



Business Advisory

Empowering Business with Information

**OUR BUSINESS
ADVISORY
SERVICES**

What do we do?

We are an exclusive boutique business advisory firm focused on **profitability and business growth** for medium to large sized enterprises.

We provide a personalised service to ambitious business owners who wish to:

- Formalise their vision and dreams to **grow their profits and business** in a controlled and sustainable manner, and/or;
- **Exit with a capital profit** that reflects the hard work and passion that they have invested in the business and meets their expectations.

Who are our typical clients?

Our clients are successful, **hard-working, hands-on and ambitious entrepreneurs** who, **due to the size of the business and management structures, cannot manage and run their business along the lines of a typical large corporate.**

They lack the capacity and in-house management structures to develop strategic and business plans and detailed financial forecasts with the comfort and knowledge that their decisions will deliver the financial returns that they desire. This constraints also impact their ability to implement systems and procedures to streamline and improve operations. These constraints also challenge them from successfully executing the plans they do have.

The businesses do not employ qualified financial professionals and use internal bookkeepers **for record keeping purposes.** They use external accounting firms to produce their annual financial statements.

Many of these entrepreneurs experience frustration and problems

Here are some of the frustrations we hear from business owners:

- Planning seems like a good idea, but *“I don’t know how to do it in a **structured way and monitor the results** against forecasted outcomes that will be successful and help my business”.*
- *“I know I need to set goals and monitor progress, but **I don’t have time**”.*
- Financial statements are hard to read and interpret. Business owners often tell us, *“Although I know my business, I don’t understand the numbers”* or *“I don’t know what part of my business is working and what is not”* or *“I often take decisions without knowing what the impact will be on my bottom line”.*
- *“I get the sales but it does not reflect in the bank.....”*
- *“I do not know how my business is performing until I get my management accounts a month after the event, I am frustrated...”*

Are you one of the above and have felt that.....

- There are times you feel vulnerable when having to take big decisions and you wish you had the sounding board of a trusted professional?

- Your business isn't growing the way you want?
- The sales are there, but where is the cash flow?
- The rewards do not yet match the effort you put in?
- Your business isn't as much fun as it used to be?

These could be some of the reasons

- No vision of where the business needs to be in the long to medium-term and no road map to get there
- No short term objectives, strategies and operational plans to achieve the vision and goals.
- A lack of understanding of which products, customers, branches, activities etc. contribute to the bottom line and which don't.
- Management information that is not timely, does not measure what is critical for growth and profitability and does not track performance against the business's profit and growth objectives.
- A confusion between turnover, profits and cash. Cash is critical and not understanding the cash flow dynamics of the business often results in a deadly, downward spiral of mounting debt which finally extinguishes the life from the business.
- Gut feel or spontaneous decisions taken that do not take account of all the possible impacts on the business.
- Competition and the business has no real differentiation in the market which makes price the only competitive differentiator.
- Rapid expansion leading to over spending and cash flow pressure.
- "Fighting fires" and other inefficiencies because of poor systems and processes in operations, sales and marketing activities.
- Attracting customers but experiencing high churn through reasons unknown.

So, what is the solution?

Research indicates that businesses that actively plan — meaning they plan and measure against the plan — grow 30 percent faster. A comprehensive research study by Cranfield University in the UK, "Do Business Plans Add Value?" discovered businesses that actively plan grow 30 percent faster.

The solution is **having a vision**. It's about having a road map to achieve the vision and then **having bite sized strategies and plans to achieve the vision** over a defined period.

It is having an **understanding of the profit and cost drivers** and the sensitivity of each in contributing to the bottom line.

It is having access to **real-time, accurate management information** that tracks performance against forecasted operational performance (e.g. sales, production etc.) and accurate and realistic financial forecasts that include both profit and cash flow elements.

It is having access to management information **that measures what needs to be measured**. It is understanding what the financial information is reflecting and the underlying reasons for variances against forecasts to guide your strategy and decisions.

It is appreciating the **difference between cash and profit and where the opportunities and threats lie** etc. that will help you to build a more successful and profitable business and avoid failure in the future.

Finally, all of the above is of little value, **if discipline is not applied** in driving, executing and achieving the strategic plans. This means that quality, executive management time has to be spent on managing performance against plans and targets and taking corrective action, when necessary.

How we can help you?

▪ Growing your profits and business

We can provide a focused business advisory service that delivers your strategic plan and provides on-going management support of its implementation and monitoring. We will provide the professional support that you need at a fraction of the cost of an in-house resource or the use of a big consultancy firm.

▪ Preparing your business for sale with an exit plan

If you are thinking about exiting the business within 3 – 5 years, we can assist with devising an exit plan that will maximize your selling price on exit.

How we do we charge for our services?

We know there is no such thing as a one-size-fits-all solution. Every business is different. Your business is unique. So, what we do is give you a choice of different packages so you can choose the one that best meets your needs.

We don't charge hourly rates, because it leads to uncertainty in your cost management. Instead **we give you a fixed price right up front** so you can plan and budget. Payment is by monthly recurring payment, which helps you to spread the cost. After the initial 3 months, you only pay for as long as you see real value... if you want to stop the payments just let us know and then cancel your recurring payment. **You are in complete control.**

Growing your Profits and Business - your options at a glance to drive profits and growth

Whatever your business, you will find one of our advisory bundles to suit your needs. To help you identify the best option for you here is a **quick overview** of each:

The Platinum Bundle

This is the best option for **business owners who do not want to delay taking their businesses to a higher level and beyond**. They would like to work closely with an experienced financial and business professional to assist with the following:

- building a full strategic plan that will utilise our 'best of the breed" **profit diagnosis software**;
- producing an advanced, high level five year forecast to help you predict the financial impact of the strategic plan;
- preparing a detailed 12 month sales and financial budget;

- generating a quarterly rolling financial forecasts that updates the 12 month budget with actual performance and revises the forecast for the remaining part of the year;
- presenting regular (i.e. monthly or quarterly) financial analyses that interpret the financials and compare performance against the operational plans and budgets with suggested corrective action to address variances; and
- providing an “accountability” oversight role to ensure that the actions that need to be taken in terms of the plans are completed timeously.

This is for you if you believe having a formal vision and long term strategic plan is important and the growth of profits and your business imperative, but lack the capacity to generate and drive the successful implementation and execution of these plans.

The Gold Bundle

This option is for **business owners who have short term priorities** to have a 12 month budget and plan, to get timeous, relevant management information and to get an understanding of the financial dynamics of the business and, most importantly, to grow the profits. They would like to work closely with an experienced financial and business professional to assist with:

- preparing a detailed 12 month sales and financial budget that utilises our ‘best of the breed’ profit diagnosis software;
- providing quarterly rolling financial forecasts that updates the 12 month budget with actual performance and revises the forecast for the remaining part of the year; and
- presenting regular (i.e. monthly or quarterly) financial analyses that interpret the financials and compare performance against the operational plans and budgets with suggested corrective action to address variances.

With this option you get the benefit of a **profit diagnosis review**, a one-year full financial forecast that helps you predict the next 12 months, interpretation of your financial and management information. This will help you manage your business and receive on-going support and assistance in understanding your numbers in order make the best decisions, monitor your performance and make the best decisions.

Comparing the two advisory bundles that will drive profits and growth

Advisory Services Provided	Platinum Bundle	Gold Bundle
Initial set up, business review meetings and access to support	✓	✓
Prioritised 5 year strategic plan	✓	✗
Long term profit diagnostic review	✓	✗
Pricing strategy review	✓	✗
5 year financial forecast	✓	✗

Benchmark metrics for your business (USA comparatives)	✓	✗
Financial scenarios based on need	✓	✗
Assistance in the implementation of the strategic and operational plans	✓	✗
Short term profit diagnostic review	✓	✓
One-year full business objectives, operational plan and 12 month financial budget	✓	✓
Full periodical management and financial reporting with face to face or Zoom feedback and advisory session	✓	✓
Financial dashboard	✓	✓
Rolling cash flow and profit forecasts	✓	✓
Measuring the things that really matter (this is very important) – this is dependent on the financial system in place	✓	✓
Review and enhancement of cloud accounting software (if applicable)	✓	✓

Complete peace of mind

To make sure that your chosen package is right for you we will meet at the end of 3 months from the start date of the service level chosen and, if necessary, change the scope of the service and the price to something that best meets your needs.

Not only that, you may terminate our agreement at any time after the initial 3 months, for any reason, by giving 10 days written notice.

In other words, you are in complete control and if our forecasting service is not fully meeting your needs let us know and we'll either change it or you can stop. It's that simple.

Preparing your Business for Sale by having an Exit Strategy

Every business owner will, at some stage, sell his business. There is no doubt that most business owners will want to maximise the profit they make when they sell their business and it is wise to focus on this at least 3 – 5 years before the planned exit date. This is an ideal situation but circumstances often dictate a shorter period in which to plan the exit. In these cases, the plan will be short term in nature and should prioritise the tasks that will have the maximum impact on the selling price.

The process of selling a business typically should be a journey, in time, as will become apparent later in this section. This is required to address issues in order to extract a reward that is commensurate with the risks that have been taken and the work, effort and passion that has been invested in the business over time. A quick decision to sell a business will, almost always, generate a return well below that derived after a well-planned exit strategy and the lead time involved in selling will be much longer.

Business owners of SMEs are typically very busy managing their businesses with little time to focus on an exit plan and its execution. Many of the weaknesses within the business may not seem important or they do not have

the technical skill and knowledge to recognise them. This will often not be the case with a buyer who will use specialist advisors to carry out a due diligence on the business.

We can assist by analysing your business in order to identify the areas of the business, both internal and external, that need to be addressed in order to make your business a “buyer ready business” for the optimal selling price. Buyers are very risk adverse and risks have to be ameliorated through this planning process and taking the actions necessary, to achieve this.

We have a business brokerage in our stable so we understand buying and selling SMEs. We know what buyers are looking for in a business, what makes them comfortable and interested and what has the opposite effect.

We take a holistic approach when preparing a business for sale. Some of the more important steps are set out below:

- Understanding the business owner’s reasons for exiting and their expectations in terms of what they would like to walk away with financially.
- Valuing the business now and calculating the net proceeds for the business owner after settling debts and paying taxes (e.g. capital gains tax).
- Producing a gap analysis between the business owner’s wish list and the current net proceeds from the sale of the business. This analysis will identify what the business needs to achieve financially, to meet the business owner’s expectations.
- The above analysis will provide a financial target that this business advisory assignment should achieve or exceed.
- Buyers are particularly sensitive about, amongst others:
 - Selling prices that are inflated in relation to the business’s earnings and the market conditions
 - Financial systems that are poor, out of date, inaccurate and unreliable
 - The lack of short to medium term business plans that show a growth trajectory
 - Lack of systemisation throughout the organisation
 - Earnings that are inconsistent and erratic
 - Reliance on a handful of suppliers, products and customers
 - No differentiation in a competitive environment
 - High staff turnovers and limited depth and knowledge amongst the workforce
 - Lack of management
 - A sense of disorganisation and that of a dysfunctional operation
- We will undertake a detailed review of the business in its entirety ***through the eyes of a potential buyer*** in order to:
 - Grow the key metrics of the business and its strengths (e.g. market share, improved margins through pricing techniques, increase profits etc.);
 - Take advantage of the opportunities it has (e.g. introduce new products, acquire competitors, improve internal systems etc.);
 - Address the risks and threats (e.g. dependence on few suppliers and customers, lack of legal and tax compliance, any regulatory threats, competition, new technologies etc.)
 - Minimise or eradicate its weaknesses (e.g. unreliable, unreconciled and out of date financials, lack of experienced and competent middle management, lack of training, lack of systems and procedures, a disorganised and dysfunctional workplace, work premises that lack curb appeal etc.)

The rewards of having and executing an exit strategy will far exceed the investment made in devising and executing such a plan!

Additional Service offering – Business Plans

Finance Applications

Raising finance can be difficult in the current climate as there is huge emphasis on the transformation of the economy and the finance institutions are faced with hundreds of funding applications from aspirant investors and business owners. This is over and above the demand for finance from established businesses.

Despite the need to transform the economy, for entrants into the business world, the financial institutions still require assurance that the business is, firstly, worth the purchase price and, secondly, will generate sufficient returns for the owner to service the loan obligations. For existing businesses, the financial institutions similarly require a solid business case before they approve any loans.

We are able to assist in compiling a professional funding application pack that includes a business plan and a financial pack of historical and forecasted information which will stand out from the rest of the applications and catch the attention of the finance institution.

Other business plan requirements

The same principles apply for investors, potential buyers of the business, strategic partners in new ventures, joint venture initiatives etc. All of these parties will require a realistic, accurate, well presented and compiled business plan

Additional Service offering – Business Valuations

The purpose of a SME valuation is to arrive at a realistic value that will, firstly, satisfy the owner and, secondly, catch the attention of a prospective buyer. It is very important, therefore, that the valuation presented is market related and is within the price expectations of both the owner and the prospective buyer.

Valuing a SME is challenging because:

- There is often no publically available historical market information relating to the sale and purchase of SMEs. This can be compared to the real estate and stock exchange markets where comprehensive sales data is available through estate agent / Property24 websites and the financial publications / stock exchange respectively;
- The SME market is relatively small in terms of volumes, is spread over a wide geographical area and comprises many different types of business. In contrast, the property market is large, geographically focused and very competitive. In terms of the stock exchange, pricing is very competitive and market driven by sector.

Each SME is unique and valuing a SMEs requires extensive use of professional judgement and sound business experience as so many subjective assumptions have to be made in the valuation process.

The professionals best positioned to value a SME are its professionally qualified auditor or accountant or an experienced business broker. We fit both profiles we have a business brokerage within our stable. Accountants have the technical skills whilst the business broker profession focuses on, and has a much better appreciation because they deal with this on a daily basis, of the SME seller / buyer market and the sale price points for the various types of SMEs.

We are, therefore, ideally placed to assist with the valuations of businesses.

Contact us for a [free Business and Personal Breakthrough Session](#) to discuss whether our advisory services can assist you to reach your dreams.....

Book a complimentary [Breakthrough Session](#) where we can discuss the current status of your business, what your frustrations are and where you want to be. We can then explore where we can help and, if we can, what the best option is for you.

Please contact Ian on **083 255 1154** or email me on ian@imtbusinessadvisory.co.za to book the complimentary business growth breakthrough session.
