Market Readiness

The 5 Dimensions

SOCIAL FINANCE ACADEMY
THE 18 STEPS FRAMEWORK: After Investment Readiness comes...

1. Theory of change
   - How exactly do you create impact?

2. Analysis of impact
   - How do you measure/report your impact?

3. Financing model
   - How do you finance your activities?

4. Business model & financial plan
   - What are the effects of your products/services on income/cost?

5. Investment readiness
   - How do you score in your readiness to raise and use capital?
Signing readiness, and then......

1. Financing instruments
   - Which type of external finance should you use?
2. Identifying investors
   - Who are your potential investors?
3. Investor approach
   - How do you prepare a compelling pitch?
4. Management presentation
   - How do you convince investors to commit?
5. Investor due diligence
   - How can you prepare for information requests?
6. Narrowing down the investor list
   - How to choose the right investors for you?
7. Term sheet & negotiation
   - How do you negotiate key terms and conditions?
8. Signing the financing contract
9. Signing Readiness

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Market Readiness

14. Investor relations
   - How can you make sure that investors stay committed?

15. Monitoring & reporting
   - How do you set up impact and financial reports?

16. Mission preservation
   - How can you avoid conflicts with your social goals?

17. Next financing
   - How do you plan ahead if you need more money?

18. Exit (if planned)
   - How can you design a responsible exit strategy?
Goal: Understanding how to build excellent relations between the enterprise and its investors, understanding the individual investors’ needs (and rights) in terms of information flow and involvement, and making best use of their value adds.

Key words: Investor updates and meetings, information rights, non-financial support, etc.

Goal: Being able to retrieve financial and impact data from the enterprise’s business in a timely manner to successfully inform management decisions and efficiently report to stakeholders & investors.

Key words: Management Information Systems, impact reporting, impact measurement & management, KPIs, financial modeling, resource planning etc.

Goal: Ensuring effective handling of tensions between impact mission and financial sustainability as well as conflicts with important internal (e.g. team) or external stakeholders (e.g. investors).

Key words: mission preservation, legal structures, steward ownership, exit scenarios, etc.

Goal: Preparing in time for the next financing round by investigating existing investor support, defining strategically important value adds that future investors should bring as well as building new relations.

Key words: Investor funding and support capacity, scenario planning, proactive investor communication, etc.

Goal: Making sure that in case of a shareholder’s potential exit (founders and/or equity investors), the impact mission of the enterprise is preserved as much as possible.

Key words: Responsible exit, share sale provisions (e.g. veto rights), exit scenarios and planning, etc.

Goal: Preparing in time for the next financing round by investigating existing investor support, defining strategically important value adds that future investors should bring as well as building new relations.

Key words: Investor funding and support capacity, scenario planning, proactive investor communication, etc.
ENJOY TESTING YOUR READINESS!

https://social-finance-academy.org/market-readiness-check/