



## Newsletter – Issue n.3

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### IRT training programme

#### General information

The training programme of the project was formulated on the basis of an existing training programme developed and introduced in Italy and on the needs analyses carried out in both target countries, Slovenia and Hungary. The analyses shed light on the particular economic situation, the relevant regulatory environment, the existing educational trends, the situation and opportunities of the innovative enterprises of the examined regions and also on their needs and problems. Looking at the situation in the two countries the following conclusions were drawn that affected the development of the training programme:

- The needs analysis performed showed common problems for early stage financing access in the two countries;
- Access to finance is the first request for support expressed by young entrepreneurs;
- There is a low level of awareness on early stage financing;
- There is the need for improving business planning in terms of:
  - strategic planning;
  - marketing;
  - commercialisation strategy
- There is a lack of capacity to present effective business propositions to investors.

In accordance with the identified problems and needs the IRT project partners developed a training programme to answer the requirements of their target groups.

The main output of the Investment Readiness Training project is a special training programme/course that develops the skills of trainees on how to raise venture capital in the initial stage of company development.

In particular the programme:

- raises awareness, inform entrepreneurs on risk capital opportunities and operation modalities and measure their readiness level
- enhances entrepreneurs skills in *developing appropriate business proposal*
- improves their *communication skills* towards investors

The training course is organised into three main blocks:

- *BLOCK 1 - Start up financing and the assessment of attendees investment readiness - (Preparatory block)*
- *BLOCK 2 - Strategic marketing, Business modelling, Financial Forecast and Business planning ( Enabling block)*
- *BLOCK 3 – Investor readiness: how to pitch with investors ( Practicing block)*

The three blocks are meant to enable the tailoring of the training path according to the capacity and readiness level of each trainee.

The tailoring of the course originates from the preparatory block which foresees an *assessment exercise* aimed at detecting the investment readiness level of trainees, besides providing targeted information on start up financing (in terms of different sources available, interventions typology and companies life cycle, investors expectations, pros and cons of funding sources).

The exercise (consisting of a self assessment questionnaire plus interview by coaches) is meant to evaluate the readiness level of each trainee so to define the related training workplan - identification of the eventual improvement areas to be addressed by the enabling block through training workshops (one-to-many) and coaching (one-to-one guidance).



On the base of assessment results, the training audience will be segmented into two main groups:

- Investor ready entrepreneurs (those with a sound business proposal which can be communicated to investors) after the assessment exercise will jump directly to *block 3, how to pitch with investors*
- Not investor ready entrepreneurs (those with a business proposal which needs to be better formulated) will attend the whole programme: after the assessment exercise they will go through the *Enabling Block* and then to *block 3 How to pitch with investors*

## Structure of the training course

### A) Preparatory block - Start up financing and the assessment of investment readiness

#### Objectives

- to understand the financial needs of the company and to identify the proper financial source among those available on the market (grant, loan, equity, etc)
- to understand the criteria risk capital investors use for selecting the investment opportunities
- to assess readiness of trainees

#### Programme

##### *Module 1 - Introducing start up financing*

- Agenda
- Financial tools for start ups
- Case study and discussion: All the money is not the same
- Which financial tools best suits your company's needs? Pros and Cons of each financial tool
- Who "early stage investors" are?
- The evaluation approach of early stage investors
- How to engage Early stage investors

##### *Module 2 - Assessment session*



- Training on AIR
- Delivery of the Self assessment questionnaire
- Delivery of one-to-one interview with coach to double check the results of the self assessment and agree on the customised training plan

## **B) Enabling block - Strategic marketing, Business modelling, Financial Forecast and Business planning**

### **Objectives**

- To understand the importance of business plan
- To develop the needed understanding and skills for preparing a complete business plan

### **Programme**

#### *Module 1 – Business modelling*

- What's Business modelling?
- Cases from the international business arena
- Exercise and discussion

#### *Module 2 – Strategic marketing and Business Development*

- What's Strategic marketing?
- How to build company's competitive advantage
- The SWOT analysis
- Exercises
- Segmenting the market and positioning the company in the market arena
- Operational Marketing and Sales
- Cases and discussion

#### *Module 3 - Financial Forecast*

- Investments and sources of financial coverage: notions and relationships
- The key assumptions of financial forecasting:
  - a) Investment plan
  - b) Sale forecast



c) detailed cost plan

- Exercise session: build your financial forecast

*Module 4 – The business planning process*

- The business plan: why it is needed, its structure and how to prepare it
- Introduction to business planning: theory and cases
- The main sections of the business plan and how to prepare them
- Reviewing the business plan : self-assessment check list
- Common Mistakes developing a business plan: examples form real life experience
- Discussion

**C) Practicing block - Investor readiness: how to pitch to investors**

**Objectives**

- to understand investors expectation and present the business proposition accordingly
- to be able to effectively communicate to investors

**Programme**

*Module 1 - How to prepare pitching*

- Introduction to the pitching session
- How to prepare the business idea presentation: tips for successfully present the business idea to early stage investors
- Preparing the "pitching session"

*Module 2 - Let's pitch*

- Simulating the "pitching session": All the attendees will present their business propositions in front of a panel of assessors
- Feedbacks for improvements: assessors will give advises for improving each pitch
- Q&A and discussion

**IRT “train the trainers” session**

On February 18, 2010 the Investor Readiness Training (IRT) project partners gathered in the city of Budapest for the so-called “train the trainers session”, hosted by INNOSTART .



The IRT project aims at transferring the IR training course, developed and successfully ran by META Group in Italy and Poland, to Hungary and Slovenia. The course enables the managers of innovative, early stage enterprises to accurately present their business ideas in front of investors such as Business Angels and Venture Capitalists.

The “train the trainers” session was a one and a half day training held by META Group experts (the transferor partner), Mr Andrea Di Anselmo and Mr Andrea Oggiano, in order to deliver the customised IRT toolkit to the transferee partners, namely Innostart and Technology Park Ljubljana, and decide the steps ahead for the success of the project.

The training session was organised in two parts:

- a horizontal session to provide attendees with IRT objectives and explanation of the toolkit in all its main components;
- a vertical session presenting IRT toolkit module on “How to pitch” (how to clearly and convincingly present a business proposition in a few minutes) along with a real pitching performed by a start-up company.

The “train the trainers” workshop is an essential part of the project transfer strategy as it enables IRT partners to:

- know how to organise the programme;
- get acquainted with the Training toolkit (its structure, its features, its scope and how to use it);
- understand the delivery methods (methodologies) that should be used in a vocational training session;
- understand the assessment mechanisms and get acquainted with the tools provided for the IRTrain programme assessment;

It is also important to better understand the pitching process as well as the main evaluation criteria used by investors and practice their role of trainers by simulating a pitching session.

As explained in the horizontal session, the IRT course is organised into **three main blocks**:

- **Start up financing and the assessment of attendees’ investment readiness** –



(PREPARATORY BLOCK). Introduces attendees to start up financing, the investor readiness concept and assess the latter (a step which allow to identify the level of each trainee and related intervention plan).

- **Strategic marketing, Business modelling, Financial Forecast and Business planning** (ENABLING BLOCK). Devoted to explain the key issues to be addressed for building a sound business proposition 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;
- **Investor readiness: how to pitch to investors** (Practicing block). A highly interactive section aimed at preparing trainees for pitching to investors. The investor readiness will be deployed through a workshop (guidance for pitching) simulation and feedback/coaching (one to one).

### **Pilot trainings by Technology Park Ljubljana**

Technology Park Ljubljana (TP Lj) organised several activities in order to implement pilot training of nascent entrepreneurs.

TP Lj has a priority focus on investor readiness trainings as the need for this particular education is highly needed in Slovenia. In order to intensify the promotion and dissemination of the training among nascent entrepreneurs the pilot was implemented as part of the programme of the “**Completion for the best business plan**”, which was organised by TP Lj. The event was enhanced by providing pilot training to the nascent entrepreneurs on the importance of the investor readiness - how to pitch in front of a panel of investors. More than **350 participants** – nascent entrepreneurs attended the workshops on business development and acceleration.

**Two workshops** (1<sup>st</sup> and 2<sup>nd</sup> February 2010) was organised, first to introduce the meaning and the theoretical approaches to pitching while the second workshop was a highly interactive session where entrepreneurs prepared business ideas in line with the trainer’s guidelines and actually practiced one minute pitching in front of the audience. More than **40 nascent entrepreneurs** attended the pilot training, held by **Marjana Majeric**, in the field of



investor readiness at TP Lj. As a result of the training the participating entrepreneurs gained valuable knowledge and skills to prepare a successful one minute business proposal pitch and heard valuable feedback on the presentations.

The purpose of the workshops, which were implemented during the Completion for the best business idea, was either to prepare or to enhance business plans for start up companies. Out of the business plans the **expert committee selected six business plans as finalists**. TP Lj enhanced the programme of the selection of the business plan with the introduction of public pitching of the finalists in front of the panel of investors. Therefore the finalists were further coached on successful one minute pitching which they executed **in front of the investor panel and public audience** on 4<sup>th</sup> March, 2010.

TP Lj was co-organising the national selection of **the best Slovene start-up companies** in which six finalists were selected by an expert panel. In order to select the best Slovene start-up the board of investors thoroughly examined the entrepreneurs who each had to prepare **a 5 minute pitch**. TP Lj thus implemented a third pilot training where the focus was on 5 minute pitches in front of a panel of **22 investors**.

Pilot trainings which were prepared and implemented by TP Lj proved to be successful and well accepted by entrepreneurs who benefited in their skills for investor readiness, as well as the investors who met with skilled entrepreneurs that were able to present their business ideas with view to the needs of investor.

**At the final event TP Lj (7<sup>th</sup> April) presented to SMEs and stakeholders the renewed and enhanced training programme:**

- Competition for the best business plans is going to include training on pitching and pitching in front of the investors
- Academy for business excellence: including a training tool transferred and adapted from the project IRT. The programme will be a regular yearly TP Lj's training programme to which companies / members – primarily incubated companies of TP Lj will be enrolled.



## Pilot trainings by Innostart

In the frame of the project Innostart organized one pilot training and involved an enterprise in the second session of the train the trainers event to be able to analyse the effectiveness and usability of the training programme.

- Pitching practice of “Hatláb Ltd.”

For the afternoon session of the first day of the train the trainers session a Hungarian enterprise (seeking investment) was invited to take part to learn the skills and knowledge of a successful pitching in front of investors. The invited entrepreneurs first learnt about the theoretical and practical aspects of effective pitching with being actively involved in the teaching session. The training was organized in accordance with the IRT methodology, guiding the participants through the various steps of the process of transforming a business idea into a presentation suitable to convince investors about its business advantages and opportunities. Following the training the 3 participating company founders were asked to prepare a presentation on the basis of what they learnt and present (pitch it) to the project partners (the trainers in essence) the following day. According to the guidance the company prepared a presentation and pitched it to the “investors” the following day who gave a thorough and complex feedback and evaluation. The company was then given the opportunity to modify and repeat its presentation, according to the feedback received, which was again evaluated by the project partners (trainers) who themselves had considerable experience with investors and investment seeking enterprises.

- Pilot training on pitching

The pitching training was organized on 26<sup>th</sup> March, 2010 to a number of investor-seeking entrepreneurs at Innostart. The training was given by Zsolt Makra, Ph.D, business development manager at Innostart with extensive experience and reputation in helping enterprises becoming investment ready and helping investors in finding suitable projects to invest. Mr. Makra, among else, was the founder of the first Hungarian Business Angel Network. Representing 10 companies 11 entrepreneurs took part in the training, focusing on pitching: the importance of preparing quality presentations, the requirements of the investors, the main aspects of a good presentation, skills and techniques, tools, etc. The participants



were introduced to the elements of quality pitching according to which they subsequently prepared their presentations for a pitching session in front of investors.

