Realisation

24th April 2018
Business Case and Risk Analysis

- What the business does, or proposes to do.
- The Value Proposition.
- Value Chain Analysis.
- Critical Success Factors.
- Risk Management.
Business Description

- Define exactly what it is that your business does and will do.

- Identify and communicate clearly to your target audience.

- Qualify any technical or financial information that is relevant to the target audience.
The Value Proposition

- Clearly state the value proposition.

- What makes your business different from everyone else in your market?

- What is your USP – unique selling proposition?

- What are your CSF’s – critical success factors?
The Value Chain

Figure 1: Porter’s Generic Value Chain
The Value Chain

Value Chain  Margin  Rebuy
Critical Success Factors

- Uniqueness of venture.
- Investment size.
- Sales growth expectations
  - Lifestyle ventures
  - Small profitable ventures
  - High-growth ventures.
- Customer availability.
- Product availability.
Enablers Of Success

- Vision for the business.
- Capability and capacity.
- Skills and innovation.
- Experience and qualifications.
Identify all risks – particularly those that affect the assumptions in your business case.

- Internal risks including
  - Operational
  - Financial

- External risks including
  - PESTEL
  - Demographic
  - Global
Risk Management Plan

- Risk management plan

  - identify all the potential risks
  - assess the likelihood that the risk will occur
  - analyse the potential impacts of the risk
  - control the risk – reduce or transfer
  - mitigate the risk – contingency plan
  - monitor the outcomes.
Focus on clearly defining all of the returns and the benefits that will accrue from the investment in your business.

Demonstrate the returns using analysis:
- Profit and Loss Projections
- Break Even Point
- DCF – Discounted Cash Flow
- NPV – Net Present Value
- IRR – Internal Rate of Return.

Clearly identify any relevant assumptions.

Ensure all relevant costs and benefits have been identified.
Execution Risk

- Not just about the investment but also expertise and experience.

- The core competencies required for execution.

- The build or buy decision.
Build or Buy – Technology

- Is a new solution really required.
- Are your needs truly unique?
- In-house capabilities.
- How urgent is the requirement?
- What is it going to cost?
Build or Buy – Growth

- Organic growth versus growth through acquisition.

- Know your business and the proposed growth trajectory.

- Internal strengths and weaknesses – human and physical resources.

- Understand the industry and competitor environment.

- Product lifecycle considerations.

- The size of investment – cash flow driven organic growth versus acquisition investment funds required.
Performance Management

- Need for clearly established financial budgets and operational targets.

- Monitor and measure actual performance and compare to desired performance.
- Determine how to address performance gaps and take corrective actions.
Management Team

- Founders, owners and associated investors.
- Board of Directors.
- Executive Team.
- Key Personnel.
- Consultants and advisors.
Identify any external professionals that have been utilised to provide expertise in developing the business case.

Key advisory roles include:

- Legal
- Accounting
- Marketing
- Independent Directors
Investment Required

- Clearly identify the investment funding that you are seeking.

- Consider a range of funding options.

- Network to expand the investor consideration set.

- Define clearly the prospective investor returns.
Exit Strategy

- Exit Options.

- Exit Timing.