

The Power of a Plan

I am going to win a gold medal in the next Olympics. Those of you that know me can stop laughing and allow me to state my case. I have a plan. I worked with a two-time medal winning coach to create a training schedule that is proven to be successful. The program stretches over the next two years and incorporates 8 hours of training, 6 days a week, based on the latest training techniques. I hired a nutritionist and a chef who will ensure that all my nutrition needs are met and that, at all times, I am only receiving those foods that complement my daily training routine.

I created a marketing plan that establishes my brand and positions me for partnership with several multi-national corporations. I plan to trade public speaking and motivational seminars for financial support, which will allow me to dedicate myself fully to the training that lies ahead. A sports psychologist will be on call to support my emotional needs, and physically and emotionally I am in the best shape ever.

Success is guaranteed! Or is it? Isn't a good plan synonymous with success?

In my many years as a finance 'athlete' I have learned that business owners expect investors to assume success when they present their business plan. The ability to deliver is implied by the presence of a plan. For far too long has a proper business plan been deemed a precursor to success. Investors have bought into plans and banks have lent on the basis of their content.

The ability to take a plan and convert it into actions and deliverables is the hallmark of good management. A good management team will read through the lines, identify the deliverables, plot a course and start implementing. When life changes, as it always does, they adjust, adapt and plot a new course.

Don't get me wrong; to be successful without a plan, you have to be lucky. And if you are that lucky, play the lottery. Planning is an

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important step in every investment or capital raising decision but it is more important that you make yourself – or others – comfortable with your ability to execute.

If you are raising capital or divesting of a business, you will generally, be paid for your performance to date. Any upside tends to be heavily discounted by the buyer but the degree of discount depends on your ability to make the buyer comfortable with the future; your management can provide a great deal of this comfort. But your advisors can help as well, they can manage the process in a way that highlights the value to the buyer as opposed to the intrinsic value of the asset.

Before you start a capital campaign or a divestment plan, consider whether your achievements to date have improved the credibility of your plan. If not, proceeding may be a costly exercise.

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