

## **Selling to the Other Constituency**

Consider the two sources of capital: one from customers, the other from investors. Each source requires a different story and a different set of challenges to attract their money.

Customers respond to a company's value proposition. It's about positioning the product, the service, the benefits derived, the customer referrals, and a host of other issues.

Investors respond to a company's history and potential. This introduces the necessity for a corporate story, that while it includes the company's value proposition requires packaging that is different than the product story for a different audience.

Revenue provides a continuum of cash flow that is dependent on the quality of the company's relationship with its customers. Investor capital guarantees the long term cash needs of the company. To attract and justify investor capital the corporate history and upside potential is the focus. Evidence of successful performance against plan, the promise of repeating successful accomplishments, and the opportunities for expansion are obviously important. But what must be added is a history of successful relationship building with financial institutions as a critical element to the story.

Building a conduit to investor capital will be dependent on the relationship those in the financial community wish to have with the company. Meeting with the local banker requires an explanation of why the company will remain solvent. A conversation with an angel investor will center on the "great idea" that is the basis to launch the company. A venture capital conversation will be focused on growth and expanding margin opportunities. Investment bankers are looking at the operating infrastructure, the marketplace, the competition, and of course the financial history. Acquirers are looking for evidence that the success of the company will continue and that it is designed for growth given that additional resources are made available.

Recognizing in the beginning what the conversation will some day be with the investor community provides the opportunity to contemporaneously put the necessary elements in place. The story for the investor community must evolve as the company's life cycle unfolds. They are the other constituency.

Plus Point – the place reached when value is added

*Working with Plus Point Partners will be game changing for your company!*

Don Beery [don@pluspointpartners.com](mailto:don@pluspointpartners.com)

Howard Arnold [howard@pluspointpartners.com](mailto:howard@pluspointpartners.com)