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Corporate Finance
Financial Planning Steps For High Growth Companies

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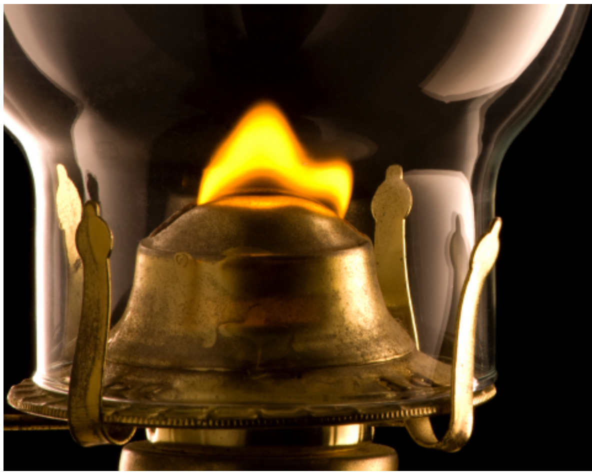
To most, the words *corporate finance* or *corporate financial planning* especially when used in the context of high growth companies is just a fancy way of saying 'raising capital'. But corporate financial planning plays a key role in unlocking and managing growth that goes far beyond just looking for capital. An description of its importance to each key step is explained below:

Financial Planning Steps For High Growth Companies	
Unlocking Growth	**Managing Growth**
Understand Owner's Objectives	Develop Business Plan
Identify Best Strategy(s)	Analyze and Adjust
Raise Capital, if desired	Fine Tune Reporting

Understand Owner's Objectives – Corporate financial planning can help owners determine the value, future value and different liquidity options for the owner - namely how much and by when. Addressing an owner's needs proactively can significantly reduce risk and help both the owner and company to be better positioned for future prosperity if addressed along the way. As an example of taking matter into their own hands, we had a client that asked us to help them secure $4 million of financing to pay a special dividend to shareholders. This debt, while backed by the company, had no personal guarantee to the shareholders, thus creating true diversification and wealth away from the business. Financing or even self funding strategies like that can realize significant goals for owners and better position the business for the future.

Identify Best Strategies - Financial planning should also play a key role in determining the best strategies to pursue. High growth companies typically have no shortage of ideas but when it comes to choosing the best ideas, they often make errors due to a lack of financial planning. On more than one occasion, I have had companies completely abandon a strategy they've pursued for years after working with them for only a short time. In some of those situations, they could have arrived at that same decision years before but never took the time to analyze the strategy effectively. On a more



"HIGH GROWTH COMPANIES TYPICALLY HAVE NO SHORTAGE OF IDEAS BUT WHEN IT COMES TO CHOOSING THE BEST IDEAS, THEY OFTEN MAKE ERRORS DUE TO A LACK OF FINANCIAL PLANNING."

positive note, companies can also use corporate financial planning to experiment with different pricing schemes or offers to customers in order to realize faster growth, better profit margins or both. Years ago, I helped a small 20 year old company change its pricing plan from an upfront payment to a pay as you go plan. That change in pricing allowed the company to significantly expand its target market and significantly reduce the lead time on sales and resulted in 40% annual company growth for five years.

Raise Capital, if Desired – For many of our clients it's not just a question of whether they *can* raise the money, but do they really *want* the capital. Our clients tend to be growing, profitable businesses that don't *need* to do anything. That ability to make good decisions based on your own needs and objectives is grounded in corporate financial planning that goes well beyond raising capital out of desperation, necessity or as an end in itself.

Develop Plan – One area where businesses are woefully neglectful is in building effective financial plans to forecast the future. While it's true a business has many unknowns and you will never hit your exact projections, the process of developing the financial projections and measuring against the expected results leads to insights that help you achieve your goals. Timing, resources, and people needs all play out and come to life during the financial planning process. As an example, I had a fast growing rent-to-own business that planned their manager trainee program based on when and how fast they could open new locations.

Analyze and Adjust - Another common short coming, even for those that do a corporate financial plan, is measuring against their plan. As mentioned above it's the insight that comes from comparing reality against expectation that drives learning. We analyze all types of information concerning our clients' financial performance in order to gain new insights that may lead to better results.

Fine Tune Reporting – Corporate financial planning can also play a key role in figuring out who gets what information. Most think of corporate finance as sending information to banks or investors but it can also be used to give (or receive) important financial or operational data from sales, operations and any other groups important to achieving the goals of the company. This kind of reporting becomes a key tool for those CEOs and owners that want to be further removed from the day to day business but still actively involved in growing it.

While the terms of corporate finance or corporate financial planning can seem fancy, vague, or even boring, their value to high growth companies can be great even when it has nothing to do with raising capital.

ABOUT THE AUTHOR
Chris Risey is the founder and president of Lantern Capital Advisors, an Atlanta-based corporate financial consulting firm that helps entrepreneurial companies finance growth, acquisitions and buyouts in a way that best suits their company's unique needs and growth potential.

Mr. Risey is a frequent writer and speaker to financial executives and entrepreneurs through out the country interested to learn more about corporate financial planning and how to use it to build greater value in today's financial markets. Mr. Risey began his career as a CPA with Arthur Andersen. Mr. Risey is a magna cum laude graduate of the University of South Florida. He was twice named Academic All-American (Men' Basketball) and is a former Rotary International Ambassadorial Scholar.

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To learn more about Lantern Capital Advisors and corporate financial planning for your company, please visit our website www.lanternadvisors.com.