Investable Insights

The Key Drivers that Create Investable Entrepreneurs and their Companies.

As long as there has been a supply and demand gap, entrepreneurs have ventured out into the unknown to commercialize the economic gap, and profit from it. They run through walls, push down barriers, and seize opportunity in aspirations for a bigger and better tomorrow.

But what happens when a financial barrier exists? What happens if the entrepreneur gets to a point in their business where we just don't have the money to grow their company?

There are companies who have scaled *without* money from angel investors, venture capitalists, private equity firms, family offices, and high net worth individuals. But, the truth is, those companies who are successful without having raised the capital are few and far between.

This is one of the biggest entrepreneurial dilemmas: How to become a POWERHOUSE business ran by an amazing team that can attract resources from customers, employees, and investors.

Outside capital is the easiest and quickest way to expand your team, build your sales, develop your operations, and therefore, increase your enterprise value. The only problem is, raising capital for most entrepreneurs is neither quick nor easy. The top entrepreneurs are focused on sales, operations, and systems that create leverage for their resources – not building investor materials and outreach messaging.

There are millions of ways to structure a deal, most of which utilize investment vehicles that are either debt or equity. Over the past decade our economy has evolved into financing structures that don't fall under debts or equities (including SAFEs, ICO's and crowdfunding). Deciding which investment vehicle to utilize can become a daunting task for those without experience dealing with investors. Structuring a deal properly is both an art, and a science.

But, rest assured that there are ways to ease this process for the focused and resourceful entrepreneur. When business owners are looking at raising investment capital, there's one simple solution - BE INVESTABLE.

Think like the investor.

One of the most important aspects of fundraising is to know your outcome, which typically is securing resources from an investor. So, it makes sense to know how the investor thinks, and the metrics that drive their decisions. Many entrepreneurs spend so much of their time immersed in a world of execution, that they rarely take time to understand the investors who hold the keys to the capital. This lack of understanding how investors assess companies and entrepreneurs is a huge obstacle that entrepreneurs must overcome as they go through the fundraising process.

When assessing the line of thinking of an investor, it's important to recognize the fact that there are 2 entities that mitigate any investments risk profile.

1. Being an Investable Entrepreneur
2. Creating an Investable Company

The investor must sense an alignment in both the investability of the entrepreneur, and the company, if they are going to make an investment and take on the risk associated with the opportunity. This alignment between entrepreneur, company, and investor is necessary if the investor is going to appropriately deploy their capital.

A lack in either one of those areas can become fatal to an investors appetite to make an investment into the opportunity despite possible enterprise value. An individual can be an investable entrepreneur, but if the company does not have the ability to demonstrate traction, measured by key metrics that clearly identifying growth and success, the likelihood of raising capital decreases dramatically regardless of the investors affinity for the individual entrepreneur.

Conversely, A company can be an investable company with a strong financial model, but if there is not an entrepreneur who can demonstrate the attitude, skills and knowledge for creating wealth, the likelihood of raising capital decreases dramatically regardless of the investors affinity for the company based on the lack of belief in the entrepreneur .

The Be Investable team understands the obstacles faced by entrepreneurs and their companies based on over two decades of working with individuals and companies to develop the enterprise value and focused leaders with winning teams which produce outcomes in alignment with their growth and success.

Over the last twenty years, the Be Investable team dove deep into understanding the obstacles entrepreneurs and their companies face, and developed programs and trainings to help entrepreneurs unleash their potential.

In this document the Be Investable Team outlines a set of principles that clearly articulate the attributes that investors look for, both entrepreneurs and their companies. These are the same principles that have been utilized by the millionaire and billionaire entrepreneurs we have worked with on their journeys to create Fortune 500 Companies, global foundations, and professional sports teams.

Throughout the next few pages, you will get a glimpse into the attitude, skills, and knowledge necessary to Be Investable.

Investable Companies

What makes a company investable to a financier is hidden in the Investor's Love Language, which comes down to financials and downside protection. The ability to tell a love story to

the investor through the financial story is an important aspect of a successful company. It is important to understand the pivots and transformations that a company must go through in order to mitigate its risk profile and unleash from its limitations. The Entrepreneur's ability to create enterprise value, and pull the various levers of the business indicate a strong leadership team and thoughtful strategy. The more investable insights the company can stack to demonstrate its enterprise value, the less risky the business seems to an investor.

- **Investable companies solve a problem.** They take something that consumers find difficult and make it easy. At its core, business is about solving problems in economically viable ways.

- **Investable companies are innovative.** Organizational growth happens through thoughtful disagreement. Without the ability for the team and the investors to challenge the assumptions of the organization's existing processes, systems, and strategy;the company suffers with the lack of innovation which will ultimately stagnant growth. Challenging the assumptions of the company, the customer, and the market is what will cultivate innovation from within.

- **Investable companies have social proof.** People using and paying for what the company has is the best proof that a product or service fits within the market. A lack of social proof increases the risk profile of any investment, because investment dollars are used to find the target market, as opposed to scaling the fit within the market that already exists.

- **Investable companies have cash flow.** Enterprise value skyrockets when a customer speaks with their wallet as opposed to their mouth. What consumers say vs what they do are different stories. Have you ever heard the term 'buyers are liars'? The best form of social proof is cash flow. Generally speaking, a company not generating revenue is not an investable business. While many ideas secure capital, and many pre-revenue companies attract investors, enterprise value comes when a company can demonstrate how to generate revenue from it's community.

- **Investable companies have brand equity.** The value of a positive consensus within a target demographic lets the investor know that the brands value is highly regarded in the court of public opinion.

- **Investable companies have enterprise value.** Companies who are only worth their next month's cash flow aren't effectively creating enterprise value, therefore retaining lower multiples upon exit. The company must seek to create value that transcends the value of its assets.

- **Investable companies have a clear understanding of how to create profitability.** Companies that only invest in R&D without ramping up cash flow can be seen as a bad investment. Without an understanding of the profitability threshold, it's difficult for an investor to see how they can make a return on their investment and therefore dramatically decreases the investability of the company.

- **Investable companies have a clear differentiator.** What makes companies different is what gives them strength. A lack of understanding of the competitive advantage creates ambiguity for consumers, employees, and investors. Understanding what makes the company different is what prevents competition from absorbing the company's market share.

- **Investable companies have high barriers to entry.** If anyone can recreate your business, then why would an investor put their money into your company? Without barriers to entry, competition becomes high, and prices/margin is driven down. This is why understanding the value proposition is so important to clearly differentiate your operation from your competitions.

- **Investable companies are systematized for scale.** Successful companies are built upon a foundation of processes, or standard operating procedures that have been refined through an iterative process. This provides both the investors and employees a playbook for solving problems, and executing on the vision of the company.

- **Investable companies properly leverage technology and resources.** The ability to integrate resources is what enables scale a company to increase its effectiveness, efficiency, and ultimately market share. A core understanding of technology removes labor intensive tasks that create kinks in the companies value chain.

- **Investable companies understand their customer acquisition cost (CAC).** Without knowing the cost to acquire a customer, and how to decrease that cost, it's nearly impossible for a company to scale its marketing and sales. If a company does not understand the customer acquisition cost, it significantly increases the risk profile for a company, and uses investor resources trying to figure out these metrics instead of scaling marketing and sales.

- **Investable companies understand how to shorten their sales cycle.** Slower sales cycles prevent companies from turning over capital quickly and producing a high return on investment. Understanding the improvements that can be made in the sales and fulfilment processes tells an investor the company understands risk mitigation at the fundamental level.

- **Investable companies have a high customer lifetime value (CLV).** Without knowing how much a customer is worth, it's difficult to determine how much to spend on marketing to acquire that customer. It is more effective to upsell an old customer than to acquire a new one. Increasing CLV usually comes through either increasing the price of old products, creating new products, or bundling a value stack already in existence in a way that has never been packaged and presented to your market.

- **Investable companies have a clear understanding of their ascension ladder.** Knowing how a customer comes into your organization, and the products and services they can obtain from the company as they deepen their relationship with the company, is fundamental to creating a high customer lifetime value.

- **Investable companies have a clearly defined target demographic.** Understanding the avatar customer is important for marketing, sales, and operations. Everyone wants a large total addressable market (TAM), but it's the ability to create a beachhead strategy in the beginning stages of the company that shows an investor a focused strategy. Ever heard the term, 'the riches are in the niches?' The goal is to start off as a big fish in a small pond.

- **Investable companies can create demand.** The ability to show an investor that they are funding a company's ability to service a higher level of demand will show them a mitigated risk profile. If you can create demand, you can raise capital.

- **Investable companies create strategic partnerships.** Relationships with corporations and other organizations to grow enterprise value in other geographies, verticals, and niches can help drive audience cross pollination and scale. Used effectively, strategic partnerships can be a key driver of both operational efficiency, and enterprise value.

- **Investable companies have a low risk profile.** This means the company has created an operation where success is inevitable due to a stacking of multiple factors within this document. It comes down to 'who' the company is going to let come in as an investor, as opposed to 'if' the company will be able to raise capital. Investors are seeking downside protection in the company and investment structure. The businesses ability to communicate a mitigated risk profile will determine their ability to create demand amongst the investment community.

- **Investable companies have a 10X potential return on investment (ROI).** Out of 10 companies that an investor puts their money into, they know that 8 out of those 10 will most likely fail. This means their one or two 'home runs' need to be able to cover all of their losses. Without the ability to paint the picture of a 10X return, an investor knows that your potential win can't make up for other potential losses.

- **Investable companies are fluent in their financial story.** The narrative of a company (investment opportunity) is a byproduct of its financial model. If an organization is not aware of the key drivers that increase their enterprise value, it becomes difficult to get an investor onboard because the vision of the financial projections is not based on metrics the investor can grasp onto. The more savvy the company is at speaking to the investors ideals, the easier it will be to secure funding.

- **Investable companies don't need investment.** The company who is most investable is the company that doesn't need money. If organic growth can finance both capital expenditures and operating expenditures, then investors know that their capital will be adding fuel to the already burning fire. The neediness of investor capital is what puts them in the power seat, and you in the position to 'take what you can get.'

- **Investable companies have a clear exit opportunity.** Investors are putting their money into companies to get a RETURN. Most investors know the only way they can get a return on their investment is by getting acquired, or going public. If a company is held for 30 years, there's no exit, and therefore, no liquidity and potential for substantial return for the investor. The ability to explain the exit opportunity to the investors decreases the risk around the investment.

These principles can be thought of as the different levers within your company. The investor is aware of most, if not all of these levers, and is constantly assessing a businesses ability to create certainty in their ability to grow enterprise value, and return capital to the investor. Whether the investor uses this language or speaks to with these principles, based on the Be Investable Team expertise and working with thousands of entrepreneurs to raise hundreds of millions of dollars, these principles tend to be the levers to securing funding.

At the end of the day, the investor is not just calculating the upside of an investment opportunity, but also the downside. Most great investors will tell you their biggest losses did not come about because they misinterpreted the upside, but because they didn't fully grasp the downside, and potential hurdles the company would have to jump through to attain a return on investment.

As discussed, all of the levers that can be moved to make a company investable are irrelevant if the entrepreneur and their team aren't investable.

Below are the key traits that investable entrepreneurs embody to empower their employees, customers, and investors to invest resources into them.

Investable Entrepreneurs

An investable entrepreneur has a positive impact on thei~~r~~ employees, customers, and investors lives. The key drivers to entrepreneurial success are a subset of awareness, and overall understanding of what's going on, what needs to change and how to change it. Investable entrepreneurs take the time to go introspective and look at what they can change about themselves as they seek to grow the company, and the highest version of themselves. These efforts produce results which can materialize into the outside world. Just like with the company, the individual entrepreneur is looking to build a solid foundation for growth by stacking the various attributes to make them investable. The more investable insights the entrepreneur can embody, the less risky the business and management team seems to an investor.

- **Investable entrepreneurs embody the success mindset.** The entrepreneurs who fail to get what they want are usually spending too much time focusing on the things they don’t want. It is critical for investable entrepreneurs to take themselves to the mental gym to work on their emotional fitness. The ability to grow on a *intrapersonal* level will exponentially impact their growth on an *interpersonal* level.

Investable entrepreneurs are focused. The best efforts in the world cannot overcome a limited unclear mindset. Great entrepreneurs are focused, and are able to get their team on board with the focus of what the world will look like if the team moved in the same direction.

- **Investable entrepreneurs communicate effectively.** The ability to communicate in a way that expresses the entrepreneur’s highest ideals is the cornerstone to successful leadership. Without proper communication, there are expectation gaps and pitfalls in execution. Teams lacking communication are often unorganized, and tend to lose games based on poor execution.

- **Investable entrepreneurs are ambitious.** They have a burning desire within them to change the world that anyone can recognize from across the room. These entrepreneurs have an internal desire to continue to move forward despite obstacles and challenges. Without ambition; the team, employees, and investors have a hard time aligning with the vision that the entrepreneur is attempting to materialize.

- **Investable entrepreneurs have business acumen.** Understanding business models, value chains, and market dynamics is a valuable attribute of investable entrepreneurs. This shows key stakeholders (investors, employees, partners) that the entrepreneur understands not just how to function in the microcosm of the company, but also within the industry and economy as a whole. This speaks volumes to an investor who is looking at a financial model to assess the probability of a potential ROI.

- **Investable entrepreneurs are visionary.** All successful investments start with an individual who is determined to materialize their internal world. Everything you see around you started with a vision, and is in your hands due to an entrepreneur. Without a vision, the employees, customers, and investors, can’t see what the world could look like by successfully implementing the strategies and value set forth.

- **Investable entrepreneurs have work ethic.** There’s no amount of talent that can substitute for hard work. Great work ethics are a byproduct of a crystal clear vision, and a burning desire to turn that vision into reality.

- **Investable entrepreneurs are adaptable in their beliefs.** Rigid, non-tractable entrepreneurs suffocate in their own lack of awareness. The entrepreneur who always thinks they are right suffers because they don’t care to become conscious about their potential incompetence. The flexibility to alter the course based on insight from trusted advisors both inside and outside the company takes the removal of ego.

- **Investable entrepreneurs are resourceful.** The greatest resource on the planet is resourcefulness. We are what we have the capacity to find. Today's world allows us to figure anything out with some tough questions, a few internet searches, and some tough conversations. The ability to be resourceful is a byproduct of our ability to challenge our beliefs, and put ourselves into uncomfortable situations.

- **Investable entrepreneurs have awareness and emotional intelligence.** Being a conscious and present entrepreneur brings about candor and authenticity. Entrepreneurs who lack awareness and emotional intelligence let obvious pitfalls slip by their consciousness. This pattern, repeated over time will alienate all stakeholders of a company.

- **Investable entrepreneurs are great listeners.** Great entrepreneurs are always seeking insight. They listen to their stakeholders, and ask them questions that allow them to expand their understanding of how others see the world. We have 2 ears, and 1 mouth – use them accordingly.

- **Investable entrepreneurs express gratitude and positivity.** What you put out to this world is what you get back. So, the more you give gratitude for, the more you have to be grateful for. The entrepreneurs who create a positive external environment help their stakeholders create a positive internal environment within themselves. No one has ever suffered from too much gratitude or positivity.

- **Investable entrepreneurs know how to manage their time.** We all have the same 24 hours in the day. It's how we use that time that determines our ability to find a return on time (ROT). There are too many things to get done, and a lack of focus at the top is a detriment to those who are attempting to execute on the vision. Top entrepreneurs create leverage by utilizing their time in the most effective way possible.

- **Investable entrepreneurs have purpose and passion.** The fire within will push successful entrepreneurs to lengths that profit would never go to. This innate desire is recognized by all stakeholders, and is contagious to those who are surrounded by it.

- **Investable entrepreneurs can influence others.** Your bank account is in direct proportion to your ability to influence potential customers, partners, and employees. All stakeholders need to be compelled to take action in alignment with your vision – this comes from influence.

- **Investable entrepreneurs think strategically.** They understand that connecting the dots is all it takes to change the game. One thought, emotion, question, answer, decision, or action is all it takes to make everything fall into place. Without this sense of perspective, entrepreneurs fall into the trap of doing the same thing over and over, giving them the same results, and inhibiting their future growth. Investable Entrepreneurs have the ability to ask questions, listen to the answers, and apply the advice and knowledge gained. This is what ultimately is what drives enterprise value.

- **Investable entrepreneurs have clarity.** Knowing key metrics, and driving toward them will help ensure investors that the eyes are on the right prize. A lack of clarity in strategy, culture, vision, process, and value chain prevents stakeholders from investing their resources into you.

- **Investable entrepreneurs build a culture.** Higher valuation and increased organic growth can come from strong values that resonate with a tight knit team. Employees want to work for companies they align with. Culture is the key to expanding the number of stakeholders who want to see an entrepreneur's success. Remember, culture eats strategy for breakfast.

- **Investable entrepreneurs are authentic.** There's no point in wasting time being fake to people who don't align with the direction of the train. Authenticity allows an entrepreneur to create deep and meaningful relationships with those who share the vision for the future.

- **Investable entrepreneurs are team builders.** No one can do it all on their own. An organization can't lead an industry if it's not run by a leader who can lead its team. The team is the foundation of organizational success. Acquiring, training, and retaining that talent is at the top of every successful entrepreneurs to do list.

- **Investable entrepreneurs quickly identify problems.** The top entrepreneurs spend most of their time focused on solutions to the problems. Spending too much time focusing on problems just results in more problems. Those who can quickly identify problems and become resourceful enough to solve them will always figure out a path forward.

- **Investable entrepreneurs have the beliefs and habits that create their success identity.** The day to day habits and patterns of the company leader will determine the ultimate destiny. Most entrepreneurs fail because they self-destruct. Often, the self sabotage is caused by limiting beliefs and patterns.

- **Investable entrepreneurs are coachable.** An entrepreneurs' ability to receive and implement guidance will attract money and talent. "What got you here, won't get you there;" and coachability is that core asset that helps entrepreneurs evolve alongside the company.

Regardless of where an entrepreneur is currently at, they have the capability to make the internal shift right now and become an investable entrepreneur. This identity shift can only come about by making the decision to become your best self. No one can do it for you; it has to come from within. It just so happens that the transformation is facilitated by the proper coaches and trainers..

The team at Be Investable has dedicated time and resources to dive into the intricacies of how companies increase their enterprise value and raise capital.

Throughout the years, the Be Investable team realized that building investable entrepreneurs is just as important as building investable companies.

The two must take place simultaneously for stakeholders to invest their resources into the vision an entrepreneur has created. In order to raise, deploy, and manage invested capital, an entrepreneur must look within and understand the shifts they need to make in their personal lives, and their companies trajectories in order to show investors what the world could become through a financial partnership.

Of course, pragmatically speaking, most investors think differently. and mitigate their risk and investment strategies uniquely based on their experiences.

Not every investor will look for all of the traits and concepts discussed. Some Investors may only acknowledge a handful of the principles. Others may only really value one of the principles. Every investor has a different focus. So, it's the entrepreneur's job to understand their prospective investors mandate, strategy, and portfolio to discover where there's potential overlap with your company and deal.

The Be Investable Team has outlined dozens of intricacies that make entrepreneurs and companies investable, but, if there is 1 thing that ALL investors look for, it's belief.

Investors want to invest in people who believe they can become like the investor and other successful entrepreneurs. Investors want to put their money into people who they can see becoming wealthy.

If the Investor can not see the entrepreneur becoming rich like the investor, then why would the investor make the investment?

Ultimately, Investors want to work with entrepreneurs who invest in themselves, and their companies' growth. Investors know that investing in yourself is one of the steps to becoming an investable entrepreneur, and creating an investable company.

It is not (the entrepreneur's) job to know how to do everything, it is the entrepreneur's job to be competent enough to figure it out, and bring in the right resources.

Be Investable has created programs that help companies build investable businesses, and become investable entrepreneurs. The Be Investable Team does this by helping entrepreneurs increase their enterprise value, and go through the capital raising process.

Check out our programs HERE

to see if Be Investable can help grow your enterprise value over the next 12 months.