

# Why I'm raising capital during a pandemic: The strange benefit of raising capital during the ongoing COVID-19 crisis

By Kyla Kirkpatrick - May 22, 2020













Who would have thought that a pandemic would be the right time to raise capital?
When lockdown started, my team and I were simply focused on being able to keep the business going so that we would see a future. But we haven't just survived, we have thrived under these conditions for a solid six weeks, I have really started to think more strategically about our future.

A couple of years ago, when I started my ecommerce business, Emperor – which was designed to complement my existing events and education brand The Champagne Dame – I knew that we needed to raise capital to fuel our growth. We could make a decent start with our own investment, but it was

clear an injection of funds from outside sources would accelerate things and allow us to grow globally – we are at that stage.

# We have a good foundation

We've spent our time since then laying a foundation for the business and strengthening its operations. Part of that process involved securing an exclusive supply of product from France, a path made smoother through my network and connections, and building a state-of-the-art warehouse in Melbourne.

The warehouse came at significant cost, but it has allowed us to do a number of things we couldn't if we used a third party. Firstly, it gives us control of inventory, which is particularly important for a specialty product like champagne which is sensitive and expensive!

More importantly, however, there is a customer service element to this asset. If you're a seller who works through a third-party warehouse, you need to vie for priority among other suppliers who are also using the warehouse. By operating our own warehouse, we run a team focused solely on our customers, and they expedite the packing and delivery process. This strengthens the sales advantage we can offer because it improves customer confidence that their order will arrive in a timely manner, essential for the gifting segment. We are the fastest in the business and our champagne arrives in beautiful packaging – the unwrapping is half the pleasure.

### We proved ourselves during a pandemic

Enter pandemic. Lockdown ensues. 'Business as usual' is suspended. While many other champagne markets – including France, its home territory – went into decline, our segment in Australia stayed strong. We focused on the fact that people still have birthdays and acknowledge milestones in lockdown and that gift-givers could still offer a bottle of champagne to celebrate – or even to cheer up, as we've found.

We ramped up our gift offering (hampers), tightened our operations to maximise efficiency, pivoted our events to a virtual model and proved that we were not only versatile in what we could do, but quick to adapt to the changing circumstances. The result is that we're still here and sales are up 220% on the same period last year.

#### We can see how secure funders are

We've proven ourselves worthy of investment during an economic downturn, so what about our would-be investors? The pandemic, lockdown and subsequent economic disruption has been very good at exposing interdependent risk. The investors who have been smart, who have diversified, who have emerged steady from the financial shockwave are the ones we would like to speak to. This have given us an opportunity to take a good look at their track record.

# We have clarity about what we want

Navigating a business through a pandemic has forced me to re-evaluate every single aspect of my business. That has given me a strong idea of the kind of investor we're looking for. We want an investor who understands scalability and wants to follow out journey of success as we embark on a global roll out. We are looking for an investment partner who can add value to our executive team and board, someone who has experience in growing a business offshore and retaining brand and identity control.

I've always maintained that a business needs to find the right investor, someone who has similar ideologies and objectives, not just someone with the right amount of money. Whereas the balance has often been business owners being the fund seekers, in this situation I feel we've proven ourselves enough that we can be discerning about our needs and wants when it comes to who we allow to invest in Emperor.

It may seem like a strange time to try to raise capital, but the process of seeking investment has always been about accelerating a business. Consolidating your foundation and proving your capacity for growth during a pandemic is therefore probably the best feedback a business owner will get to know they are on the right path. What better time to offer an opportunity to investors to advance the business?