

## **Executive Summary 101**

*By Bruce A McClanahan, owner, Shell Beach Capital*

### **What should, and should not, be in your Executive Summary?**

I receive between 5 and 10 'Executive Summaries' per week. The majority are what my lenders/investors do not want; too many are *exactly* what they do not want. If you are writing a summary for your business, I hope this article will help.

First, and absolutely most important, is length. Your summary should be no more than two pages, including brief bios on the principals. Three pages should be the *absolute* maximum. I recently wrote a summary for a client, for a project larger than \$1.5BB (Yes that's billion) and I fit the entire summary on one page, with the bios of an incredible Board of Directors on a second. In fact, squeezing the bios on a single page was harder than summarizing the project, as there are major players from differing sectors on the Board.

I was however, determined to fit the initial information I wanted to present on two pages, as I preach daily. You have a moment to catch the attention of your potential investors- use it wisely and maximize your opportunity. I believe in the high school journalism style of summary. The who, what, where, when, how, and why of the matter.

**Who** are you? You would be surprised by how many summaries I receive that make no mention of who the borrower is. It may be your lifelong passion, hopes, and dreams, but I have no idea who you are. Please tell me. 'Who is in' the project is just as important as 'the project' itself to your audience. They not only want to know is the project viable, but are you capable of handling their money.

**What** are you trying to accomplish? And exactly how much do you need to get the job done? Please write this in plain English. Do Not use industry lingo or acronyms. I am not an engineer, nor an accountant, nor whatever you may be; so use terms that anyone would understand.

**Where** is your project located? Most summaries I see, at least have this part done correctly, but not all. But it's a good idea to have more than one location scoped out for the project, if applicable. Otherwise- have the lease/terms gathered in advance. These don't all need to be listed in detail in the summary, but make note that you've explored alternate location possibilities within the document.

**When** do you wish to start? If it's a construction, mining, or energy project; are permits ready, have environmental concerns been met, etc.? Have a timeline prepared. In most initial conversations the borrower asks- "How long will this take to get funding?" My answer- the timing depends very much on you.

**How** are you going to accomplish this? If you want to get your project funded as quickly as possible- Have a brief summary ready to go. A paragraph or two in an email will not suffice. Have a 5 year pro forma of financial projections going forward. Rarely will you meet these projections, but at least have a goal and some financial guidelines, in writing. If it's an existing business, have a previous year, and current year to date, operating statement.

Have a business plan, in writing! This is where you can dazzle me with a 10, or 20, or 100 page document or powerpoint. Just kidding! I don't want to read 100 pages about anything. Period! Have ready on demand; current financial statements, bank statements, tax returns, and resumes, for both existing businesses and all principles.

**Why** should I give my hard earned money to you? This is what the lender is thinking when he is reading your summary. What industry experience/expertise do you have? Name your strengths and the weaknesses of your competitors or the market place in general.

Simple do's and don'ts:

- Do be brief. Seriously, re-write it clearly and concisely.
- Do state exactly how much you need, and how and when you plan to pay it back.
- Don't use charts, graphs, or industry jargon.
- Do have it in Word or PDF form. No powerpoints. No slide shows.
- Do have supporting documents at the ready when I ask for them.
- Do have a true project, not an idea.
- Do have a solid group. The expertise of the principals is extremely important.
- Do have due diligence fees. Site visits, legal etc. costs thousands of dollars. Be prepared to pay them to a reputable lender.
- Do have fun. This is your life. Live it!

I hope you find some of these points useful in your pursuit of funding. If you would like to discuss what I believe should be in your specific summary, I always happy to help. If you want me to write it for you I will, but be prepared to pay for it. Your accountants and lawyers are not going to draft your documents for free. Neither am I. Good Luck!

*Shell Beach Capital is a broker/referral service helping clients find funding for their business and commercial real estate transactions. Bruce McClanahan has over 21 years of experience in the financial services industry, and has held at various time Life/Health and Property/Casualty insurance licenses, and Series 7 and 66 General Securities and Investment Advisor Representative licenses. He can be reached at 805-458-5069, or at [bruce@shellbeachfinancial.com](mailto:bruce@shellbeachfinancial.com). His website can be found at [www.shellbeachcapital.com](http://www.shellbeachcapital.com).*