Business Owner Presentation in Selling A Royalty ©

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When a business owner is seeking to sell a royalty based on the revenues of his company in order to raise capital, there are several unique points that need to be made clear to a prospective investor.

First, assure the investor that you and he understand that his sole interest is in receiving a growing amount and level of royalty payments over the agreed period. He is not buying an ownership participation in the business, even though he needs to be comfortable that the business is sustainable and is managed by people of integrity.

The investor is basing his investment decision on your presentation that the projected revenues will be achieved as a result of the investment made, so that must be the focus of your presentation.

The presentation must clearly describe the product or service your company is creating, acquiring and/or selling. The presentation must be in easily understood language, so the investor can correctly describe to others the business and products or services provided by the company, which is selling a percentage of its sales to the investor.

The next focus should be on the growth history, current situation and likely future of the industry your company serves. If the customers of the companies in the industry are not experiencing growing revenues, the marketing efforts of your company will be more difficult. Only capturing market share will result in growing revenues. The positive prospects for the customer's industry should be a major part of the presentation.

Then the presentation should focus on the competitive and perhaps unique advantages the company has from its customers' perspective, and explain why the company is anticipated to have a revenue growth rate in excess of its competitors'. Will it be necessary for the company to increase its market share to achieve the projected revenues? If so, then you must describe why customers will choose or be required to favor your company over its well-described competitors.

Of course, audited financials will have to be presented to the investor, with a special emphasis on realistic revenue projections. However, as the investor is only considering buying a share of revenues and not of ownership, the financial data, as required by your attorneys and accountants, may be less comprehensive than what is usually necessary in the offering of debt or equity.

In any case, the investor considering buying a royalty is going to be concerned with the background of the company's leaders and the adequacy of its finances, in becoming comfortable with the projected revenues.

The procedures we advise regarding the collection of royalties on receipt of revenue, and the disciplined quarterly distribution of royalties, as well as the terms for securing the company's contractual compliance, will most likely provide the necessary comfort to the investor.

Therefore, if the investor is satisfied with the reasonableness of the revenue projections, reflecting the growth of the company's customers and the company's competitive advantages, the presentation should be successful.

Of course, the use of our www.REXRoyalties.com and other website calculators will facilitate the royalty structuring and negotiation process. For many companies, the www.REXdebt-shareRoyalties.com approach of borrowing from the investor the amount desired for revenue growth, with a lower percentage royalty commencing on the loan repayment, will produce the best result for all concerned. For a full understanding of the benefits of royalties the library of www.Pacificroyalties.com and www.Royalties.Website should be reviewed.

Both business owners and investors must recognize, as a result of the presentation, why royalties are the better way of both investing in and financing of privately owned companies.

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