



Investment Readiness Training - Minutes

Consortium Meeting (Terni)

Location: Terni, Italy

Date: 15-16 October, 2009

Participants:

Maria Laura Fornaci (Meta Group)

Francesca Chieruzzi (Meta Group)

Denes Jonas (Innostart)

Kristina Ober (Technology Park Ljubljana)

Day 1

Following a welcome of the partners the meeting started with the presentation of the regional scan results prepared by INNOSTART and TPL on the macro- and microeconomic situation of their respective regions and the opportunities of the enterprises.

Slovenia

Kristina Ober from Technology Park Ljubljana explained that investors (and intermediary organisations) state that in most of cases **entrepreneurs are not investor ready**. It is therefore necessary that new/would be entrepreneurs develop appropriate motivation, business planning, communication skills tailored on expectations of investors

There are only a couple of initiatives aimed specifically at investor readiness, one provided by BAN Slovenia, the other by CEED, most of training available is mainly focusing on general business development issues, accounting, marketing, provided by public institutions and courses' level of satisfaction expressed by training users is not very satisfactory.

Most courses are generalist and academic while entrepreneurs ask for practice-based support (in terms for instance of coaching and training of the job provision).

Maria Laura Fornaci and Francesca Chieruzzi with Meta Group explained at this point that on the basis of these findings it can be concluded that there is a good market potential for the IRTRAIN programme since:

- There is a clear market need to be satisfied: access to finance is the first demand for support expressed by young entrepreneurs
- according to investors and professionals, entrepreneurs are often *not investor ready*
- The Slovenian venture capital market is developing (the first public venture fund is being launched) and more resources are devoted to entrepreneurship (more initiatives are being promoted at national and regional level)



- The GEM study reveals that there is potential for ambitious entrepreneurs in Slovenia which is exactly the target of IRTRAIN (also confirmed from the increase of opportunity entrepreneurs).
- Intermediaries are very interested in the topic and seem open to integrate the IR training in their offer

As far as the Slovenian situation is concerned then, the partners made the following conclusions with lead from Meta Group:

Key success factor for IRT course will be the capability to access and stimulate demand from the right target (ambitious entrepreneurs looking for start up money), the level of development of venture capital market (and in particular of the seed stage since entrepreneurs interviewed present financial requests typical of the seed stage), the synergies and connection with existing initiatives aimed at high growth entrepreneurs (i.e. sponsorship from key incubators, relationships with business plan competitions and award,) as well as possibility to anchor the course to offer of public intermediaries (entrepreneurship centres? VET?) and to investment opportunities.

Main barriers can be represented by the low level of awareness by entrepreneurs, the low development of the seed capital market, the predominance of a debt (or subsidized) oriented approach among entrepreneurs, the competition of free of charge training programme.

Maria Laura Fornaci also highlighted that entrepreneurs ask for a training programme which concretely helps them in accessing early stage finance. Hence, the course should be very practical and customised on the specific needs of the single attendees.

Hungary

Denes Jonas from Innostart National Business and Innovation Centre explained the findings and results of the regional/national state analysis carried out in Hungary. In his description he concluded that Hungarian early stage **entrepreneurs are, as a general rule, not investor ready**. He also pointed out that such targeted investor readiness training programme is not present in Hungary at the moment. Thanks to its experience in enterprise development and investment facilitation Innostart, the transferee partner of IRT, is among the most suitable providers of services for accessing early stage finance to young entrepreneurs.

Mr. Jonas added that one of the main findings of the analysis, with relevance to the IRT project, was that innovative start ups were not subject of a dedicated training, often due to lack of available and suitable programmes, and that the seed capital market was still in an embryonic phase.

On the basis of Mr. Jonas's presentation the partners discussed the opportunities for the introduction of the training programme in Hungary: the first public venture capital programme is being launched which will presumably stimulate demand for suitable investment projects; according to investors and professionals, entrepreneurs are often not investor ready; actual supply does not help them to develop appropriate skills; training needs of entrepreneurs are coherent with IRT; intermediaries are very interested in the topic and seem open to integrate the IR training in their offer.

Maria Laura Fornaci and Francesca Chieruzzi pointed out that the key factor for the success of the programme will be the capability to access and stimulate demand from the right target (ambitious entrepreneurs looking for start up money and quasi entrepreneurs coming from knowledge basins), the level of awareness among the potential target groups of seed capital opportunities, the level of



development of the venture capital market (and in particular of the seed stage since entrepreneurs interviewed presented financial requests typical of the seed stage), the synergies and connections with existing initiatives aimed at high growth entrepreneurs (i.e. sponsorship from key incubators, relationship with business plan competitions and awards, etc.)

Ms. Fornaci also pointed out that the main barriers were connected to the low level of awareness by the entrepreneurs, the low development of the seed capital market, the predominance of a debt (or subsidized) oriented approach among entrepreneurs and the competition of free of charge training programmes. Entrepreneurs also more and more ask for a training programme which concretely helps them in accessing early stage finance possibly via *in-house, training on the job modalities*.

Customisation proposal

Following the descriptions and subsequent discussion about the regional/national situations the partners agreed that the Hungarian and Slovenian situation demonstrate very similar characteristics therefore it is not necessary to develop differing training programmes for the two regions. The training programme Meta Group will customize will be adoptable in both countries with opportunity to supplement it with possible. The partners also agreed that the target groups for the training should be defined as follows:

- 1) *New entrepreneurs (no more than 36 months old) looking for start up money*
- 2) *QUASI-entrepreneurs looking for start up capital (in the immediate phase of pre-start with already clear entrepreneurial project)*

Then Ms. Fornaci and Ms. Chieruzzi explained how the training path would be developed around three main building blocks:

- *preparatory block* (1 training day) which will consist into two modules: 1) introduction to start up financing (risk capital market, interventions typology and companies life cycle, investors expectations, pros and cons) 2) the readiness concept and assessment of investment readiness level, a step which allow to identify the level of each trainee and related intervention plan - in terms of improvement areas to be worked out within the enabling block through training workshops (one-to-many) and coaching (one-to-one guidance).
- *Enabling block: business planning* (1,5 training day plus coaching time to be defined – 3 days?) devoted to explain the key issues to be addressed for building a sound business propositions with specific regard to the topics identified as critical from the entrepreneurs like strategic planning, financial planning and forecast, marketing strategy plus coaching sessions working on the improvement areas defined for each attendee..
- *Investment readiness block*: a highly interactive section aimed at preparing trainees for pitching with investors. The investor readiness will be deployed via a workshop (guidance for pitching) simulation and feedback/coaching (one to one)

According to the level of readiness assessed in level one, two programme options will occur:

1. READY entrepreneurs will jump directly to block 3: investor readiness
2. NOT READY entrepreneurs will pass through the enabling block before accessing block three.



On the basis of the general situation in the observed regions and the consequent customization proposal the following course objectives were defined by the partners:

Course should aim at developing skills of trainees on *how to raise venture capital in the initial stage of company development*. In particular the course should:

- Raise awareness, inform entrepreneurs on risk capital opportunities and operation modalities
- enhance entrepreneurs skills in *developing appropriate business propositions*
- improve their *communication skills*

Training topic:

- *Start up financing* (key features, opportunities and risks, investors behaviours) and *the investor readiness concept* (what does it mean to be investor ready, self assessment and interview, improvement areas)
- Business planning (series of mini-workshops on how to better shape the business proposal in terms of strategic planning, marketing, financial forecasting)
- Investor readiness (preparation pitching, simulation, feedback/coaching)

The partners also agreed on how the teaching methodology and delivery should be formulated:

IRT should be a training programme much focused, practice oriented and tailored to the needs of the trainees. IRT should thus employ an interactive teaching methodology based on a mix of one-to one coaching, targeted class based teaching, practical exercises and simulations thus matching entrepreneurs needs in terms of being very practical (“how to” orientation), involving cases/examples of recurrent critical issues and how they can be solved.

The direct involvement of successful investee companies and investors could be foreseen to present real life cases and overcome lack of trust in investors; face-to-face delivery could be complemented with limited distant training modalities.

Day 2

Mr. Jonas Denes started the second day meeting with discussing the general progress of the project with the partners. The main points addressed were:

- General progress of activity implementation
- Dissemination actions: leaflet and newsletters
- Forthcoming actions
- Pilot training
- Final event

General progress of activity implementation



Jonas Denes explained the partners that in spite of the initial delay in the implementation of the actions the partners (thanks to their efforts) made good progress with carrying out the project actions. He also noted that with such progress the project could be finalized in time without having to request additional time.

To the question raised by Mr. Jonas concerning the preparation of the training syllabus the partners from Meta Group answered that they expected the material to be completed by the middle of November. Mr. Jonas requested that any material prepared should be sent immediately to the partners for revision.

Dissemination actions

Mr. Denes Jonas introduced the partners the outline of the leaflet (brochure) which was followed by a discussion on the detailed information it should contain. The partners agreed that separate leaflets should be designed in English, Hungarian and Slovenian language. As Meta Group was the transferor of the training programme it was decided that they didn't need any leaflets for dissemination purposes. The partners then agreed that Innostart will provide the English text for the brochure which will be translated into Hungarian and Slovenian languages. Innostart will then finalize the leaflet (with all three languages) with a graphic designer. The partners finally agreed that Innostart will be responsible for the printing and delivery of the leaflets. Mr. Denes Jonas told the partners that he will provide the partners with the print-ready format of the leaflet so that they can print out as many copies as they desired if it was necessary.

The partners also discussed the content of the forthcoming newsletters and agreed that Innostart and TPLj will share the preparation of the different issues with Meta Group providing necessary information.

Forthcoming actions

Mr. Denes Jonas noted that the most important action within the project at present was the development of the training curriculum. To this Ms. Fornaci explained that the curriculum was being developed and would be delivered in November to the partners. She also noted that following the provision of the curriculum and the additional training material and methodology a train the trainers session must be organized as early as possible. The partners discussed the possible dates and decided that the session should be organized at the beginning of 2011. The partners agreed that the exact time will be decided once they are provided with the training material.

Concerning the train the trainers session Ms. Fornaci raised the question what TPLj and Innostart wanted to receive during the training? – as trainers

Both Ms. Ober and Mr. Jonas agreed that they needed to define very carefully what they wanted to be trained of as they would need to involve external experts if they were to hire them for involvement in the training (another option was just to focus on the partners who could later decide whether they wanted external organizations to be involved).

The issue of organizing one train the trainers event for the Slovenian and Hungarian partner was also raised. One training event is enough as Slovenia and Hungary shares basically the very same situation and demands from the target groups. It was then decided that the coordinator would ask for confirmation from the National Agency whether this was acceptable.



Pilot training

Mr. Denes Jonas pointed out that the train the trainer session should be organized as soon as possible in order to be able to organize pilot trainings in time. Ms. Kristina Ober suggested that TPLj could organize pilot trainings (as a supplement to an enterprise development event) in advance to the train the trainer session given that they receive some preliminary training particularly on pitching. Mr. Jonas suggested that they would come back to this issue later on when the training syllabus and methodology were available.

Final event

Ms. Ober suggested that the consortium organizes the final event in the frame of the PODIM Conference (30th Conference on Entrepreneurship and Innovation) organized in April 2010 in Maribor, Slovenia. The partners welcomed the idea but asked Ms. Ober to provide more information on the event and possible presentation opportunities to introduce the project and the importance of quality pitching to investors. Ms. Ober told the partners that she would find out the opportunities for the conference and let them know so that preparations for participation could start. The partners also agreed that in case appearance at the conference could be realized it would be the venue for the final project meeting as well.