

Investment Proposal Judging Criteria

Key Areas Assessed by the Judges

Strong executive summary explaining the essentials of own business: 45%
Strong financial forecast showing understanding of what is behind the figures: 45%
Informative appendices and supporting materials: 10%

PURPOSE: The Investment Proposal is developed to explain the need for resources and how the resources will be employed to grow the company, attract a potential investor to be interested in investing in the business idea, and solicit investment in the company (if applicable).

Overall Judging Concept for the JA-YE Enterprise Challenge

- Throughout the judging process, the judges think of themselves as potential investors in the companies that participate in the Challenge.
- The companies must meet the formal criteria for participation.
- Each judge has fictitious €100 000 and wants to invest it in one of the companies (if the company does not request an investment, each judge has a fictitious opportunity to co-own the company).
- The company who has met the formal criteria and received “investment” from highest number of judges (or if the company does not request an investment, the highest number of judges who want to co-own the company) will win the Challenge.

As JA-YE Europe intends to award a real investment in the winning company, the Investment Proposal should make it easy for the investor to see the impact of the investment; and to understand how she/he will be able to track the success of the company on the real market and how she/he will collect the return.

When assessing an Investment Proposal, the Judges will also apply the criteria below to the Proposal or to a section of the Proposal.

The Investment Proposal should begin with an executive summary and should meet the formal criteria below:

- Language – English
- Maximum 15 pages of A4 (or less - not more). Any appendices must be included within the 15 pages. The 15 pages exclude the Front and Back cover. Minimum font size to be used is 12.
- The cover is in addition to the permitted 15 pages. It should include:
 - Company Name
 - Year of Operation
 - Name of Adviser(s)
 - “Country”

- Disclaimers (if appropriate)
- Presence of a strong executive summary
- Presence of a strong financial forecast (profit and loss forecast; cash flow forecast; and comments)
- Quality of supporting information in the text and attachments

Overall feel can adjust the total score between +10 (IP is presented well) and -10 (IP missing formalities)

Content of the Investment Proposal

- The executive summary may not exceed one page and should provide the essential information related to the five key aspects that are expected to be addressed in the investment proposal. The executive summary is the most important part of a business document. It is the first (and sometimes the only) thing others will read and the last thing you should write. It is simply a brief summary of the document(s), given so that the busy people who will read your document(s) know at a glance how much to read and what actions will probably be needed. It should tell the reader why your business is special. There are many online resources about how to write an effective executive summary – search/find/use them.
- The financial forecast (profit and loss forecast; cash flow forecast; and comments) may not exceed one page and should provide sufficient information about investment potential as well as reflect the five key aspects.
- The remaining pages of the investment proposal provide supporting information to the executive summary and financial forecast.

The five key aspects to be addressed in the investment proposal:

Strategy

- Described the organisation's business strategy.
- Presented an organisational overview – People.
- Is this the right team, could the team be changed?
- Does it show passion, drive as well as skills and experience?
- Balanced emotional attachment vs. business performance focus?
- Stakeholders.
- Objectives.
- Total addressable market and critical success factors, and how they are measured.

Options appraisal

- Presented high level cost/benefit analysis of options for carrying out the Business idea.
- Identified preferred option and any trade-offs.
- Outlined an implementation plan.

This aspect documents the wide range of options that have been considered within the broad scope identified in response to the organisation's existing and future business needs. It aims to arrive at the optimum balance of cost, benefit and risk.

Typical content of this section: high level cost/benefit analysis of (ideally) at least three options for meeting the business need (where applicable); include analysis of 'soft' benefits that cannot be quantified in financial terms; identify preferred option and any trade-offs. Note that options appraisal must be carried out in detail before selecting a preferred option.

Questions to be addressed:

- Have a wide range of options been explored?
- Have innovative approaches been considered and/or collaboration with others?
- If not, why not?
- Has the optimum balance of cost, benefit and risk been identified? If not, what trade-offs need to be made e.g. foregoing some of the benefits in order to keep costs within budget; taking carefully considered risks to achieve more substantial benefits?

Commercial aspects

- Proposed sourcing option with rationale for its selection.
- Presented the key features of proposed commercial arrangements (e.g. contract terms, contract length, payment mechanisms and performance incentives).
- Presented the commercial potential of the idea, which includes:
 - Originality, patent/copyright, path to market, overall value potential.
 - Business model for growth (e.g. license, franchise, agent etc., business structure).

Affordability

- Specified Investment Requirements.
- Explained the Business Case, payback for investor.
- Explained the ability for company to generate cash/earnings in the short term.
- Statement of available funding and 'ballpark' estimates of projected cost of project.
- Presented departmental costs (where applicable).
- Presented income and expenditures – history and projected.
- Projected cash flow.

Achievability

- Presented a high-level plan for achieving the desired outcome, with key milestones and major dependencies Outline contingency plans e.g. addressing failure to deliver on time.
- Identified major risks and outlined a plan for addressing them.