

# **GFA Consulting Ltd**

*Supporting the growth of African businesses*

**SG Home of Business Masterclass**

**Myths around the fundraising process**

**December 5<sup>th</sup>, 2019**



# Introduction to GFA Consulting Ltd

Assisting African businesses

**“Access to finance is critical to unlocking Africa’s great growth potential, and to make sure economic growth is enjoyed by all.”**

Peer Stein – Director, International Finance Corporation (IFC)

## OVERVIEW

- GFA Consulting is an **independent corporate finance, business support, tax and legal consultancy services company** based in Accra (Ghana) and dedicated to high growth businesses in West and Central Africa and African entrepreneurs who want to leverage on their entrepreneurial experience.
- GFA Consulting specializes in:
  - Analyzing and optimizing of the way African businesses **finance their growth**;
  - Assisting management in the context of **strategic transactions**; and
  - Supporting African SMEs’ fundraising efforts through dedicated **business support** programs.

## PARTNERSHIP WITH URBAN INCLUSION LIMITED

FOCUS

In June 2013, GFA Consulting and Urban Inclusion have entered into an exclusive partnership to design and execute innovative business support solutions. Urban Inclusion is an independent consultancy set up in the UK in 2002 and that expanded to Ghana in 2012. Urban Inclusion offers services in business mentoring, business and operational planning, growth strategies, market research and innovations in marketing.

### April 2011

GFA Consulting Ltd is founded by its current Managing Director Carole Ramella to provide advisory services to businesses in West and Central Africa.

### June 2013

GFA Consulting and Urban Inclusion partner to develop innovative business support programs.

### April 2015

GFA Consulting and Urban Inclusion launch the PFI Program (Preparing for Finance and Investment) for SMEs.

### May 2015

GFA Consulting and Urban Inclusion sign a partnership agreement with Stanbic Bank Ghana.

### June 2015

GFA Consulting provides tax and legal advisory services in West and Central Africa.

# Presentation of our Expertise

An array of integrated services

## FUNDRAISING ADVISORY



- Equity Fundraising
- Debt Fundraising
- Business plan services
- Strategic advisory (growth strategies, joint ventures, partnerships, etc.)

## TAX AND LEGAL SERVICES



- International corporate tax and legal services
- Mergers & Acquisition tax and legal services
- Indirect tax services
- Tax audits and litigations services

## BUSINESS DIAGNOSTIC



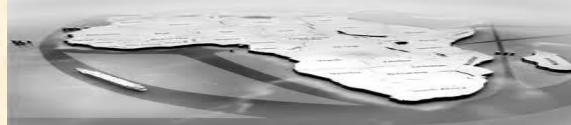
- Designed specifically for SMEs
- Financial and operational diagnostic
- Entry and exit scoring of the business
- Support with the implementation of recommendations

## BUSINESS SUPPORT SERVICES



- Coaching services (CEO and/or senior management)
- Management of teams
- Strategic plans
- Marketing support

## TRADE FINANCE



- Commodity trading
- Importation of equipment
- Oil trading
- Trading of other energy-related products

## PROJECT FINANCE



- Real estate
- Hospitality
- Agro-processing
- Health services
- Education
- Waste management & Sanitation
- Small scale energy projects

# Introduction to GFA Consulting Ltd

## Our team



### Mrs. Carole RAMELLA, Founder and Managing Director

- **>20-year experience** in fundraising advisory, financial analysis and company valuation in France (Paribas, Arthur Andersen, Gras Savoye, Duff & Phelps).
- **Experience with both SMEs and large multinational groups** on transactions representing more than 22 billion Euros in value and covering more than 15 countries on 4 continents.
- **Expertise in a large number of sectors:** IT, publishing, transportation, logistics, etc.
- **Founded GFA Consulting Ltd in April 2011** to support the growth of African businesses.
- Since July 2016, **Foreign Trade Advisor for the French Government** in addition to GFA activities.
- **Member of the Investment Committee of Investisseurs & Partenaires**, a leading Africa-focused PE fund.
- **Insead MBA**, master's degree in Finance from **Reims Management School**.



### Mrs. Laurence ELONG-MBASSI, Partner, Tax and Legal Services

- **>10-year experience** providing entrepreneurs, corporations and private equity firms operating in Africa with international corporate tax and legal services, tax audits and litigations assistance, indirect tax services, transfer pricing assistance (Baker & McKenzie, Ernst & Young, STC Partners)
- **Expertise in various sectors:** mining and cement industry, automotive industry, bank, telecommunications, hydrocarbons, agriculture/agro-industry, pharmaceutical industry etc.
- **Experience in a wide range of projects and countries**, notably in Benin, Côte d'Ivoire, Ghana, Niger, Nigeria, Senegal, Cameroon, Republic of Congo, Gabon, DRC, etc.
- **Joined GFA Consulting Ltd in June 2015 as a Partner**
- **Attorney at Law** (Paris Bar, France), Professional Master Degree in Business and Tax Law and Research Master Degree in Tax Law (**René Descartes University and Pantheon-Assas University, Paris, France**).

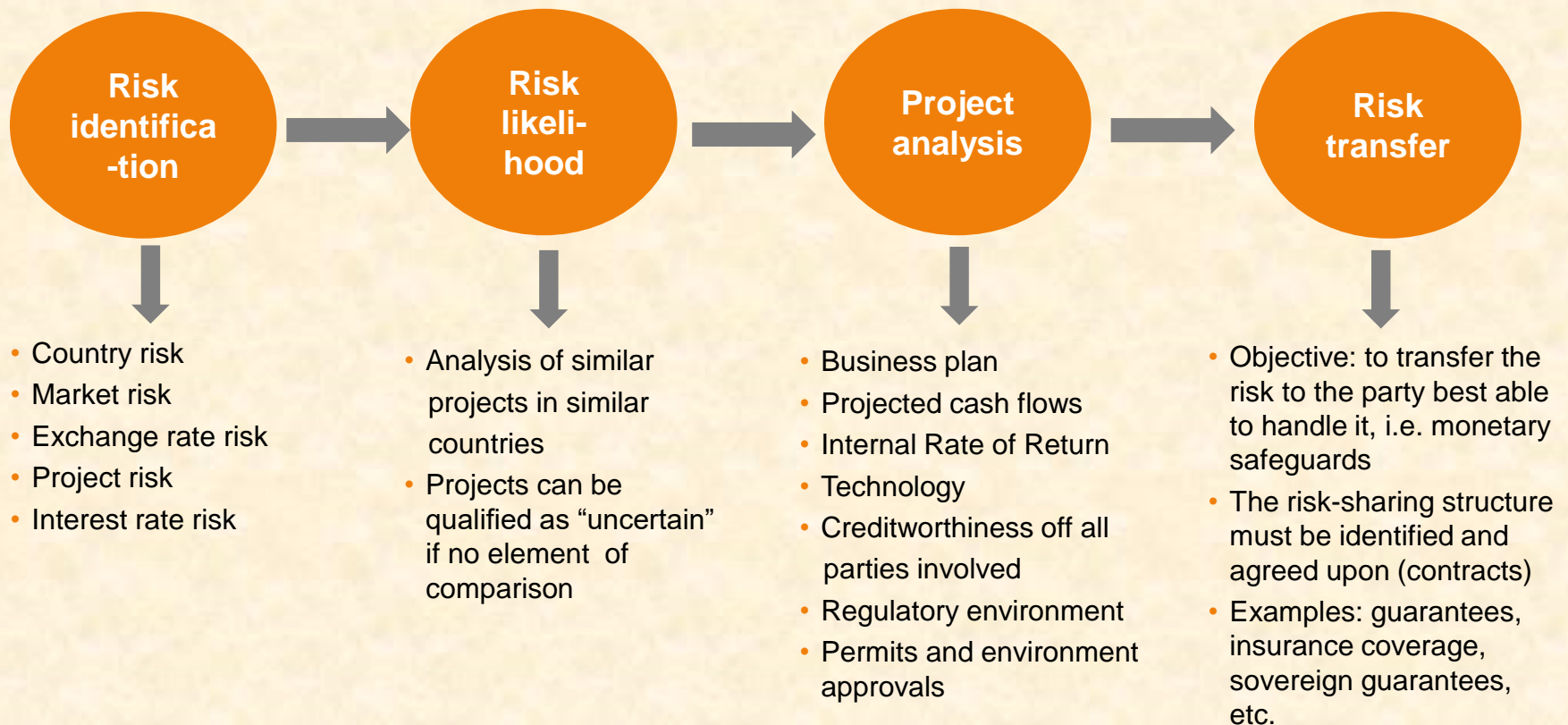
# The challenge of financing growth and expansion for African SMEs



# Understanding how financiers think

## Risk assessment and management

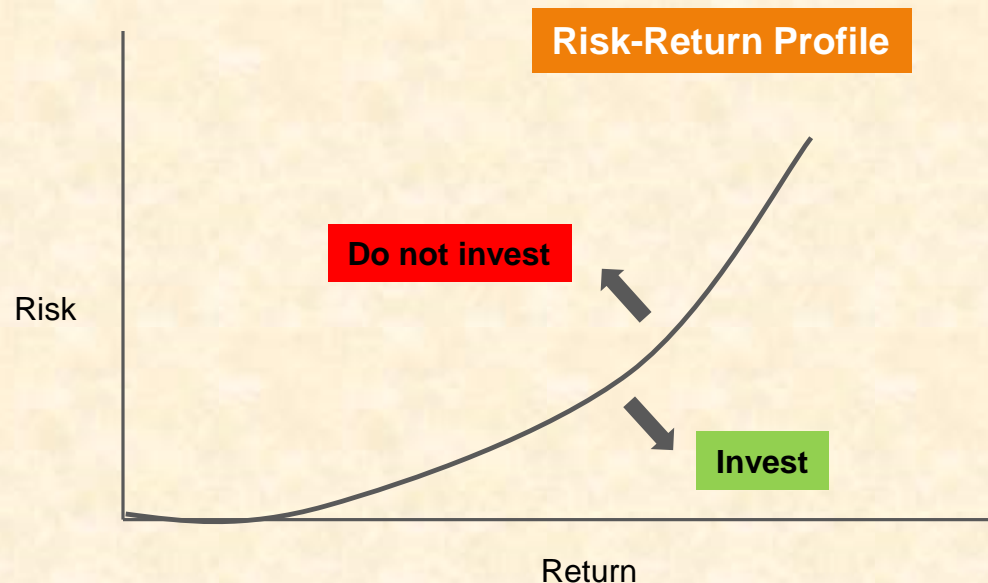
- Financiers analyze each individual risk and look at how to manage its potential impact on the project.



# Understanding how financiers think

## Returns

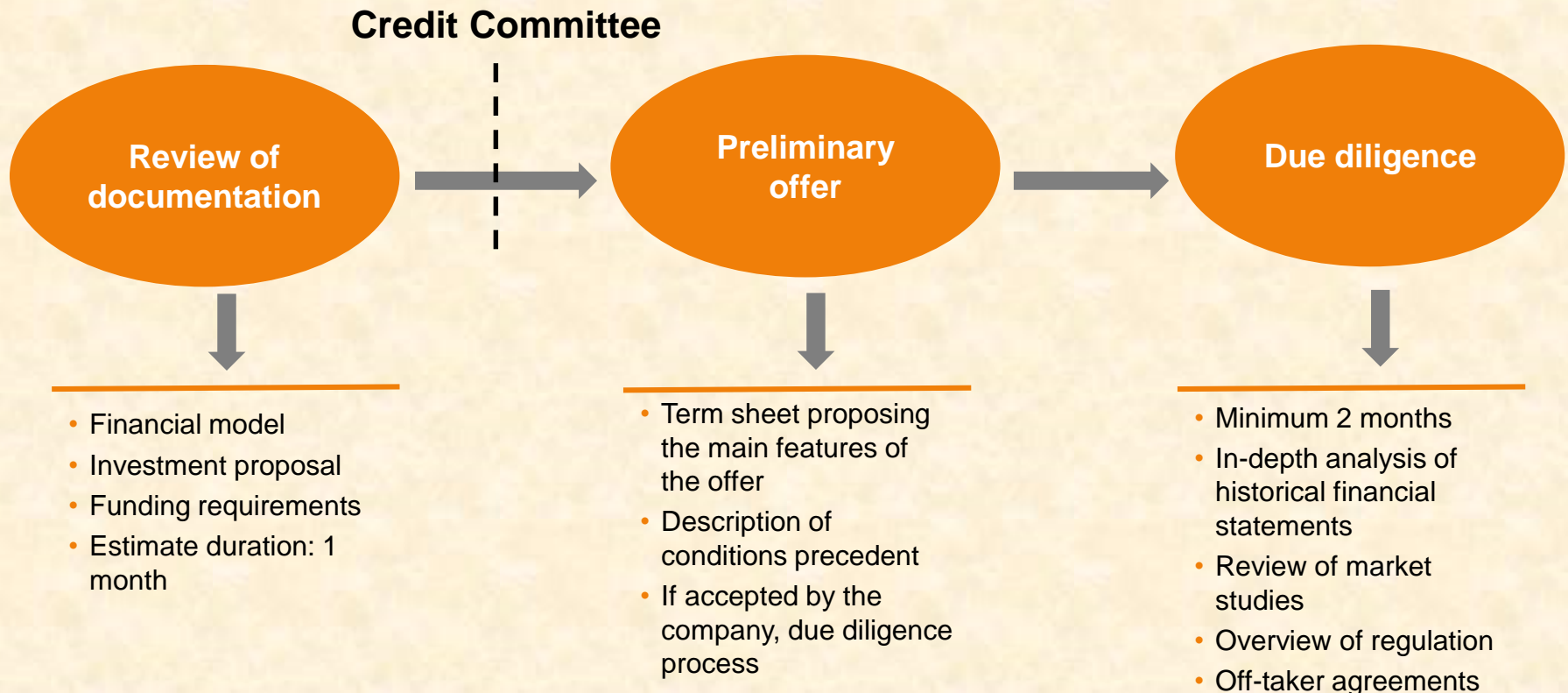
- Lenders and investors are willing to finance projects when they expect to make a profit or a Return on Investment (ROI)
- The return is generally earned in the form of interests (in the case of loans) and dividends (in the case of equity investment)
- **The higher the perceived risk of a project, the higher the required return in order to attract investors to it.**
- **No investment without a satisfactory return!**



# Understanding how financiers work

Process for debt providers (banks) – 1/2

**6 steps that last between 3 and 4 months (if everything goes well!!)**





# Understanding how financiers work

Process for debt providers (banks) – 2/2

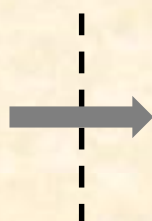
**6 steps that last between 3 and 4 months (if everything goes well!!)**

**Credit Committee**



- Real estate guarantees (anticipate the need for independent valuations)
- Financial guarantees
- Corporate guarantees (from mother companies)
- Cash collateral

**Credit Committee**



- Adjustment of financing terms, if applicable



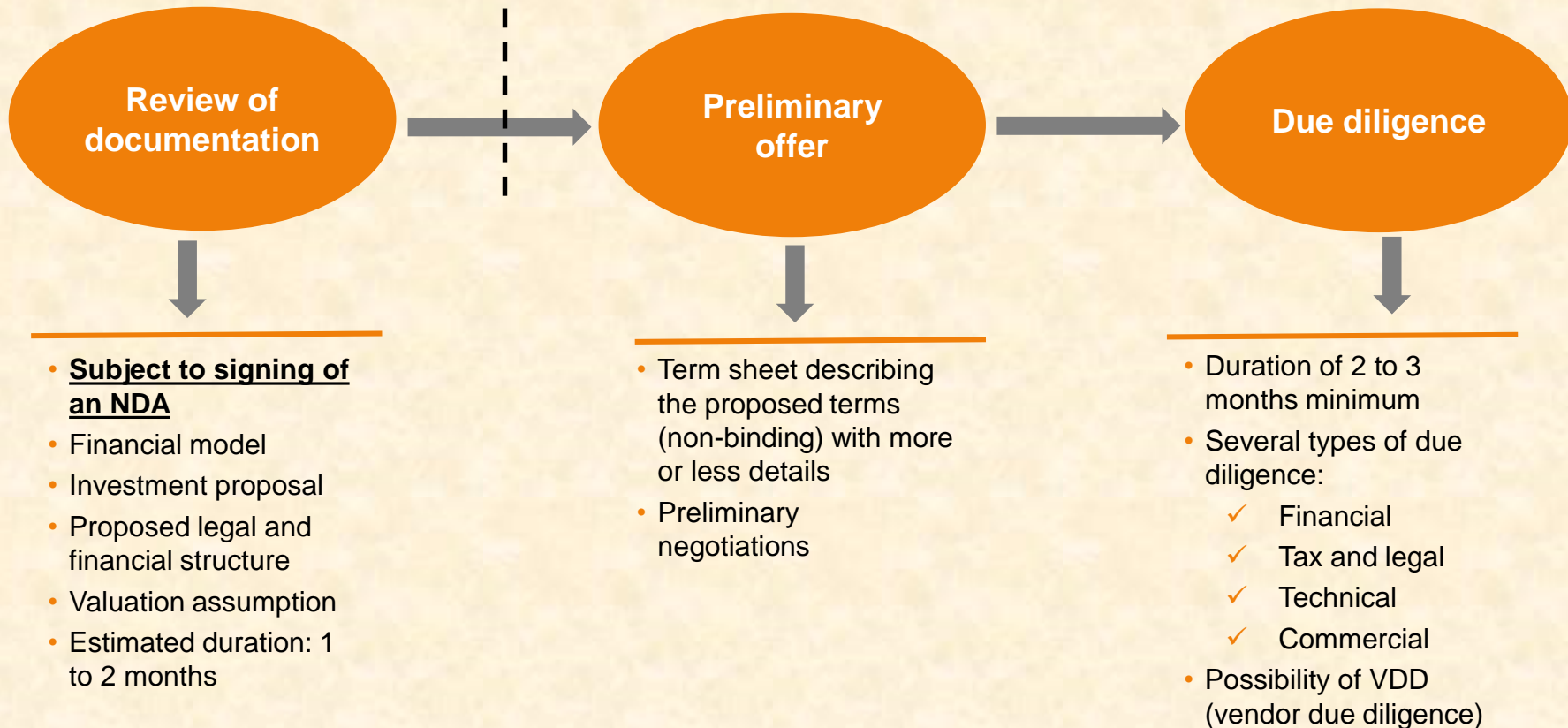
- Writing of all agreements
- Account opening
- Mortgage registration (if necessary)

# Understanding how financiers work

Process for equity providers (private equity funds) – 1/2

A process that lasts minimum 6 to 9 months, if you're lucky!!

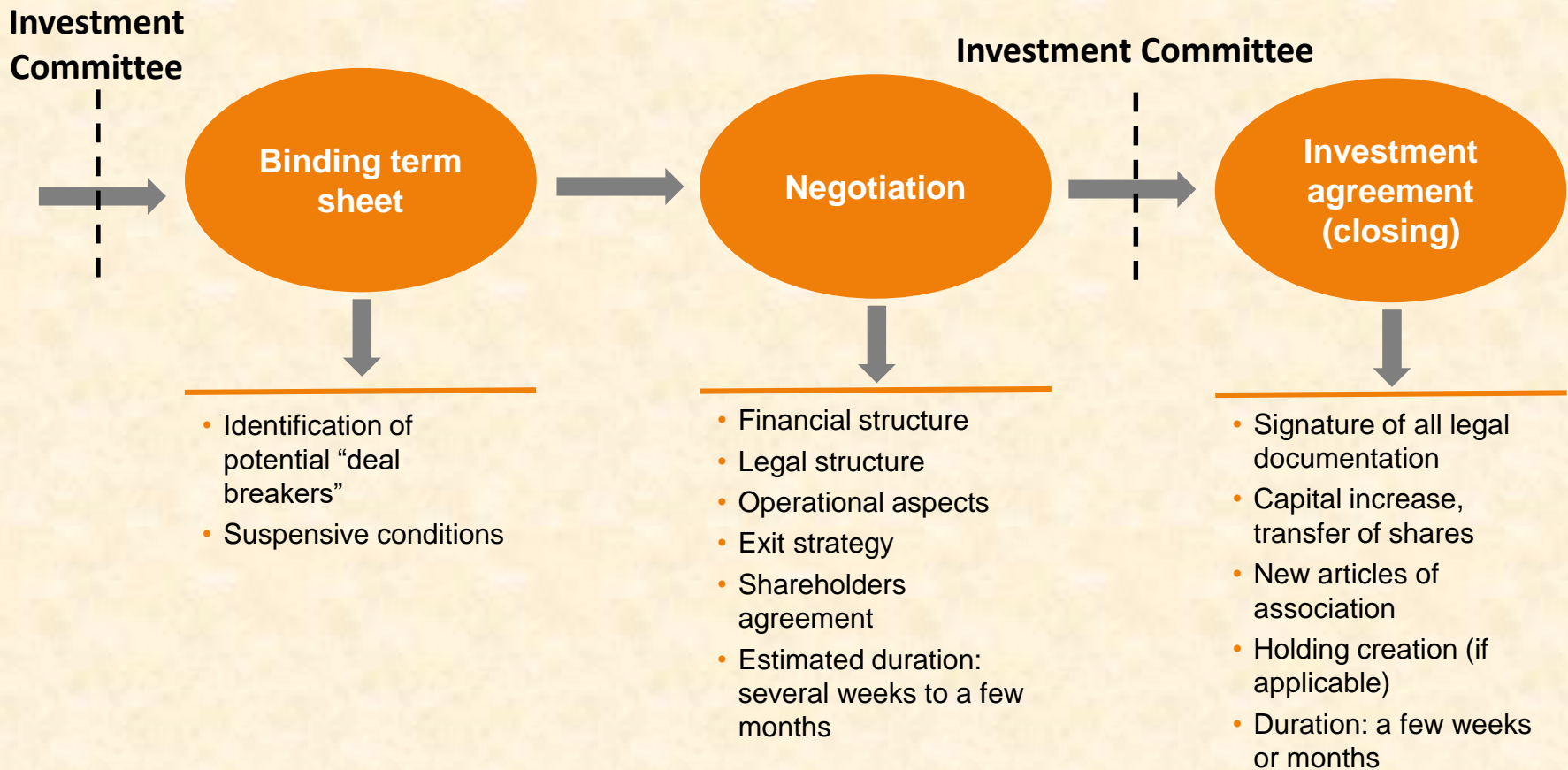
## Investment Committee



# Understanding how financiers work

Process for equity providers (private equity funds) – 2/2

**A process that lasts minimum 6 to 9 months, if you're lucky!!**



# Our proposed process for your successful fundraising (1/2)

## Diagnostic

- To identify the “deal breakers”
- Interview of senior management at GFA or the company’s premises
- Several items reviewed:
  - ✓ Systems and processes
  - ✓ Quality of teams
  - ✓ Governance
  - ✓ Project’s credibility
- No business plan review if the rating is below 60%
- Proprietary GFA tool

## Development/Review of the Business Plan

- Extensive discussions between GFA and management
- Credibility of assumptions
- Consistency of assumptions
- Elements reviewed include (non-exhaustive list):
  - ✓ Market
  - ✓ Regulations
  - ✓ Clients
  - ✓ Competition
  - ✓ Competitive advantages
  - ✓ Past performance
  - ✓ Strategic plan

## Financial Model

- Developed by GFA and reviewed by the company
- Detailed analysis of the following forecasts:
  - ✓ Revenue
  - ✓ Costs
  - ✓ Working capital
  - ✓ Investments
  - ✓ Cash flows
- Valuation of the company (if raising of equity)
- Loan amortization schedule (if raising of debt)

# Our proposed process for your successful fundraising (2/2)

## Investment proposal

- Document provided to investors
- Several sections:
  - ✓ Company overview
  - ✓ Industry overview
  - ✓ Strategic plan
  - ✓ Business diagnostic
  - ✓ Financial analysis
  - ✓ Funding requirement
  - ✓ Business plan
  - ✓ Risk analysis

## Search for investors

- Agreement on the funding structure with management
- Investor shortlist
- Anonymous teaser developed to test preliminary interest
- Preliminary questions

## Negotiation & Closing

- Review of term sheets and offer letters
- Due diligence
- Support of management during the negotiation process
- Agreements
- Closing

# The myths around fundraising

- **Myth No 1 – “The market is there, so I don’t see why I don’t get funding!”**

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- **Myth No 2 – “I need money now to execute my contract, so let me raise funding.”**
- **Myth No 3 – “To raise money, I just need to develop a business plan”**
- **Myth No 4 – “It doesn’t make sense to spend money in order to raise money.”**
- **Myth No 5 – “The more bullish I am with my financial assumptions, the better.”**
- **Myth No 6 – “Abroad I can get cheaper debt than in Ghana.”**

**THANK YOU!!!**