

Raising Money? Better Have an Investment Thesis and Be Able to Pitch It!

Barry had been working on his new business idea for a good six months and had made a lot of progress. He had a product he could demonstrate, a core group of people who he knew could build the next-generation product, a strong advisory board with some industry experience, and several other people who could join him once he raised more capital to fill key positions in marketing and finance. He had also talked to a number of potential customers who had been very encouraging. Since lack of capital now seemed to be the main barrier to moving his company forward, Barry decided to start getting organized to be able to effectively raise funds.

When a nearby university announced that it was sponsoring an entrepreneur forum and had recruited several venture capitalists and angel investors to judge presentations by start-up companies seeking to raise capital, Barry decided he better go and learn what a good presentation looked like. Barry registered for the conference and went back to work. On the day before the conference, Barry thought he should probably make sure he had a good supply of business cards. He also thought he should make sure the company's minimalist website did a reasonable job of explaining the company in case he happened to interest someone at the conference in learning more about the operation. He took a quick look at the website and made sure that everything was up-to-date, including the new marketing direction the company had agreed to take, the new adviser who had agreed to join the advisory board (the former president of another company in the field), and the submission of a new patent application for the company's novel approach to assembling the product.

As Barry drove to the conference, he thought about what he might say if he had a chance to engage with an investor. With all of the progress that the company had made in the past several months, he felt pretty confident that he would have more than enough to talk about if he had the opportunity.

At the conference registration center, Barry was amazed at how many people were in attendance and how many were entrepreneurs like himself. He checked in and found the ballroom where the keynote speaker was just beginning his remarks. The speaker was an expert in Barry's field, and he felt fortunate to have stumbled on a conference where this industry expert, who was also an experienced venture capitalist, was

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The exercise makes use of an Investment Thesis from the business plan of a real company for the hypothetical scenario described in the case. The author disguised the name of the company within the case to protect its confidentiality, and company representatives were not involved in the creation of this case.