



8 Steps to investment-readiness

So, you're ready to take your business or social enterprise to the next level and make more of a positive difference to the world, but you need that vital funding. Time to get prepared! Ethex is an expert in raising investment from the crowd, so we've prepared these steps to help you get investment-ready

1. Start with the basics

Whether you run a Community Benefit Society, a Co-op; a charity; or any other type of organisation, you'll need to have registered your business with the right authority and adopted the rules to govern your business that allow the investment type you're hoping to issue.

2. People power

Investors care about people and will want to see that you have a strong management team in place with the right skills to make a success of your goals. Ideally, you'll have a board with people from a range of different backgrounds and it's important to have someone with strong financial experience on your team.



3. Do the sums

Ethex investors are passionate about supporting businesses that do good. But they don't want to take unnecessary risks with their money, so it's vital that you can show a robust business model that demonstrates that your business can both pay a return and ultimately repay investors their capital. Part of this is having worked out a sustainable level of return to pay.

4. Rally your troops

Because you're planning to make a positive impact, people in your local area will be proud and keen to support you. Make sure you bring them on the journey with you. These people can become not only investors but cheerleaders and advocates when your offer is live. Make a plan to get these troops ready and raring to go before you go live with your offer.

5. Choose your path

You'll need to decide what sort of investment you want to offer and you need to choose the one that's right for you. You can offer either some sort of equity in the form of shares, or some type of debt, which is usually a bond or a loan. Equity often provides more financial flexibility whilst debt allows you to keep control of the business and can be attractive to investors. Not sure? Our experienced and helpful team are happy to chat with you about your options and what might be the best fit for your business.



6. Prepare your documents

If you want people to invest in your business then you need to tell them all about it. The main way to do this is through an offer document, outlining your impact, governance, finances, investment proposition and any risks. You'll also need a financial model that explains how the business plans to make money to pay a return and repay the investment. These two documents are central to your offer. The team here at Ethex will need to see final drafts of these at least four weeks ahead of any launch to check and help you refine them.

7. Consider the mix

Larger and more complex offers usually blend several sources of finance. Some from the crowd mixed with other finance such as loans from a bank or a social finance provider. These alternative investment sources can provide assurance to our investors, demonstrating someone else has looked at what you do and decided that you're a good investment. It's a good idea to have this arranged, at least in principle ahead of your raise.

8. Line up your pieces

Some projects are like a puzzle that need certain pieces lined up so everything falls in place. For example planning permission for a housing project, a grid connection for a renewable energy installation. People will be more inclined to invest in your business if you have these pieces in place ahead of launch, if at all possible.

And just like that your business is ready to start raising that people-powered finance that can propel you to the next level. Of course, we understand this is new territory for most people, so our experienced team are keen to help you every step of the way. After all, we want you to succeed too!