



# **KPMG Enterprise**

## **Business Models that Make Money**

**KPMG ENTERPRISE**



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# Key Aspects of a Successful Business Model that attract investors:

## Strategic assessment:

- Vision for the company
- Primary objectives that will share the future direction – long term and short term
- Formulae that your company uses to make money and build shareholder value
- Business plan

# Key Aspects of a Successful Business Model that attract investors:

## Markets:

- Clear definition
- Current position in the market
- Future trends

Investors often favor a focused company with a strong position in a few markets over a company that dabbles in many markets.

# Key Aspects of a Successful Business Model that attract investors:

## Products / Services:

- What are your products/services; unique; competitive advantage
- Growth potential through:
  - Product line extensions;
  - Geographic coverage;
  - Improving quality/functionality;
  - Product succession

Investors pay particular attention to your company's products and services as drivers for growth potential to increase shareholder value.

# Key Aspects of a Successful Business Model that attract investors:

## Value Chain Activities / Infrastructure:

- Activities that add value to the customer, and ultimately the shareholder
- Efficient and effective processes-control cost
- Systems and processes that will provide relevant, reliable, timely financial information

A properly supported infrastructure will provide management with the flexibility to focus attention on growing the company and creating shareholder value instead of routine administrative matters. In addition, investors value reliable, timely financial results.

# Key Aspects of a Successful Business Model that attract investors:

## Governance:

- Management team: capabilities; experience; ability to deliver shareholder value
- Board of directors – enhances the stewardship role and oversight of the company; specialized expertise; independent prospective; manages risk

Investors value/take comfort in a strong management team and board of directors that can deliver against the business plan.

# Leveraging Business Model through Partnerships

## Reason to forge partnerships:

- Minimize capital investment
- Benefit from economies of scale
- Reduce risk and uncertainty
- Allows company to focus on core competencies

Illogical / costly for company to own all resources or perform every activity itself

# Leveraging Business Model through Partnerships

## Ways to Leverage Partnerships:

- Outsource services / manufacturing
- Share infrastructure
- Licensing arrangements
- Independent contractors / brokers
- Co-develop with others in your industry

## Presenter's Contact Details

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