

## **Chapter 1-Making Your Business Investment Worthy**

First impressions are everything. When applying for a job, you specifically tailor your resume for the position, wear your neatest attire to the interview and maintain professional decorum at all times. Now this doesn't mean you need to appear devoid of any personality, but it does show that you're serious about the potential position and would be an attribute to the hiring company.

The same goes for preparing your business for the eyes of potential investors. Except, rather than dusting off your best business suit from the closet, you'll need to prepare a detailed business plan that covers the unique needs and risks associated with online businesses. You will need to be knowledgeable of your competitors and of the constant changes that occur within the online community.

Sure, it sounds tough, and in all honesty, it can be quite difficult. But don't let that discourage you. Think of it as a challenge. After preparing your business for its presentation to the public, you should feel confident in your abilities as a business owner and have a whole slew of investment knowledge on hand.

But before you start writing a business plan and searching for investors, make sure you do the following to ensure maximum results come financing time.

### ***Be tech savvy.***

It may seem like an obvious attribute, but having a clear understanding of current technological trends and how they can or will affect your business is crucial. Is there a new shopping cart program on the market that would make your online store more customer-friendly? What about inventory trackers? Is your current system error-free and current? You may wish to consider subscribing to a business or technology magazine to keep abreast of trends. That way, you can update your business plan accordingly as the tech tides change and you'll stay one step ahead of your competitors.

### ***Who's who in your market?***

Market research is a standard task when it comes to developing a business plan with the intent of attracting investors. But in the Internet marketplace, your job can be a bit more difficult. Granted, the task of searching for companies that cover your company's market and demographic is much easier online, but it is also much easier for people to start businesses out of the blue. Domain name pricing is consistently on the decline and the latest software makes setting up a store website relatively easy.

Keeping track of the new businesses in your market helps you keep your business plan up-to-date and ahead of the competitors. Just because the virtual competition is growing, doesn't mean you have to fall behind.

### ***Climb to the top of the heap (and stay there).***

The competition between businesses sharing a similar market can be brutal. That's why you need to distinguish your online business from the rest. What makes your business special? Do you offer customer service that goes above and beyond your competitors'? Is your company legitimately concerned with helping the general populace? Do you offer the services to prove it?

Apart from distinguishing your business from competitors, you must also advertise, advertise, advertise! It should go without saying, but your business will have little to no appeal to investors without an advertising strategy that works. Before even considering "going public" and seeking additional capital, check to see if your marketing and advertising plan is effective:

### **Where are you on the web?**

Your company should be listed with the major search engines such as Google, Yahoo, Ask and others. Some great ways to boost your search engine rankings is to provide a link exchange program. Create a page on your company website that links to other sites that provide information similar to yours—but not competing companies, of course. For instance, if your company sells maternity clothing, link to sites that provide information on pregnancy, motherhood and fashion. Do a little marketing campaign of your own and request that these sites link back to your company, considering you have linked to them. The more "back links"—or links from websites that direct to your website—you have, the higher your search engine ranking will be. And the best part about it? It's free!

### **Do you get the word out?**

A great way to promote your online business is through free newsletters and articles. By distributing this free content, you get the word out about your business and provide some topical information. Keeping with the maternity clothing company mentioned previously, you could create a newsletter that offers an article or two on the latest pregnancy fashions, perhaps a health-related piece and links to your latest products. If you have a sale going on, mention it. You may even wish to offer coupons for newsletter subscribers.

### **Are you friendly with the press?**

The press and general media can be your friend. Big changes in the company, brand new products and even seasonal spins on the basics your company provides make for great topics of press releases. Whether you hire a professional

press release writer or create the document yourself, you can then distribute the piece through PR news distributors such as [www.prnewswire.com](http://www.prnewswire.com).

### ***Cover all your bases.***

Investors like to see companies that are aware of the risks in online business. Having high expectations and an optimistic attitude is certainly admirable, but too much enthusiasm can come across as naivety. Do you have the latest virus protection software installed on your company server? What about appropriate firewalls and encryption software to ensure your customers can purchase from you while feeling safe? And the latest Internet laws? While legislation is quite slow to catch up with technology, it is slowly making progress. Make sure you're abreast of the latest in technological law for your company's wellbeing as well as the wellbeing of your customers.

### ***Keeping the customer satisfied.***

While many people may be thinking about (as you should be!) and preparing a business plan *before* actually starting their business, many people jump into building a company and then develop a plan when they wish to seek out investors.

If your Internet business has been in existence for sometime, a track record of successful transactions and satisfied customers is a must. While potential investors may not be interested in seeing customer testimonials, they'll certainly appreciate a company that can bring in repeat customers, again and again.

### ***Be prepared.***

Knowing the financial projections of your competitors is great, but you should also have clear and accurate records of how you came about these numbers. There's nothing worse than putting in the all of the work of writing a business plan, searching for investors and actually drawing investor interest, but standing there dumbfounded as they request documents you don't have on hand. Keep all of your research and data in an easy to find place. Your market analysis and competition analysis is a very important aspect of securing funds for your business. Think of it this way—the more you put into this process of organizing your files, preparing your business and going through the actual investment search, the more likely it is you will actually secure investment money.

### ***Be realistic.***

Attempting to grow your business takes time. Don't expect over night results. The more time you put into the process the more you get out of it.

Got all of that? Good. Now it's time to learn the difference between the unique needs of an online business and a brick and mortar business and how these needs affect your approach to financing.