

CHAPTER 10

# Hiring Advisers

*“It marks a big step in man’s development when he comes to realize that other men can be called in to do a better job than he can do alone.”*

Andrew Carnegie

**T**he preparation of documents for a VC and the subsequent negotiations and structuring of the deal leading to the final legal closure, require skills that are typically not available in most fledgling ventures. You would need to buy-in these skills by hiring professionals who possess both the requisite skills and experience to enable you to successfully reach your goal of getting venture funding.

## The Advisers You Will Need

There are three types of advisers that you will need to succeed in your quest for venture capital, namely:

1. A VC intermediary who possesses corporate finance skills.
2. A firm of chartered accountants (CA).
3. A firm of solicitors for legal advice.

The allocation of work would depend upon the nature of the skills available within your company and with the intermediary. Also, if you do not have a good CA and a legal adviser, you may be able to find these professionals through the VC intermediary. Usually, the intermediary

would have worked alongside some other advisers in other deals and he may be able to help you form a good team for your VC funding project.

### 1. VC Intermediary Who is a Corporate Finance Specialist

The VC intermediary would manage the entire funding process for you and be the nodal agency or “lead adviser”. He will plan the whole process and function as the go-between you and the VC in order to obtain VC money for you on the best possible terms and in a timely manner. He would also liaise with your chartered accountant and legal advisers to ensure that the preparatory work they are doing for raising venture finance is in accordance with the VC’s requirements.

Specifically, your VC intermediary would perform the following tasks:

- Function as lead adviser to the VC fund raising project; be responsible for setting and monitoring the deal timetable and following-up with all parties, including you, to ensure the deal is completed in time without any problems.
- Explain and advise the management on the whole process.
- Develop, advise and execute strategies to ensure that funding is obtained within the agreed time frames and on the best possible terms.
- Do a pre-due diligence review of your business and identify areas of weakness which could result either in refusal of funding or funding at an unattractive valuation from your perspective; and work with the management and the other advisers to rectify such areas of weakness.
- Arrive at a valuation of your company and the equity percentage that could be offered to the VC.
- Review the financial forecasts and the statement of funding needs prepared by the chartered accountant.
- Assist in the preparation and review of the business plan to ensure that all the elements of a “fundable” business plan are duly incorporated.
- Prepare the executive summary of the business plan according to the requirements of the target VCs.
- Assist you and your management team in preparation of the presentation to be made to the VCs.