

Business Planning

Attract New Funding

At the time that I was introduced to this client, a progressive 10 year old national B2B Software As A Service (SAAS) provider, they expressed their vision and eagerness to ramp up their growth. They needed a dynamic business plan with detailed financial projections that would give them a clear road map.

Results of operations in previous years had produced wide variations in profits, and in order to ‘smooth’ cash flows, they needed bank financing – a line of credit secured by their healthy government receivables. Achieving the ramped-up growth plan would depend upon their ability to close this new funding.

Business Planning – The Basics

My client had all the basic elements in place (see “How Banks Think”). It was a pleasure to work on a business plan that would support bank financing when the key elements were strong. The core management team consisted of several Founders, who had worked together successfully since before the startup. They knew the industry inside out and are highly respected leaders. The niche they now dominated was growing, as was demand for their product. Competition wasn’t even close. Although everything wasn’t exactly perfect, the most important fundamentals were solid. That’s highly unusual. In fact, it’s really quite rare.

While they had been profitable since their first year, they (surprisingly) did it without projecting financial performance on paper. They said that they just naturally did the projections ‘in their heads’. My new client attributed their long time success to many things, including; their early vision for continually improving their products based on customer feedback, their gut instincts, their laser-focus on superior customer service, and damn hard work. Year after year.

Bank Financing – To Fund Growth

The Founders’ desire to increase the company’s growth was fueled by, as they predicted, a ‘window of opportunity’ in the industry. The next step – to create a business plan and ‘manage by the numbers’ – made sense at this point. And so as part of the planning process, we labored over every assumption and the feasibility of achieving them. Because in order to close bank financing based on the new projections, everyone must believe that the projected bottom line is achievable. And in order to be achievable, profitable financial projections must be built on realistic and manageable assumptions.

When we finished the business plan, my client saw a clear turn-by-turn road map for managing the growth ahead. They were excited to have new clarity about the timing of key hires and the creation of new operating systems to build their infrastructure. Now shifting their focus to business development, they had confidence that they would know when to pull the trigger on adding team members to support more sales.

And then, with a few introductions, several banks were vying for their business. A new era had begun.

Change can be stressful. But when it is planned and reliable, it flows.