

Report on presenting business plans

[Finance](#), [Investment](#)



This paper highlights the guidelines to be used for effective presentation of a newly established business venture's business plan to a venture capitalist. The potential venture capitalist should be an early stage financing venture capitalist. Early stage financing capitalists is appropriate because the established venture is in a stage that demands seed financing, start up financing and first stage financing for the purposes of start up and for finishing the developments of its products. First stage financing will be eligible as will enable the business to start its activities at full-scale (Metrick, 2006).

The type of financial information that should be included in the business plan is the business' current financial valuation that allows for good return on the investment. The financial information should reflect the rate of return on the investment, the duration it will take the investor to receive return on investment and the extent of financing. Rate of return on VC investment should be ten times or more where as the duration of investment return should be depicted as below five years. Issuing stock options and an outline of the capitalization of the business must be presented, too (Metrick, 2006).

Besides, profit projections need to be presented to show business' profitability. Information relating to stock warrants should be presented in the plan to show the likelihood of rights to purchase stock at designated price in the future. Dividend, liquidation preferences and conversion rights must be indicated in the financial section of the plan (Berkery, 2007).

The deal will be closed by assessing the investor's timeline. It should be closed after two years or when one half of the funds have been raised.

Vintage year is however three years. Tools that pull investors interest include

innovative products and unfair advantages in large, ripe markets, outstanding management teams, clear exit strategies, and ability of the business to make cash flow breakeven. This is coupled with the businesses' superb investment portfolio. Follow up should involve various meetings as well as calling the venture capitalist firm for feedback (Berkery, 2007).

References

Berkery, D. (2007). *Raising Venture Capital for the Serious Entrepreneur*. McGraw-Hill.

Metrick, A. (2006). *Venture Capital and the Finance of Innovation*. 1st edition. Wiley.