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**HAMILTON BRADSHAW**  
Investing in people with passion

# I've got the inspiration – but how do I pick the right backer?



James Caan

*Dear James*

I HAVE a great business idea but need backing. I find this area a tad confusing though – how do I decide on picking an investor?  
*Manuel*

THE entrepreneur-investor relationship is one of the most important aspects of a business so you need to get it right. The chemistry and synergy between you have to be correct, of course, but at the same time you need to look objectively at yourself and your business and figure out the best option. If you have a good level of experience in your sector, look for investors that provide seed capital for you to start your business and take control. They will give you the freedom to bring your passion and business idea to life.

If you have to give up equity, don't get too hung up on this as the

benefits far outweigh any loss of equity. I have always said that it is far better to own 70% of something that has real value than 100% of what is merely an idea.

Remember also that the right person will bring capital and a great network of contacts. But one of the most important things to look for is someone with experience and the ability to mentor you. Identify a person who can work with you to develop your skill set and nurture the vision you have for your business.

Sometimes you can become so emotionally attached to your venture that you lose sight of the strategic picture. In situations like this, having somebody who has been there and done it and can provide straightforward advice is a tremendous asset.

Ensure the investor knows about your sector and that they have a proven track record. Ask to speak to previous chief executives with whom they have worked and obtain their opinions.

You may end up picking a group of investors, in which case you should look at each of their backgrounds. In what industries have they previously invested, and what are their key strengths? Ideally, they

will have a diverse set of skills that complement each other – this will be of huge benefit to you and your business.

Finally, make sure that your pitch to each and every investor you approach is spot on. This doesn't need to be overcomplicated, which is a common mistake, but you should have a handle on all the relevant numbers and market trends.

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