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Corporate Commentary

Welcome to this monthly series for business owners, where members of the Corporate Team aim to demystify the corporate market and highlight trends in a non-technical manner.

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Issue No. 11

Things to know to get the money to grow.

For start-ups looking for funding, investor readiness is key and the focus of the last Corporate Commentary. In this second part, Mark Diamond highlights three more key issues worth considering.

Corporate hygiene

Ensure that your company's statutory registers are accurate. This extends to minute books, filings at Companies House, and your accounts. Investors will want to know that you respect governance, because it builds trust and a willingness to rely on you.

Right investment

In looking for an investor, consider the right investment:

- Equity can be institutional or 'angel' and is often used if security is unavailable. You will dilute your ownership, but if investors are well connected, you'll gain access to networks, markets, and expertise.
- Debt, a repayment term for capital plus interest, but if you grow quickly this is easier to manage. You don't dilute your ownership, but it normally requires security.
- A mix of debt and equity, which may offer the best of both.

As well as the right investment, consider the right investor.

- Venture capital, often for pre-revenue capital and 'riskier' investments,

- typically, an investment of £2m to £10m.
- 'Angel' investors, individuals experienced in business who can offer strategic guidance alongside investment. Often the only equity option below £1m.
- Private equity, funds with the ability to deploy debt, as well as equity, to open new markets and support growth at all stages of the business cycle. Normally, investment of £5m+.
- Industry, larger players in your market, looking to disrupt industry by backing innovative business models and products.

Data rooms

Often a feature of the investment process, these can be a useful tool. Some tips:

- If investors are competing, why not set your own due diligence questionnaire and populate a data room with corresponding information and documents, saving time and cost?
- Keep it clean! Your data room should only include relevant information and documents should be indexed.
- Be aware of your data protection and confidentiality obligations.
- The cost can vary wildly, so be sure to know your requirements and how providers will best meet those.

To know more about investment readiness, please do get in touch.

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