



A Twoeyes Insight to:

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*Established in 2000, Twoeyes is a strategic advisory firm that helps Business Owners, Boards and CEO's to develop, grow and improve their enterprise.*

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*'Twoeyes - Clarity  
from Experience'*

# The Executive Briefing Paper

The essential elements to successfully presenting your investment opportunity.

The Executive Briefing Paper is where you tell your story. The rest is just detail...

## Crafting a Compelling Executive Briefing Paper

**The purpose of the Executive Briefing Paper is to sell, not to describe.**

The Executive Briefing Paper is your first introduction to a potential investor. It's therefore critically important that you create the right first impression. You do not need to explain the entire business plan in 250 words. You need to convey its essence, and its energy. You have about 30 seconds to grab an investor's interest. You want to be clear and compelling. As the old saying goes, *'you never get a second opportunity to make a first impression'*.

Here are the key components that should be part of your executive briefing:

### 1. The Grab

You should lead with the most compelling statement of why you have a really big idea. This sentence (or two) sets the tone for the rest of the Brief. Usually, this is a concise statement of the unique solution you have developed to a big problem. It should be direct and specific, not abstract and conceptual. If you can drop some impressive names in the first paragraph you should – world-class advisors, companies you are already working with, a brand name founding investor. Don't expect an investor to discover that you have two Nobel laureates on your advisory board six paragraphs later. He or she may never get that far.

### 2. The Problem

You need to make it clear that there is a big, important problem (current or emerging) that you are going to solve, or opportunity you are going to exploit. In this context you are establishing your Value Proposition – there is enormous pain and opportunity out there, and you are going to increase revenues, reduce costs, increase speed, expand reach, eliminate inefficiency, and increase effectiveness, whatever. Don't confuse your statement of the problem with the size of the opportunity (see below).

### 3. The Solution

What specifically are you offering to whom? Software, hardware, services, a combination? Use commonly used terms to state specifically what you have, or what you do, that solves the problem you've identified. Avoid acronyms and don't waste the few words you have here to 'sound smart'. Write so that a 12 year old would understand it. Don't create a bunch of terms that won't mean anything to most people. You might need to clarify where you fit in the value chain or distribution channels – who do you work with within your sector, and why will they be eager to work with you. If you have customers and revenues, make it clear. If not, tell the investor when you will.

### 4. The Opportunity

Spend a few more sentences providing the basic market segmentation, size, growth and dynamics – how many people or companies, how many dollars, how fast the growth, and what is driving the segment. You will be better off targeting a meaningful percentage of a smaller, well-defined, growing market than claiming a microscopic percentage of a huge, heterogeneous, mature market. Don't claim you are addressing the \$24 billion widget market, when you are really addressing the \$85 million market for 'specialized arc-widgets used in the emerging wocket sector'.

## **5. Your Competitive Advantage**

No matter what you might think, you have competition. At a minimum, you compete with the current way of doing business. Most likely, there is a near competitor, or a direct competitor that is about to emerge. Understand what your real, sustainable competitive advantage is, and state it clearly. Do not try to convince investors that your key competitive asset is your “first mover advantage.” Here is where you can articulate your unique benefits and advantages. You should be able to make this point in one or two sentences.

## **6. The Model**

How specifically are you going to generate revenues, and from whom? Why is your model leverageable and scaleable? Why will it be capital efficient? What are the critical metrics on which you will be evaluated—customers, licenses, units, revenues, margin? Whatever it is, what impressive levels will you reach within three to five years?

## **7. The Team**

Why is your team uniquely qualified to win? What have you done in the past that is relevant to the future success of this project? Don't just regurgitate a shortened form of each founder's resume; explain why the background of each team member fits. If you can, state the names of brand name companies your team has worked for. Don't drop a name if it's an unknown name, and don't drop a name if you aren't happy to give the contact as a reference at a later date.

## **8. The Promise**

When you are pitching to investors, your fundamental promise is that you are going to make them a truckload of money. The only way you can do that is if you can achieve a level of success that far exceeds the capital required to do that. Your Summary Financial Projections should clearly show that. But if they are not believable, then all of your work is for naught. You should show at least three years of revenues, expenses, losses/profits, cash and headcount. You should also show a key driver or two, such as number of customers and units shipped each year.

## **9. The Ask**

This is the amount of funding you are asking for now. This should generally be the minimum amount of equity you need to reach the next major milestone. You can always take more if investors are willing to make more available, but it is hard to take less. If you expect to be raising another round of financing later, make that clear, and state the expected amount.

You should be able to do all this in six to eight paragraphs, possibly a few more if there is a particular point that needs emphasis. You should be able to make each point in just two or three simple, clear, specific sentences. This means your Executive Briefing Paper should be about two pages, maybe three. Some people say it should be one page, however most investors find that there is not enough information in one page to understand and evaluate a company.

Please remember that the outline above should not be applied rigidly or religiously. There is no template that fits all companies, but make sure you touch on each key issue. You need to think through what points are most important in your particular case, what points are irrelevant, what points need emphasis, and what points require no elaboration.

## Some other general points:

- Do not lead with broad, sweeping statements about the market opportunity. What matters is not market size, but rather compelling pain. Investors would rather invest in a company solving a desperate problem for a small growing market, than a company providing an incremental improvement for a large established market.
- Don't acronym your own name. "Virgin Blue" did not build its brand so quickly by calling itself "VB."
- Drop names, if they are real; don't drop names if they are smoke. If you have a real partnership with a brand name company, talk about it.
- Avoid phrases and adjectives that sound impressive but carry no substance. Everybody thinks their market is "enormous", their software is "intelligent", their application is "easy-to-use," and their financial projections are "conservative."
- Explain your company the way you would to a friend at a drinks party (after one drink, not five). The best test is to ensure your average 12 year old would be able to understand it.
- State your value proposition and competitive advantage in positive - not negative - terms. It is what you can do that is important, not what others are unable to do.
- Use simple, short sentences, not multi-tiered, compound sentences.
- Use analogies to explain and benchmark your model, as long as you are clarifying rather than hyping.
- Don't lie. You would think this goes without saying, but too many entrepreneurs cross over the line between passionate enthusiasm and fraudulent misrepresentation.
- Go back and reread each sentence when you think you're done: Is each sentence clear, concise and compelling? Ask yourself how you can reduce each and every sentence by 25%.

**Your Logo Here**

## **[Company/Project Name]**

### **Executive Brief**

[Tag Line - A short and attractive tagline to describe your proposition]

#### **Contact Information**

[Name  
Address  
Postal address  
Phone/mobile/email]

#### **Industry**

[General Industry]  
[Specific Industry/Segment]

#### **Development Stage**

[Concept phase  
Startup  
Product under development  
Early Sales (<\$1 million pa)  
Starting revenues (>\$1 million pa)  
Market expansion (>\$5 million pa)]

#### **Year founded**

[0000]

#### **Investment Opportunity**

[AU\$00,000,000]

#### **Use of Fund**

0% Product Development  
0% Marketing/Sales  
0% Operation/Inventory  
0% Existing Debt  
0% Legal/Other ...

#### **Burn Rate**

[\$0]

#### **Revenue (Mth/Qtr/Yr)**

[\$0]

#### **Existing Debt**

[\$0]

#### **Existing Shareholders/Investors**

[Equity ratio/ Amount]

### **THE GRAB**

[Provide a short description of the investment opportunity you are presenting in the form of vision and/or mission statement]

### **PROBLEM/OPPORTUNITY**

[Describe your target buyer's need or desire. Avoid technical terms and only focus on explaining the opportunity. Include the profile of target customers]

### **SOLUTION/PRODUCT**

[Describe how you want to address the need or opportunity. Concentrate on essential value proposition and customer benefits]

### **POTENTIAL RETURN**

[Explain the potential profit from this project and provide supporting data such as market size, market share and growth rate. Describe your revenue model and expected profit margin]

### **COMPETITION**

[Describe your current & future competitors and any other external risks that the investment may be exposed to. Demonstrate knowledge of the landscape and your competitive advantage]

### **EXECUTION PLAN**

[Describe how you plan to pull it off. Summarize your sales, marketing, development and partnership plans. Highlight milestones achieved to date and planned for future]

### **THE TEAM**

[Introduce your team and emphasize what YOU bring to the table. Explain the role and responsibility of each member and any other human resources that you would need to execute the plan.]

### **FINANCIALS**

[Describe the financial resources that you have or need to make the plan successful. Include available and projected cash, burn rate and revenue. Explain how far will the investment take you and how do you plan to continue from there]

# Executive Briefing Document

May 2002

**EXAMPLE ONLY**  
**\$3.3M raised in 8 months**

## WINESEAL

*"The wine closure that seals like a screw cap and pops like a cork."*

The greatest technical challenge facing the global wine industry is how to seal the bottle without spoiling the wine. WINESEAL's aim is to be a preferred closure for as bottled wines by the mainstream marketplace.

### Problem

The global wine industry uses an estimated 15 billion wine closures annually, being natural corks (c.90%), synthetic plugs (c.9%) and metallic screw caps (c.1%). Approximately 10% of all bottled wines are spoiled due to the failure of closure, with the biggest culprit being natural cork.

While the industry itself finds the situation intolerable, the major retail chains throughout the world are also demanding a quality-controlled solution to the key issue of cork taint. Their purchasing power exerts unrivalled influence over the international wine supply chain and is now driving the type of wine closure specified for use.

### Opportunity

A global search is now on for a viable alternative to natural cork that will be embraced by the average wine consumer, endorsed by the major retail chains, approved by the winemakers and accepted by the supply chain.

### Solution

Incorporating the proven barrier technology of the screw cap into a patent-pending device, WINESEAL snaps on to traditional wine bottles offering a simple yet compelling value proposition: WINESEAL seals like a screw cap and pops like a cork!

From the industry's perspective, WINESEAL offers the winemaker a competitively priced, quality-controlled barrier to oxygen. Made from a durable, dent-resistant, food-grade polymer, WINESEAL will neither taint the wine nor scalp its flavour.

### Product Features

Designed for use on standard, high-speed Screw Cap filling lines, WINESEAL is engineered to snap on to the neckband of standard cork-mouth bottles, in a positive, consistent application.

Combining both closure and capsule into a single packaging solution, WINESEAL's unique design means it does not require the added cost of a capsule to finish the packaging presentation once the closure has been applied. Offered in a range of colours, WINESEAL is available in generic and proprietary designs with decorative printing capabilities.

### Benefits

From the consumer's perspective, WINESEAL can be conveniently removed by hand without a corkscrew; it pops like a cork when extracted; it will not crumble or break and can be hygienically reapplied to form a liquid seal so the wine can be stored for later consumption.

Offering a market-driven solution unlike any other wine closure, WINESEAL seals the bottle while preserving the integrity of the wine, the quality image of the brand and the sense of celebration associated with opening a bottle of wine.

### Market

The international wine market is accessible and consolidating, dominated by the top 20 wine groups. WINESEAL's primary targets are therefore:

- The larger wine companies that bottle their wines in-house
- Contract packaging companies that service the numerous smaller wineries that tend to out-source the bottling function.

#### Contact Information

[Jack Brennan  
jack@wineseal.com.au  
+61401234578]

#### Industry

[Packaging;  
Alcoholic Beverages;  
Wine Closures]

#### Development Stage

[Startup]

#### Year Founded

[2002]

#### Funding Opportunity

[AU\$2.5M in 2  
tranches: \$500K &  
\$2M]

#### Use of Fund

60% Product  
Development  
20% Operations  
10% Marketing/Sales  
10% Legal/Other

#### Burn Rate

[\$50K/mth.]

#### Annual Revenues

[\$0]

#### Existing Debt

[\$0]

#### Existing Investors

[Founders - 95%  
Seed Investors - 5%]

## Strategy

A three-stage Venture Development Plan has been mapped to reach this goal while mitigating the key risks. WINESEAL's greatest challenge is to validate the key technical assumptions upon which the business case is built. Once these are removed, the key risk quickly moves to one of supply.

Stage 1: Market Entry Objective	By end 2004: A credible product, technically proven in the Australian & New Zealand marketplace and endorsed by senior winemakers, wine writers and other key influencers.
Stage 2: Strategic Marketing Objective	By end 2006: Regarded as a credible supplier by the major players in the global wine industry and specified by name by major wine retail groups.
Stage 3: Corporate Objective	By end 2010: Accepted as a preferred closure for bottled wines by the mainstream marketplace.

## Operations

WINESEAL will seek to build a scalable manufacturing supply operation that can efficiently and competitively deliver a credible, quality product in the volumes needed to support the 'just in time' packaging strategies of the major global wine packaging companies. Outsourcing manufacturing and logistics functions to well-established strategic partners, WINESEAL will focus on developing, marketing and managing the supply of innovative bottle closures to the global wine industry.

## Outcomes

If WINESEAL is adopted with confidence by even a small number of the top 20 wine companies, the potential sales impact is explosive. Sudden and aggressive growth has therefore been forecasted. (Summary Financial Projections available on request). In a market dominated by natural cork, market penetration and sales assumptions have been modeled against the precedent set by synthetic plugs whose global market share went from 0% to an estimated 8%, or close to 1.2 billion units/pa, within approximately 7 years of commercial introduction. The top three synthetic plug producers are understood to have achieved annual unit sales of 400M, 200M and 200M each since commercial introduction in 1995.

## Executive Management

*Jack Brennan (36), Inventor, Founder & Executive Chairman.* Jack previously held a senior position in the Wine Sales & Marketing team of Australia's largest manufacturing supplier of glass packaging. With a personal sales budget equal to 20% of the entire Australian wine industry by volume, Jack's operating objective was to support the 'just in time' packaging strategies of key customers by maintaining '98% delivery in full, on time'. This objective was achieved. He regularly played a key role in the development and introduction of new wine bottle ranges.

*Brian Bennett (44), Co-founder & Technical Director.* Brian is an Industrial Designer with over 20 years' experience in the design, engineering and development of high volume products for manufacturing industry. Brian co-founded Australia's first ISO 9001 accredited product development consultancy. After co-leading its growth for 11 years, Brian spent three years as M.D. of the San Francisco office of one of America's largest and most respected product design consultancies.

*Nick Green (45), Chief Executive Officer.* Nick has an extensive background in sales, marketing and management in information technology, sport, food and pharmaceuticals. Nick has been involved in two technology start-ups in agriculture, where he established distribution Australia wide and in the America's, Europe, Africa and Australasia. In 1997 he founded and rapidly built a new venture to a position of market leadership with products sold in 25 countries. Nick led the marketing and sales drive and won a dominant market share of the innovative and corporate agribusinesses in viticulture across Australia and the Americas. As part of this Nick secured \$20 Million in venture capital investment.

## Board of Directors

The Board of WineSeal is currently made up of the two founders, Jack Brennan, Executive Chairman and Brian Bennett, Executive Director. Ideally, the board will grow to a total of five, comprising two executive directors, two non-executive directors and an independent chairperson. The professional experience of the group should be related to the wine & packaging industries. The core skills should be in product design & development; technology commercialization; manufacturing; marketing & finance. An appreciation of the needs & challenges of a high-growth, early-stage technology commercialization project would be essential. Experience in raising venture funding & M&A activity would be ideal.

## **Milestones**

Management is focused on product commercialisation, strategic partnering and pre 'first-sales' activities. A number of solid milestones have been achieved to date:

- A committed team with deep domain experience in place, supported by expert technical and marketing advisory groups and a hand-picked group of high-quality, professional advisors
- An award-winning business and financial plan developed and expansion model built
- Two Patent and two Trademark applications lodged
- AU\$52,000 COMET grant secured to prove the technology
- AU\$242,000 secured from Seed Investors
- A major US-based multinational manufacturer of packaging components with established links to the global wine industry on board as a development partner
- Core technology evolved into a product family of 3 primary products with a range of variations
- Development tooling built
- Lead product developed to prototype tooling trial #4
- Preliminary material trials conducted
- Preliminary in-house laboratory trials successfully undertaken
- Preliminary capping and automation trials successfully undertaken
- AU\$2.0 million AusIndustry R & D Start Grant application in process
- Strong industry validation from 'Grape to Glass' with key wine, contract packaging and retail wine groups confirmed as trial partners.

## **Financial Investment**

WINESEAL is now capital-ready, with management seeking to raise Angel Investment of approximately AU\$2.5 million (split over two rounds: \$500K and \$2M) in exchange for a share of ownership.

## **Investor Profile**

WineSeal is seeking a mix of early-stage equity investors who, in addition to capital, can add value to the foundation management team's wine industry, wine packaging and/or technical experience. Ideally, investors will also provide strategic access to market, market information and/or follow-on sources of funding. It is considered likely that investors in WINESEAL will have strategic portfolio interests in other wine and/or wine-related investments.

## **Allocation of Funds**

Funds will be used to complete the commercial introduction of the launch product and invest in the infrastructure required to grow the business, especially to:

- Roll out international intellectual property strategy (Australian priority dates set).
- Partner with wine, wine packaging and material supply companies to conduct evaluation and commercial trials.
- Engage Australian Wine Research Institute to test product performance against newly-established closure performance protocols.
- Support on-going product development including an AusIndustry grant application.
- Build internal business infrastructure, populate the board and strengthen key management capacity.
- Conduct in depth export market research and lay the foundation for a strong and targeted Australian and then International sales & marketing drive.

## **Additional Funding**

WINESEAL will seek to leverage capital provided by private equity investors by accessing funding through the Australian Federal Government's 'Grants & Loans' program. The initial target is AU\$1 Million through the AusIndustry R&D Start Grant, NIPD & EMDG during 2003. An additional AU\$4 Million is estimated to be required over the two years following this round of funding, with management anticipating a 50% split between equity and bank finance. Follow-on investment will be sought during Year 2 (2004) to complete product introduction and support market penetration.

## **Exit**

WINESEAL is being built from the ground up as an attractive trade sale candidate within 5 years of introduction of commercially saleable ware. The target buyer is likely to be an established corporate with a strategic interest in supplying innovative packaging solutions to the global wine industry.