

All graphics, logos, key words and phrases used to describe the company or non-profit.

A graphic presentation of the business model employed by the company or non-profit.

A graphic that compares the company's or non-profit's current or proposed products against all competitors

Time line documents showing all milestones that will need to be accomplished to become profitable or in the case of a non-profit to achieve key goals.

A memo on all key risk factors dealing with the company or non-profit and the marketplace.

A memo on the company's or non-profit's risk management strategy and all legal protections for the company's or non-profit's branding, logos, technology and intellectual property.

All previously used marketing materials of the company or non-profit.

A copy of all white papers, research papers, and books prepared by the company or non-profit.

A copy of all acknowledgements, press releases, press coverage and articles about the company or non-profit and its principals.

Complete financial history of the company or non-profit.

Copy of all private placement memoranda used by the company in the past to raise money, including current PPM. In the case of the non-profit all previous donation solicitation materials.

Firm or organization resumes of all outsourced partners (legal, accounting, etc.).

A thorough list of frequently asked or anticipated questions with detailed answers to each.

Conclusion

This article shows that it is no longer business as usual in creating investor or donor presentations. Backs of napkins and business plans without a strong analysis of the present and future competition in the marketplace will not get funded. Investor and donor presentations are not a science. However, they are no longer just an art form and the creation and use of each of these background documents become essential steps in the “homework” necessary to secure the investment or donation from a solid base of investors and donors that your organization needs to propel its growth.

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