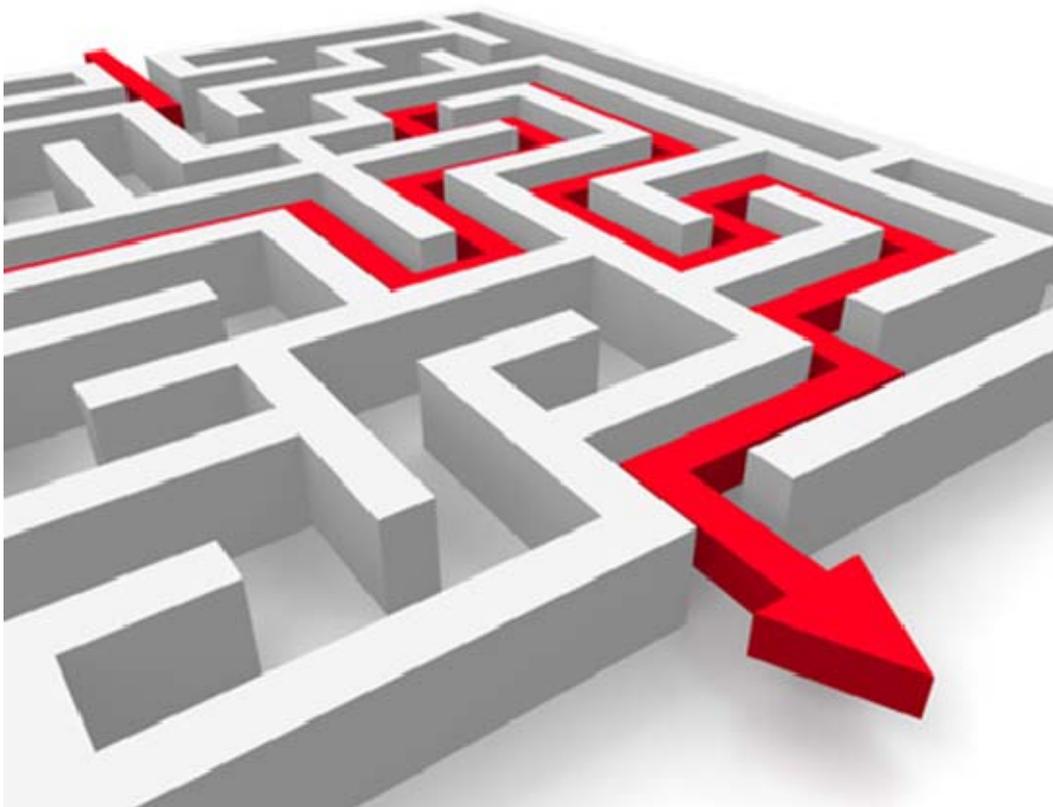


Business Plan

Why you need one



By Nelson M Peña
2004, 2013, 2016, 2018

Introduction

Dear Reader

I wish to share with you, some essence of my almost 20 years experience editing and evaluating business plans. Sure, you can learn it at the MBA school or during our higher education. There are more or less similar structures on the market. However the experience, the “feeling”, the first “impression”, the reading between the lines, is something you need to walk. I wish to thank herewith all my clients. They were my best teachers.

The trend I see since 1998, is that people do not have time to read. The investor will take five minutes maximum to have a first impression. If positive he will handle it to his analyst for additional 15-20 minutes. 90% do not get there. Why?

We often forget that business is a about people, facts and figures. The business plan is the vehicle to impress – positively, influence, convince and rise enthusiasm to say YES. Yes, I wish to invest, Yes, I wish to be part of this project, Yes, I wish to be part of this management. Yes, I wish to follow you.

Why should a business owner, a CEO or a management team go to the trouble and challenge of creating a written business plan? These are probably the key reasons:

1. The process of putting a business plan together forces you to take an objective, critical, unemotional look at the business project in its entirety.
2. A business plan is an operating tool which will help manage and develop your business and product/services portfolio, lead your team, control your and work effectively toward its success. Additional it clues the management team together.
3. All serious investors and professional investment bankers/advisors will require one. A completed business plan communicates ideas to others and provides the basis for a financial proposal.

The benefits of having a business plan

The time you invest in your business plan will pay off many times over. Some of the most obvious benefits you can gain from business planning include

1. An opportunity to test out a new idea to see if it holds real promise of success. **The Question:** How realistic, ambitious and achievable is your business model?
2. A clear statement of your business mission and vision. **The Question:** How engaged are the managers and employees, towards clients, shareholders and external stakeholders? How congruent is the company’s culture with the intention, actions and plans?
3. A set of values that can help you steer your business through times of trouble. **The Question:** How is the integrity of your management and leadership? How is the perception of your clients? How consistence are your values with the expectations of your clients and your employees?
4. A blueprint you can use to focus your energy and keep your company on track. **The Question:** How determined and focused are you in achieving these targets?
5. Benchmarks you can use to track your performance and make midcourse corrections. **The Question:** In the past we had seeing having 4-6 years business plans. Depending on your business, industries and lifecycle, probably you should go in yearly milestones, giving you the chance and flexibility to make

adjustments. The range of worst, best and realistic approach is particularly useful if you start the business with a zero based budget or the historical values are irrelevant.

You should have the courage to make adjustments, however also to stick to your vision and not change if a storming is crossing your way.

6. A clear-eyed analysis of your company, clients, suppliers, competitors, industry, technology, and environment, including opportunities and threats. And the strategies would intend to face. **The Question:** How critic is your analysis? Are you using best information available, probably also a “deep tissue valuation”? Your decisions, strategy and convincing power, will depend on this analysis and conclusions.
7. A roadmap and timetable for achieving your goals and objectives. **The Question:** Did you fraction your timeline in realistic and achievable partial objectives? How is your financial, operational and commercial controlling? Are the resources you need clearly defined, financed and assured?
8. A description of the products and services you offer? **The Question:** The good and old Boston Consulting Product Portfolio still works. Who are the cash cows, the poor dogs, the question marks and the stars in your portfolio? Do you still have too much love for the poor dogs? Do you have enough resources for the stars? How can you exploit your cash cows?
9. An explanation of your marketing strategies. **The Question:** How well is your marketing strategy defined and financed? How balanced is your marketing-mix? How good is your reputation? What stands your brand for?
10. An analysis of your revenues, costs, and projected profits. **The Question:** How sharp, realistic and complete are your financials? Do you have done a simulation, valuation and a feasibility process?
11. A description of your business model, or how you plan to make money and stay in business. **The Questions:** How appealing is your Executive Summary, because this is a key part of it.
12. An action plan that anticipates potential detours or hurdles you may encounter. **The Question:** Do you have a plan B?
13. A handbook for new employees describing who you are and what your company is all about. **The Question.** How are your key employees involved in the BPL? How do you communicate the progress and development? How do you intend to celebrate success and make them be part of it?
14. A teaser and executive summary you can use to introduce your business to suppliers, vendors, lenders, clients and strategic partners. **The Question:** How good is your communication and the quality of this document? How do you manage the communication and the follow-up? How strong is your CEO and management involved directly with key stakeholders?

Finally, make the reading and the outlook “sexy” and interesting to read. Involve a designer and let the document waterproof reading by a professional editor. In the case, this document goes out to an external investor, lender or investment banker.

Writing a business plan will also help you to think more analytically than ever before about your industry and the role of your business within it. It will help you to see correlations between the different parts of your business e.g. how decreasing the cost of a particular process will affect your overall profit margin.

The value of a business plan simply cannot be overstated. Putting ideas and concepts down on paper is invaluable and the act of researching and compiling data about your competitors and the market will prove to be very useful in the years to come.

What can go wrong without a business plan?

The many benefits of having a business plan should be enough to convince you.

But in case you're still wavering, consider what can go wrong if you don't take time to plan. You risk

- + In aspects of funding or project financing, finding strategic partners or M&A, you will not be able to convince anybody. The editing of a business plan is not just putting some figures together. It is more. It is about to show, that you master your company, business, processes and finally, you merit, that somebody invest money in you. Finally, it creates a first impression of your management, the engagement and intelligence how you intend to run your business and projects.
- + Further, you risk belonging to the grand mass of funding seekers, not entering the short list of a lender or investment banker and consequently failing the attempt of getting the funds you are looking for.
- + In aspects of selling your company or taking over an unicorn, you risk to not be taken serious, or your estimations maybe wrong. Worst below the real and market price.
- + If you are a start-up, you risk running out of cash before you open your doors because you haven't anticipated your start-up costs. Particularly if you are in the investment good or industrial sector.
- + Missing sales projections because you don't really know who your customers are and what they want and you do not have a sophisticated controlling system, neither your marketing will be efficient and will lose impact.
- + Losing customers because your quality or service falls short.
- + Probably starting to react continuously, losing the focus and becoming overwhelmed by too many options because you never took the time to focus on a mission and vision for your company, as well as the given priorities.
- + Your management and key employees will not follow your decisions, feel not engaged and committed to achieve targets and finally success.
- + Going bankrupt because you don't have a rational business model or a plan for how to make money

There is no exact formula for putting a business plan together but a number of specific sections should be included in a business plan. The following framework is based on Credit Suisse's structure adjusted. I personally like and have done good work with. Do not forget it is not the structure which will make the difference. It is the content. So copy and paste, makes no sense. The original will always remain an original. A copy a copy.

Conclusions and the IMCI GROUP INTERNATIONAL / Nelson M Peña approach

A business plan is appropriate for different reasons.

1. You can use it during the investment search phase, within a phase of restructuring, M/A operation, budget phase, selling of your business. A business plan is also an excellent leadership tool, which clues your leadership and shareholders. To have a good business plan, is not a guarantee for success, however it is an excellent roadmap and shows the professional intention behind of the owner. If you are a CEO and own your board and shareholders a good answer, a professional and reliable business plan is the best one. A business plan is like a compass in a ship. With it, you know where to go.

2. Never ask an external excel table consultant to edit your business plan. It has to come from you and your leadership. It is your leadership responsibility. The consultant and advisor, should be your navigator, sparring partner and why not, the devil's advocate. Best is to involve a selection of key staff (CEO, CFO, COO, CTI, HR, Board member). The process will imply workshops, individual talks, debates, market surveys. It is an unique opportunity to discover your own business. We can support you in the editing, however the spirit and the commander in chief, must be you.
3. The structuring according to the IMCI GROUP INTERNATIONAL I methodology to establish a workable framework, will take between ca. 4-10 weeks. Just depending on the complexity, if active or desk business intelligence is available, the people involved need board acceptance. Further, if we include a valuation or feasibility study. Sometimes it is wise to have two versions, but for sure three financial scenarios. And never forget your Plan B or Exit. Finally, I can guarantee it is one of the most exiting tasks as CEO and business owner.

Nelson M Peña, August 2016

Your Advisor and Management Coach

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Education:

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General Experience:

Since 1998 Executive interim Manager in 16 executive mandates, mostly as CEO. Served over 40 clients Worked in all five continents and over 25 countries. Experience in supporting as interim manager and advisor, coach and sparring partner to CEO's, business owner, multinationals as well as SME's.

Specialties are interim management, post-integration assignments of M&A operations, commercial and business development, change management. What is behind Nelson M Peña: A GREAT TEAM OF PROFESSIONALS

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IMCI GROUP INTERNATIONAL Ltd. as a company

IMCI Group International Ltd. is a London based advisory group, with Swiss roots going back to 1998 and as the funder and global CEO, Mr. Nelson M Peña, started his career as interim manager and strategic advisor. In 2004 he founded the company in Switzerland as IMC Integral Management Consultancy Peña, as a single proprietorship firm and in 2010 he launch the group as IMC Intl., initially as a network organization of high level professionals, with 16 associates in 10 countries and five business lines. Over the time IMCI Group International has become a fast growing and a truly international business advisory group in M&A/Corporate Finance. Further we do support clients and investors in restructuring and expansion activities. IMCI Group has kept its consulting soul in aspects of restructuring and expansion support. Additionally through IMCI Coaching & Advisory, we offer a 360 degree solution in HRM, Interim Management, Succession Management, Business Coaching and Trainings.

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Since 2010 we have incorporated high level Private Equity Professionals, Investment Bankers and Asset Managers with a proven track industrial record.

Through IMCI Group Consultancy we do restructure and develop the business of our clients, supporting them to be more profitable and sustainable growing. For firms looking for expanding their business into other regions or globally, or to enter new markets in general, we are able to propose international task forces of experienced interim managers, advisors with an executive management and project management profiles. This eventually in cooperation with our corporate finance services.

In 2016 IMCI GROUP was short listed for nomination as "Best International M&A Advisory Partner – Global 2016" by Capital Finance International www.cfi.com. We hold since 2013 two TV shows at the Swiss Financial TV – Dukascopy TV in Geneva.

IMCI GROUP is represented in all five continents and in over 50 countries and led by an international board.

IMCI GROUP INTERNATIONAL has signed over two dozen strategic JV Cooperations and is operating through own organization of companies and rep offices, supported by a network of business associates in over 50 countries and all five continents. With an **Investor Panel** present worldwide (family offices, investment and merchant banks, Funds), with access to a total of over 40'000 investors, top 20 banks, insurances and stock exchanges. IMCI GROUP INTERNATIONAL can cover a broad variety of investment sources and 360 degree financial solutions.

Our Consultancy services and input to clients and organizations:

IMC's input, services fields, advisory, experts	PEOPLE	PROCES S	PERFORMANCE	PRODUCTS	PROFIT	GROWTH
	Leadership issues	Workflow	Productivity	Product Mix	Strategies	Surveys
	Change / Transformation	CIT	Objectives setting	Portfolio	Controlling	Negotiation
	Motivation / Development	Information	Motivation	Development	Tools	Key Accounts
	Recruitment	Communication	Controlling	Innovation	Investment	New Markets
	Retention	Quality Management	Leadership	Product Communication	Disinvestment	New Segments
	Right Profiles	Production	Management Techniques	Brand Communication	M &A activities	Expansion
	Technical HRM issues	Operations	Efficiency	Sales Force	Reporting	M &A
	Culture	Planing	Improvement	Pricing	Pricing	Company Settings
	Management Capabilities	Business Intelligence	KPI's	Promtion	Cost-M anagement	Optimizing
	Team Building	CRM	Balance Score Card	Distribution	Taxes	Restructuring
	Client	Organization	Strategies	Offline Communication	Legal	Reenginiering
	Stakeholders	Outsourcing		Online Communication	Balance Score Card	Alliances
	Reputation	Insourcing		Internet	KPI's	Cooperations
	Recruitment / Search	Strategies		Research / Surveys	Strategies	Legal
	Training	Optimization		Legal		Strategies
	Legal	Fixing		Strategies		
Strategies			Brand Reputation			

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IMCI GROUP INTERNATIONAL is offering a wide range of funding sources up from €10 Mio., and +Bio. developing the appropriate financial strategies for our clients as:

Debt Refinancing

Short Term & Long Term Loans. From US \$ 10 Million to US \$ 1 Billion +

Floating of Bonds

PIPEs (Private Investments in Public Companies)

Recapitalizations

Equity buy out

Project Financing

Private Equity Funds

Provide Passive & Active Equity From US \$ 10 Million to US \$ > Billion +

Debt & Working Capital Instruments for expanding business

Bank Guarantees (BG) Stand by Letter of Credit (SBLC) & Letter of credit (LC)

M&A operations

Our Financial Services

Projects and deal assessments, Company valuation and Market study

Strategic analysis and proposals

Business plan elaboration according to the highest standards required by the most rigorous investors.

Teaser or executive summary of the business to be presented to investors

Risk assessment using the most modern tools like Montecarlo Simulation.

Start up advisors and management, Turnaround advisors and management

Due diligente

Board / Management Sparring and Coaching

MBO's and LBO's advisors

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CEO & President
Sr Executive Management Consultant
Business Coach

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Business Plan

Full format

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Source Base: Credit Suisse, Switzerland

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2016/July, vs 4

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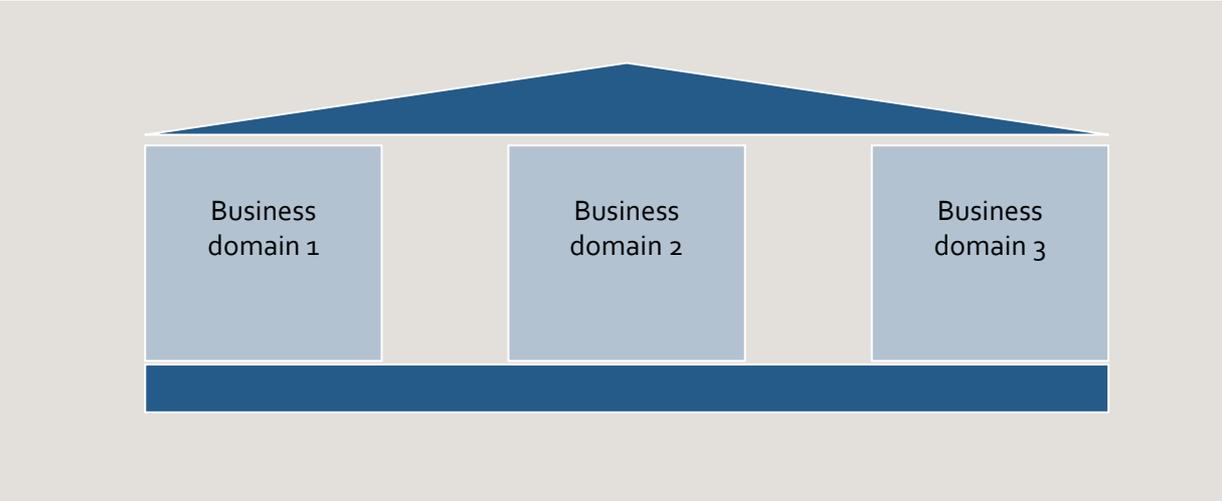
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1. Summary

1.1. Business Idea

1.2. Business Domain/Market Performance



1.3. Sales Organization

1.4. Growth Potential of the Market

1.5. Managers

	Function	Department	Background/Training	...
First name				
Last name				
...				

1.6. Financial Needs/Conditions

2. Company and corporate strategy

2.1. The Company

2.1.1. Historical background

Date of foundation:

Founder:

Deposits:

Key successes/failures and changes/strategic realignment

2.1.2. Initial financing

Successful idea, experiences, uniqueness, empowerment, lessons learned

2.1.3. Current situation

Legal structure

Shareholding structure

Facts & figures

	[Year 1]	[Year 2]	[Year 3]
Sales revenue			
Profits			
Cash flow			
Number of employees			
Operating units			
Points of sale			
...			

Strengths and weaknesses

Strengths	Weaknesses
+	-
+	-
+	-
+	-

2.1.4. [Specific financing]

Necessity

Strategic objectives

Development of capital structure

2.2. Company Strategy

2.2.1. Vision

2.2.2. SWOT analysis

2.2.3. Strategy

3. Products/Services

3.1. Product Portfolio

Our products/services	How do clients benefit?	Do they meet a strong client need?
Product 1		
Product 2		
Service 1		
...		

☐ Various inserts

3.2. Positioning

3.3. Price Segment

3.4. Quality Standard

3.5. Additional Services

3.6. Product Life Cycle

4. Market/Clients

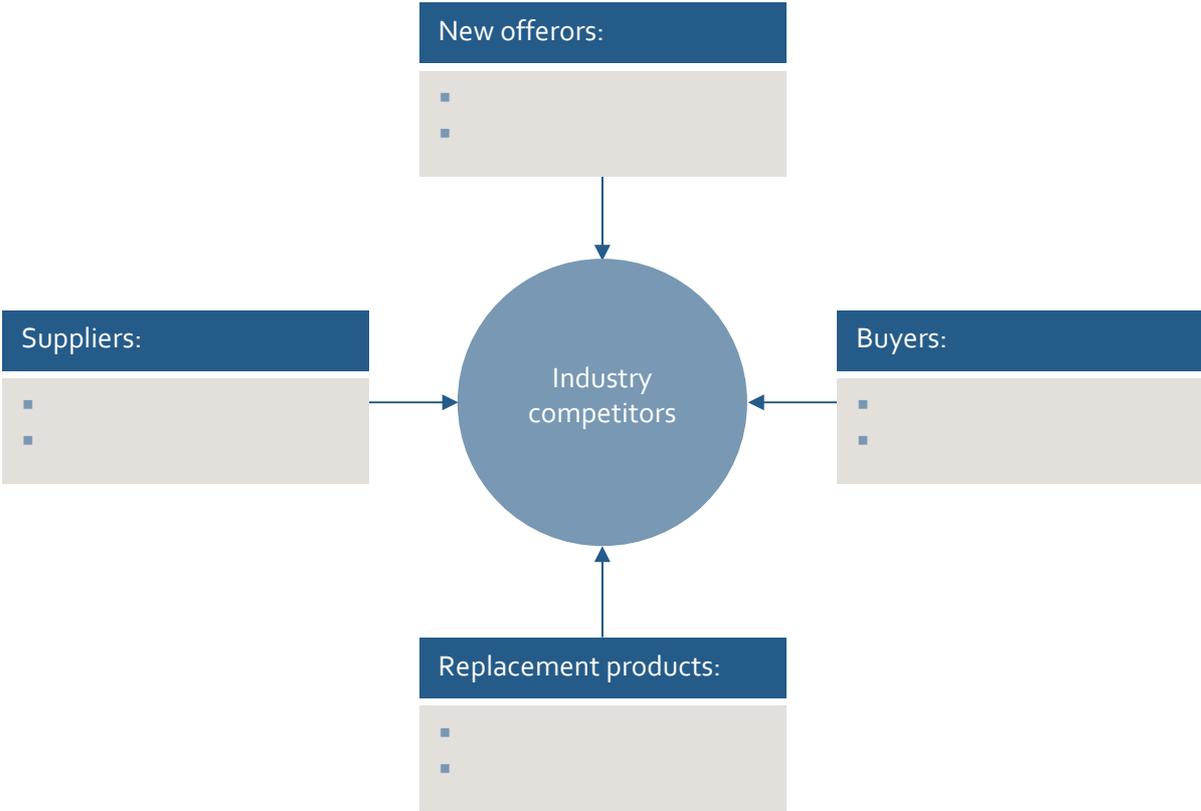
4.1. Market Overview

4.2. Success Factors for Future Development

4.3. Clients

4.4. Own Market Position

4.5. Porters Five Forces



5. Competition

5.1. Name of Competitor Company 1]

5.1.1. Profile

Name, location, business, number of employees

5.1.2. Target markets

5.1.3. Market position

Sales, market shares, profitability

5.1.4. Distribution

Location of branches, warehouses, sales organizations

5.1.5. Competitive advantages/disadvantages

5.1.6. Identifiable strategies

5.2. [Name of Competitor Company 2]

...

5.3. [Name of Competitor Product 1]

5.3.1. Range of products

Width, depth, alignment with demand

5.3.2. Product characteristics

Reliability, design, longevity, function

5.3.3. Additional services

Application consultation, service, guarantee

5.3.4. Prices, payment terms

5.4. [Name of Competitor Product 2]

...

6. Marketing

6.1. Marketing Strategy

What is the benefit for the client?

What is the benefit for the company?

6.2. Strategic Principles

Cost leader, differentiation, or focus

7. Production/Supply/Procurement

Value chain

7.1. Means of Production

7.2. Production Technology

7.3. Capacities and Bottlenecks

7.4. Key Suppliers

7.5. Commodity Markets

8. Research and Development

8.1. Sources of Expertise

8.2. Innovation Policy

8.3. Current Development Projects

8.4. Planned Development Projects

8.5. Product and Trademark Protection

9. Location/Administration

9.1. Company Domicile

9.2. Taxes

9.3. Expansion and Development Potential

9.4. Administration

10. Information and Communication Technology (ICT)

10.1. ICT Strategy

10.2. Hardware and Software

10.3. Communication

10.4. ICT Investments

10.5. Security

11. Management/Management Tools/Organization

11.1. Management

- 11.1.1. Management team
- 11.1.2. Management principles
- 11.1.3. Staff recruitment
- 11.1.4. Salary policy
- 11.1.5. Training and development

11.2. Management Tools

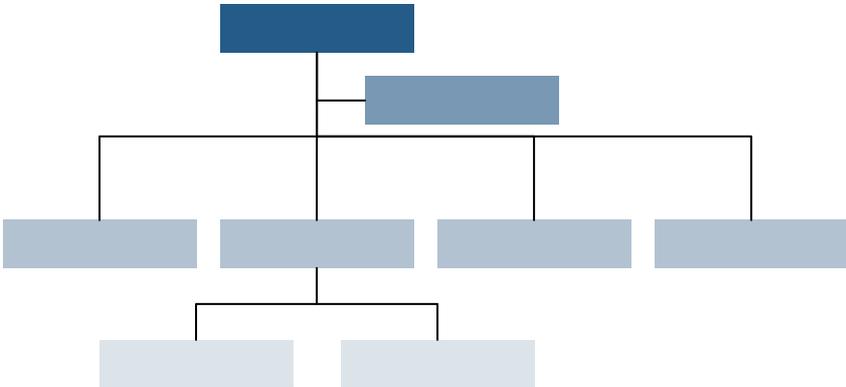
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- 11.2.2. Operational management tools
- 11.2.3. Management Information System (MIS)
- 11.2.4. Risk management
- 11.2.5. Staff controlling

11.3. Organization

- 11.3.1. Procedural organization



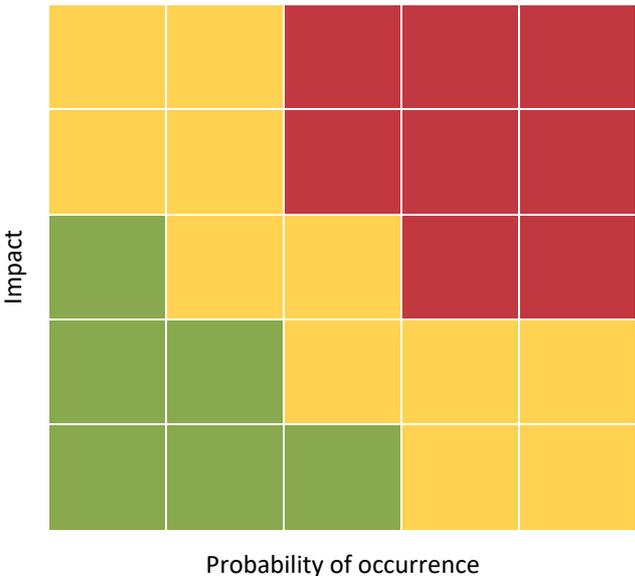
- 11.3.2. Functional organization



12. Risk Analysis

Risk analysis phases

- Identify risks
- Evaluate risks
- Limit risks
- Monitor risks



12.1. Strategic Risks

12.2. Market Risks

12.3. Financial Risks

12.4. Operational Risks

13. Finance

13.1. Long-Term Planning

- 13.1.1. Target balance sheet
- 13.1.2. Target profit and loss
- 13.1.3. Target cash flow statement

13.2. Short-Term Planning

- 13.2.1. Budgeted liquidity
- 13.2.2. Detailed planning