

Before you welcome an investor

Outside capital can help a company grow, recover or modernise. Whether it strengthens the company for the long term depends largely on the partner and the terms. These questions help owners prepare calmly before any talks begin.

01 What do we need besides money?

Knowledge, markets, systems or contacts? Choose a partner who can bring them, not only capital.

02 What will happen to the profits?

Agree how much is reinvested in the company and how dividends and fees are decided.

03 Which decisions stay with us?

Write down which matters need the agreement of all shareholders.

04 What will the investor charge besides dividends?

Management fees, interest on shareholder loans and supply contracts with related companies all take money out of the business.

05 What are the investor's plans for the long term?

Ask how long they usually stay, and what they have done with companies they invested in before.

06 How will our people be affected?

Discuss plans for staff, training and local suppliers openly and early.

07 What if we come to disagree?

Agree in advance how disputes are resolved and how either side can leave.

08 Could we fund part of this ourselves?

Better cash management or retained profit may cover part of the need and reduce how much you give away.

09 Would a sale serve everyone better?

If no partner with the right intentions appears, a well-prepared sale may be the more responsible choice.

10 Who advises us independently?

Use a qualified lawyer and financial adviser of your own, not those recommended by the other side.

Every company and every investor is different, and these questions are a starting point only. Agreements with investors are legal documents: always take qualified legal and financial advice. If you would like a calm second opinion, you know where to find us.