Meet the Funder:
A Guide for Companies Pitching to Investors

Together the GFI and SMMT have held a series of 'Meet the Funder' events where automotive companies raising financing are matched with relevant investors in the space. This guide seeks to provide advice for companies ahead of their first meeting with an investor.

Prior to meeting with an investor, founder should understand:

The why – what is your purpose, what is your core belief and what change do you want to bring? When creating a business, you need to have a solid understanding of why you are doing it, who your customers are and what problem you are solving for them. It is important to know how you are going to create value for them, because customers are the driving force for the success of a business so knowing your why is imperative. This messaging needs to be clear when engaging with investors.

Consider current challenges – challenges such as high inflation and interest rates are making fundraising and investing difficult. This should be considered when speaking with investors and realistically factored into assumptions when creating the business plan and calculating company valuations, i.e don't overpromise and use interest rates that were pre-2020.

Ensure you have given thought to your legal position – ensure you know the value of your intellectual property (IP). IP contributes more value to companies than any other asset because it provides the legal basis to protect the creative effort of a company which represents the USP and provides a competitive advantage.

Practical advice during a meeting

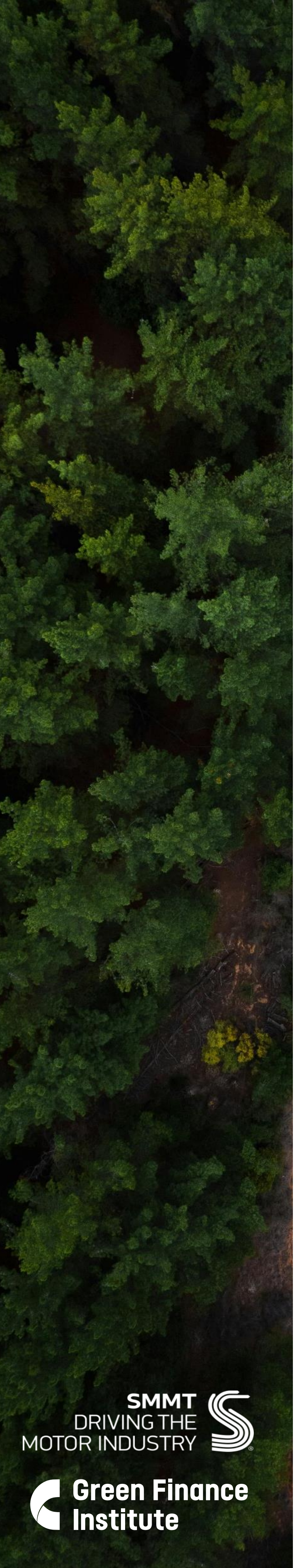
Stick to the point and don't get stuck in the technical detail

Explain what the investment proposition is that you are offering. When meeting an investor for the first time you will need to be tight with messaging and focus on your why; investors are more interested in the value and strategic vision of your business. Detail of the technology, engineering and financial models will be looked into later if it's interesting to the investor.

Tailor your pitch to your investor

Many companies will speak with investors that aren't at the right funding stage for them. Ensure that you are speaking with an investor that matches your funding requirements. Demonstrating that you've done your research on the investor, who they have already invested in, if you know the same people, what they have said publicly, will go a long way in a meeting.

Where you are in your journey will determine what topic an investor is interested in. Early stage VC's are interested in the customer you are serving and how you are going to create value for them. They want to know if you understand your customers and have invested in your customer value proposition design. These type of investors would typically like to know if your technology or business model has a cost saving element that will give customers a competitive advantage or do you have the "wow" factor where you can disrupt the market.



Late stage investors are more interested in the strategic vision. By this point you will have customers and have demonstrated that your product works. These meetings are more about the USP of the business, what is going to set you apart from others in the market. Investors are also likely to focus on your customer traction. Compared to early stage, late stage investors are interested in how you got to where you are, what challenges you've overcome and how you did it, what the future looks like and how you are going to get there.

If you do speak with an investor that doesn't match the stage you are at, it's always important to be thinking about future collaboration. Late stage investors often look to engage companies early in order to follow their progress and develop a pipeline of opportunities for investment at a later time. Late stage investors are also interested in how companies work with their existing investors.

Consider the partnership

When meeting an investor it's important to be aware that you are potentially entering into a partnership. It's not just about the value the funder sees in a company, it's also the value the funder can bring to your company. When an investor invests, you are entering into a long-term partnership and therefore the foundations of the relationship need to be strong and each side should know that they can work well together.

Be authentic

Investors don't expect you to have a perfect plan and know all the answers, especially if you are early stage. Investors understand that the unexpected may happen and business plans may not go to plan - it is how the leadership and management teams deal with this that investors are interested in.

Being open with investors about the areas that you are unsure of or where you are having problems shows to investors that you are realistic about the challenges of scaling a business and a technology. The right investor may even be able to help you solve these problems. Investors will also be interested in understanding how you approach problems and overcome them.

If you would like to find out more, or for further guidance. please reach out to Green Finance Institute at cdrt@gfi.green or SMMT at memberservices@smmt.co.uk