

CAMBRIDGE UNIVERSITY ENTREPRENEURS

How to Write an Executive Summary

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Introduction

- **My Bio**
 - **Mathematics and Computer Science** - University of Cambridge
 - **Mergers & Acquisitions** - Lehman Brothers, Inc (London & NY)
 - **Venture Capital & Private Equity** - Omnicom Group, Inc (NY, NY)/ Pegasus Capital, LLP. (Cos Cobb, CT)
 - **Venture Technology Boutique Bank** - GP Bullhound, Ltd. (London, UK)
 - **Merchant Bank** - GJDW Partners Limited (London, UK)

What is an Executive Summary?

- An Executive Summary is used as a marketing tool for start-ups seeking to identify and introduce themselves to suitable investors
- It is used by investors to rapidly screen opportunities against their investment objectives
- The Executive Summary is also a top level summary of the information contained in a business plan, financial summary/model, and management presentation

Topics

- Part I - An overview of the Business Plan and Venture Capitalists
 - Quick overview of the business plan, types of capital available, the investors and the exits they are seeking to generate
- Part II - The Executive Summary
 - A description of the Executive Summary and its parts

Start with a business plan

- SWOT Analysis
- Executive Summary
- Market Opportunity
- Products & Services
- Unique Selling Points
- Business Model
- Financial Projections
- Technology & IP
- Competitive Landscape
- Company Description
- Existing Capital, Investment and Shareholders
- Management Bios
- Comparable Transactions & Valuations

Types of money

- Friends Fools and Family (FFF)
- Government and University Initiatives
- Venture Angels (£100-£500k)
- Seed Funds (up to £1m)
- Early Stage (Series A) Venture Funds (up to £5m)
- Series B Venture Funds (£5m-£50m)
- Series C and beyond Venture Funds (£5 and above)

What do VCs need?

- Return: 3-5x their investment in 3-5 years
- Some “downside protection”
- A sustainable “business model”
- Defensible business strategy
- An Exit

What do VCs like?

- A company they believe they can add value to (with money or otherwise)
- Something they understand and believe in
- Something that fits their current investment profile and overall investment requirements
- A strong management team
- People they could and want to work with
- Something they haven't already got

How many stages?

- Google had 13 before IPO
- Some companies have only 2-3
- Avoid the down-round pit-falls
- Learn about Preference Shares, Employee Stock Options, Common Stock and other sorts of finance
- Be careful with Venture Debt, use it as a last resort

Types of Exit

- Sale to a Large “Strategic”
 - Most Venture “Exits” happen through acquisition
 - Buyers tend to acquire companies they already know
- IPO/Aim Listing
- Mergers
- Secondary investors

Key documents

- Executive Summary
- Business Plan
- Management Presentation
- Financial Summary
- Financial Model (NDA first please)

What is an Executive Summary

- What is an Executive Summary
 - For you is a “marketing tool” to open doors and get meetings with potential investors
 - For investors it is a “screening tool” to enable to rapidly determine whether to open discussions
 - A summary of your business; business plan; financial requirements and objectives

Write the Executive Summary last

- The process of researching and writing a detailed business plan and building a financial model will leave you ready to write the Executive Summary
- And write the first paragraph of the Executive Summary Last
 - Keep it short (1-6 pages)
 - Keep it simple
 - Deliver a clear message
- Use pictures to grab attention
 - i.e Logos, Charts, Diagrams and Graphics

The Executive Summary

- Top of Page
 - Name (Grant Warrell), Sector (Digital Media Venture Capital) and Location of Company (London, UK New York, NY)
 - Revenue and EBITDA figures
 - Capital Requirements
 - Time to Break-Even (i.e. Q4, 2012)
 - Key contact persons (number, grantwarrell@msn.com)

The Executive Summary

- Description of the Vision/Opportunity of the Firm
 - This is the Elevator Pitch
- Size of the Market
 - How big is it?
 - Show charts
- Quote and reference research sources
 - Gartner, Forrester, IDC, etc.

The Executive Summary

- Customers and “go-to-market strategy”
 - How are you going to do it
- Track-record other demonstration of ability to Execute
 - Prove you can do it
- Description of unique/disruptive business model and/or offering
 - Why are you different/special/better

The Executive Summary

- Description/Pictures of the Product and/or Technology
 - Show off the goods! Sell them on your wares
- Positioning in the market
 - Tell them where you fit
- 5 Year Financial Forecast in Chart-form (Revenue and EBITDA)
 - Show them what doing it will achieve
- Current capital structure, previous investors, shareholdings

Thank You Very Much