

Three ways to make your business more attractive to investors



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Before Wehuns Tan caught the attention of a major venture capital firm, he and his team had big plans.

As CEO of Toronto-based Wishabi, Mr. Tan saw a pent-up demand for a digital flyer experience on mobile. He wanted to give consumers a new way to shop and save, and also give retailers a different way to connect with their customers every week.

In September, 2013, Mr. Tan secured \$15-million in a Series B financing from [Insight Ventures](#), a private equity and venture capital firm who has invested in similar technology companies like Tumblr and Flipboard. The funding gave the founding team of graduates from the University of Waterloo the capital for rapid growth.

In its early stages, digitizing flyers for mobile presented a challenge to Wishabi, but with the right investment, the company rolled out [Flipp](#), an app that brought together the richness of a digital flyer but on a mobile device, such as the iPhone and iPad. Retailers could personalize flyers for their customers, and in turn, Wishabi sends retailers data on consumer engagement and interaction on each flyer specific data on their customers' purchasing behaviour which makes it possible to boost client interest.

"Consumers are using digital at an accelerated rate and the potential in the flyer industry is immense. We are just getting started," said Mr. Tan in an interview. He added that their next move is further expansion in the U.S.

Although not every tech startup will be as fortunate as Wishabi, there's good news: if an equity investor believes the management team is capable of delivering the business potential they have outlined, they will invest in the business. In tech equity, when you win, you win big. You only need one of your investments to take off to cover the investment costs sunk into the other firms.

So, what are the key ingredients to attract and secure funding from a prestigious private equity firm? Here are three main pillars that worked for Wishabi:

1. Get comfortable with growth: For those who do not own a company, it can come as a surprise that many owners are not comfortable with growth and once they hit a certain plateau, they prefer stability. There are many reasons for owner's aversion to growth but as a company scales up, it becomes unstable and uses up more cash than previously; this increased risk brings stress.

For tech companies, founders generally anticipate the need for expansion, and recognize they will need to move from small to larger equity investors within a short time frame. Founders may not like the risk and added pressure, but they plan rapid expansion, as equity investors recognize the early winners gain the biggest market share. Wishabi knew how they would use the funding: to accelerate growth with a focus on bringing new technology to market and expansion in the U.S. Most importantly, they were ready to execute.

2. Disrupt the industry: Spell out exactly how your company will transform your industry. Wishabi took the print flyer and brought it to life. Then they established a massive distribution network through their media partners so that their content now reaches over 200 million consumers across North America. With Flipp, the weekly shopping experience was recreated on mobile – a platform most consumers already are using. *Knowledge is power*, said Frances Bacon, and Wishabi knew to give the gift of

information to retailers, helping them understand the impact of digital flyers on their business.

3. Build team into the DNA: Private equity investors seek a competent management team as they personally do not want to do the day-to-day operations. Silicon Valley is full of start-up wannabees and investors filter for the cohesive team who will stay in together to overcome problems.

Wishabi had the advantage of growing organically. Since the founding partners of Wishabi are all graduates from the University of Waterloo, they had time to cement their roles and work together. The team believes in long-term success over short term wins. This is not a group of individual sprinters; rather they're a team roped together in a grueling climb to the top, spurring each other on to a common destination.



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