

BUSINESS PLANNING

Background and requirements

In today's rapidly changing environment companies often need to review their market position and even reassess their strategic objectives. This need may be triggered by, for example, loss of market share to a competitor, a requirement for refinancing or the planned introduction of a new product or service. Poorly prepared Business Plans, created in an ad hoc fashion, can fail to reflect the complex situation facing the business. They may prove difficult to implement, requiring frequent adjustment, and can, in some circumstances, cause significant losses to be incurred.

How Intercai can help

Intercai Mondiale has developed a Business Planning Framework that establishes a structure and methodology for strategic planning exercises. It provides the scaffolding on which our client companies' current status, market opportunities and competitive environment can be clearly, logically and openly examined and assessed. By approaching the task in a consistent and organised fashion we can quickly get to the heart of the business and identify those issues that need special attention. The approach also provides the framework for the deployment of our related skills in Market Research, Market Analysis and Financial Planning which are discussed in separate brochures.

Intercai's approach

Intercai staff work closely with the client's personnel across all relevant functions using the Business Planning Framework as a checklist to ensure that all aspects are fully explored by both parties. In this way a business plan, that is understood and 'owned' by the client's teams, can quickly be constructed. Figure 1 presents the main phases of business planning process and shows the issues that are reviewed and assessed in each phase.

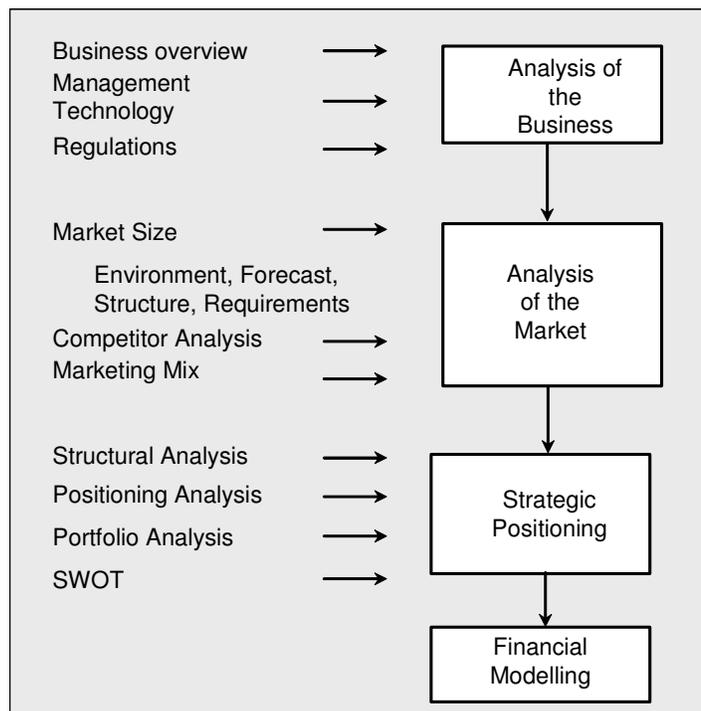


Figure 1 The main phases of the Business Planning process

Analysis of the actual business

The current business of the client is analysed in detail. It is critical to understand fully the problems and capabilities of the existing teams and the environment within which they are operating. This will constitute the basis for a detailed analysis of the market,

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the potential opportunities for the client and the financial implications. The main analyses undertaken during this phase are:

Business overview and strategy

This aims to identify the key areas of business/product in order to provide a full understanding of the client's business and to identify its needs. Overall strategy, product positioning, strategic positioning, customer differentiation policy and added value products are examined

Management

As management is a key element in a company's success, management structure, attitudes, behaviour and capabilities are reviewed.

Technology

This task includes an investigation into the client's current and planned use of technology. The objective is to understand how the client's technology can be deployed most effectively and to identify any need for access to new technology.

Regulations Licences and Registration

The opportunities deriving from licences, registration or regulation must be examined in order to ensure that the Client can take full advantage of its ownership of such resources.

Analysis of the market

The Market Analysis phase establishes not only what the demand for products or services is but also reviews the competitive environment and develops a variety of options for the role and position of the client in that market.

Market sizing

The size of the market available to the client is explored in four stages. The companion brochures entitled *Market Research* and *Market Analysis* describe our capabilities in these areas in more detail.

The Market Environment is continually changing and it is critical to understand the structure of the demand side. This includes segmentation and demographic drivers.

The Market Forecast involves exploration of key issues such as market segmentation, of existing and new services required, service revenue forecasts and alternative service delivery mechanisms.

The Future Market Structure includes an analysis of the existing and future user structure and identifies the various positions that a company could adopt within the industry Value Chain.

The Competitiveness Required of the different players explores the main requirements of the client's target market in terms of: value competitiveness, distribution competitiveness and cost competitiveness. These are analysed in conjunction with the critical issues that affect the client's positioning.

Competitive Analysis

It is critical to undertake an up-to-date analysis of the major competitors operating in the client's current and potential target market. This covers issues such as their strategic missions, product offerings, network infrastructure, marketing resources and strategic alliances.

Marketing Mix

This stage explores the alternative scenarios open to the client in terms of the product mix that could be offered to the market to address the demand in the context of the competition.

Strategic Positioning

Knowledge of the demand, the competition and the client's current capabilities allows us to identify the general strategic direction that should be adopted by the client and determine the implications for its business.

Structural analysis

This stage explores the various ways in which the client may need to restructure itself to meet the changing needs of the market.

Portfolio analysis

Gaps in the client's portfolio of products or services must be identified and their resolution must be built into the eventual Business Plan. Some solutions will involve the establishment of alliances or strategic relationships as discussed in the following stage.

Positioning Analysis

This stage examines the position to be taken up by the client company in relation to its suppliers and channels to market. The effect of possible conflicts with important parts of the value chain can be examined and assessed here.

Strategic positioning

The final step in the establishment of a Strategic Position is to identify the strengths, weaknesses, opportunities and threats in the context of the chosen strategy.

Financial modelling

The final phase in the development of a Business Plan is the creation of the Financial Plan. This captures, in quantitative form, all the assumptions and plans developed in the earlier stages. It provides comprehensive analysis of the client's revenues, costs, capital expenditure and operating expenses and can be used to explore different scenarios and undertake sensitivity analyses. Intercai Mondiale has developed a formal model for the Financial Plan and this is described in the companion brochure entitled *Financial Modelling*.

What Intercai will deliver

Intercai generally delivers its recommendations for the future strategic direction of the client in an easy-to-follow presentation form. The presentation is, of course, backed up by the Financial Plan and, as described in the companion brochure, the client's staff are trained in the use of the financial model and are able to continue to explore options after Intercai Mondiale has completed its assignment.

Where required, an implementation plan is prepared and, if appropriate, Intercai Mondiale can provide skilled management resources to help the client reach the agreed goals.

Recent assignments

Intercai has used some or all aspects of the Business Planning process described in this brochure for a wide range of different business types, including:

➤ Mobile operator

We have assisted a number of mobile operators, both in the UK, elsewhere in Europe and further afield, to prepare and bid for licences to provide advanced mobile services. Our most recent assignments have been for operators who need to establish valuations to support their bidding strategy for 3G licences across Europe.

➤ Carriers' Carrier

Intercai analysed the business of a Carriers' Carrier in Europe. This resulted in a clear statement of the company's strategic position, capability and future potential and led to the shareholders extracting the maximum possible valuation in a subsequent trade sale of the company.

➤ Internet Service Providers

We built a number of business plans for a group of ISPs in Scandinavia that were considering the benefits of merging their operations.

➤ A Global Telecoms Operator

Intercai played a leading role in the repositioning of a global data services company as it responded to the Internet revolution and the advent of e-commerce. In addition to defining the VAS product strategy for the client, Intercai took a leading role in developing Business Plans for specific services using a customised pro-forma business modelling tool. We also developed a strategy and business case for delivering mobile access to the client's customers and explored other mobile opportunities open to the client.

➤ Teleport Operator

Intercai analysed a Teleport business in Europe and built a financial model that was successfully submitted to finance houses to establish funding of the project.