

## **Part 3: How to write an Information Memorandum or Business Plan to Raise Capital – Company History**

**By Len McDowall, Integral Capital Group**

In this continuing series of articles on how to write a Business Plan or Information Memorandum to raise capital, Part 3 discusses business plan content specifically 'company history'.

### **History**

The purpose of this section of the business plan is to give the potential investor some background information regarding the company and its performance/development to date. It is important because a common way of evaluating future potential is to look at past performance. For many proposals, however, there will be little or no trading record, in which case the original rationale behind the company's information should be stated.

For information, give the date of formation or incorporation of the company and provide a brief summary of developments since. Point out past successes (or otherwise) in terms of products or services developed and marketed and explain how these will enhance the company's future.

If set-backs or losses have occurred in the company history discuss these, emphasizing corrective action taken both to prevent recurrence of these difficulties and to improve profitability. If there are good reasons why the past is not a reliable indicator for projected performance explain why briefly. This can be developed further in the rest of the business plan.

If possible include the following features in the history section of your business plan:-

1. Date of incorporation and commencement of trading.
2. Details of the group structure if relevant.
3. Explanation of financing to date, including the previous and current involvement of outside shareholders, if any. A list of shareholders should be included as an appendix.
4. Progress to date including:-
  - Successful development of products/services
  - Expansion of the management team and evolution of a balanced management structure
  - Description of past financial performance, together with an indication of the current position
  - The influence of any industrial, economic, social or technological trends on the company
  - Milestones reached
  - Major agreements which bind the company, whether with investors, major credit sources, customers or suppliers.

The content of Business Plans will be covered further in subsequent articles by Len McDowall.

**About Len McDowall - Managing Director, Integral Capital Group Pty Ltd**

Len McDowall was previously inaugural Chairman and Managing Partner of Bird Cameron Chartered Accountants (now known as RMS Bird Cameron), which employed 1000 people in 50 offices in Australia and Hong Kong. Len, who established Bird Cameron's mergers and acquisitions division, has extensive experience in all facets of financial management with a particular emphasis on structuring and negotiating joint ventures and capital raisings. Following his retirement from the accounting profession Len and his partners established the Integral Capital Group which specialises in mergers and acquisitions, public floatation's and capital raisings.