



Commercial Audit



Commercial Audit

- **Guarantees increased profitability**
- **Web-based tool**
 - **Quick and efficient company health check**
 - **An advanced SWOT analysis**
 - **Results: Condition report and action plan**
- **Unique Buying Points**
 - **Door opener for acquiring new clients**
 - **Additional sales to existing customers**
 - **Corporate governance / risk management**
 - **Enhances quality of dialogue with customers**



Agenda

■ Situation

- A few facts
- Examples of non-financial vulnerabilities

■ What a Difference a Day Can Make

- Better understanding of your client's business
- Better advising to your client

■ Benefits

■ Company and References

■ Background Material

- Method
- Selected screen dumps



A Few Facts...



Ernst & Young

- 61% largest value losses were due to **strategic risks**, and 33% to **operational risks**.
Yet, focus is mostly on financial and hazard risks!

Copenhagen Business School

- Half of 160 of the largest Danish corporations experienced major "surprises" the preceding 5 years.

McKinsey Quarterly

- 30% probability that a company in the industry's upper quarter will not be there in five years!

Examples of non-financial vulnerabilities

- The company has few large customers/contracts.
- The company does not meet customer requirements to quality and environment.
- Customers see the competitor's products/services as a better match to their Unique Buying Points™.
- The company's products are losing market share to suppliers with an alternative solution.
- A key employee can without problems resign and take customers with him/her to a competitor.
- Lessor's termination of the lease results in insurmountable costs.

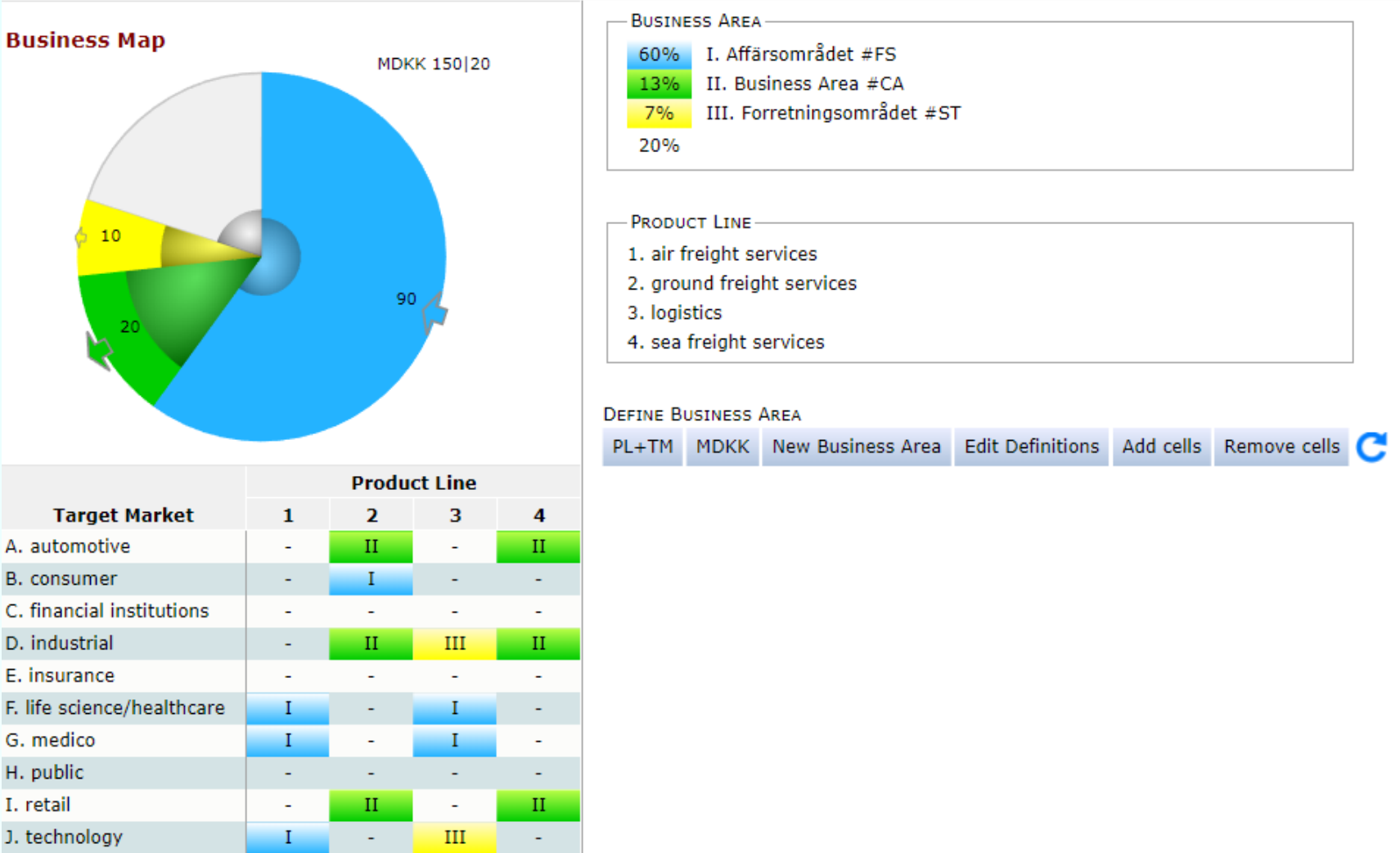


Risks Have Many Sources

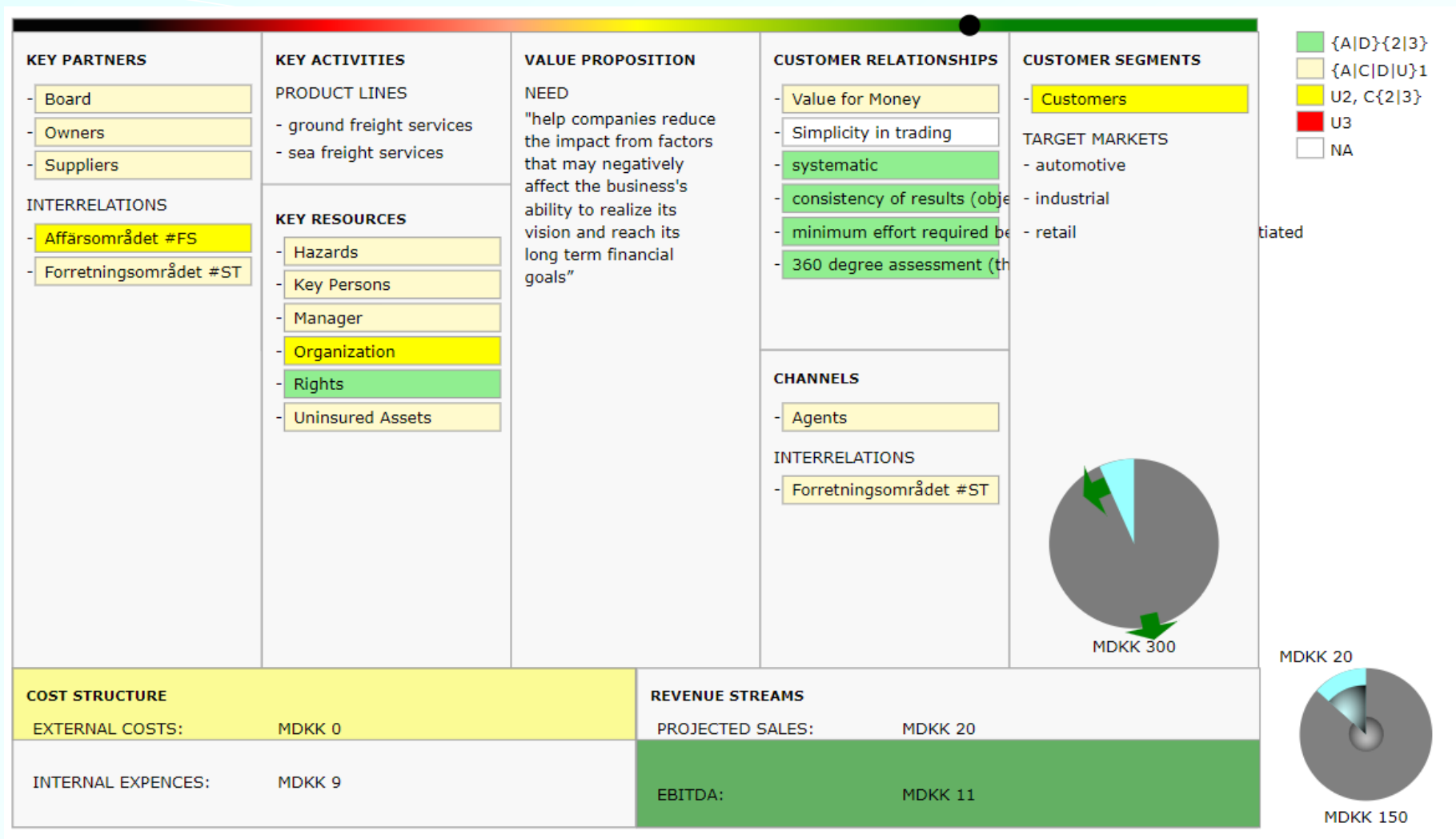


What a Difference a Few Hours Can Make

Overview of businesses



Business Model Canvas



- {A|D}{2|3}
- {A|C|D|U}1
- U2, C{2|3}
- U3
- NA

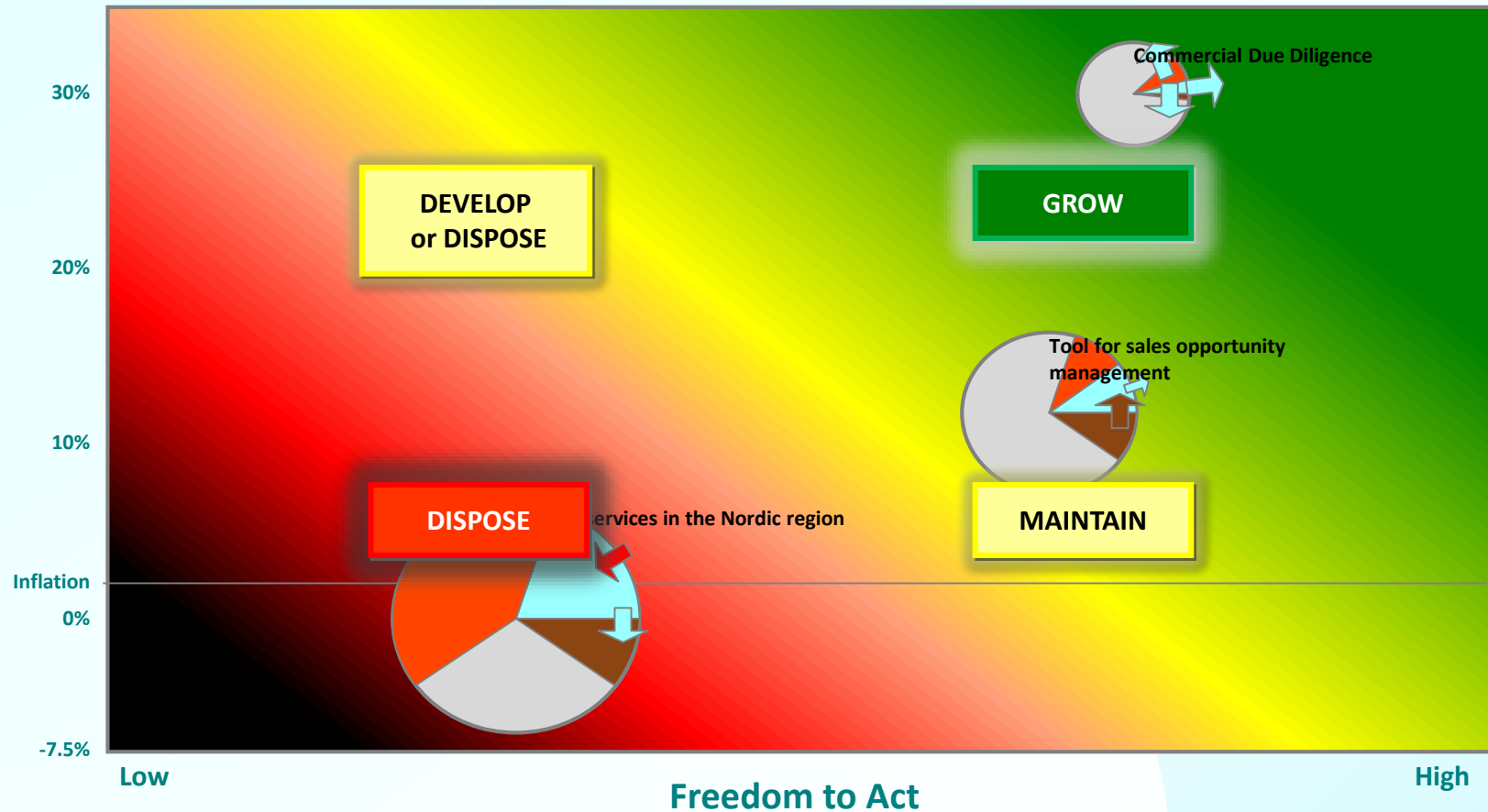


What a Difference a Day Can Make

Overview of strategic opportunities and threats

Diagnosis

Market Growth Rate



Better Understanding of the Client's Business

- Multiple-choice Test
- Enforces shared answer
- Questions posted adapt to previous answers
- *“Down-to-earth questions”*
- *“Very commercially minded”*
- *“Governed by reality rather than theory”*

Business Area: Commercial Due Diligence (20 | 20 | 11) XYZ Inc

Uninsured Assets

UNINSURED ASSETS
How big is the biggest single uninsured asset used within the business area that occurs during the next 12 months?

EXAMPLES: The sum of all customer claims to the same company; sum of equities, debt and other securities of another company; inadequate transportation insurance.

1. The biggest single uninsured asset is less than MDKK 2.2.

2. The biggest single uninsured asset is between MDKK 2.2 and 20.

3. The biggest single uninsured asset is greater than MDKK 20.

Set a check if the answer shall apply to all business areas.

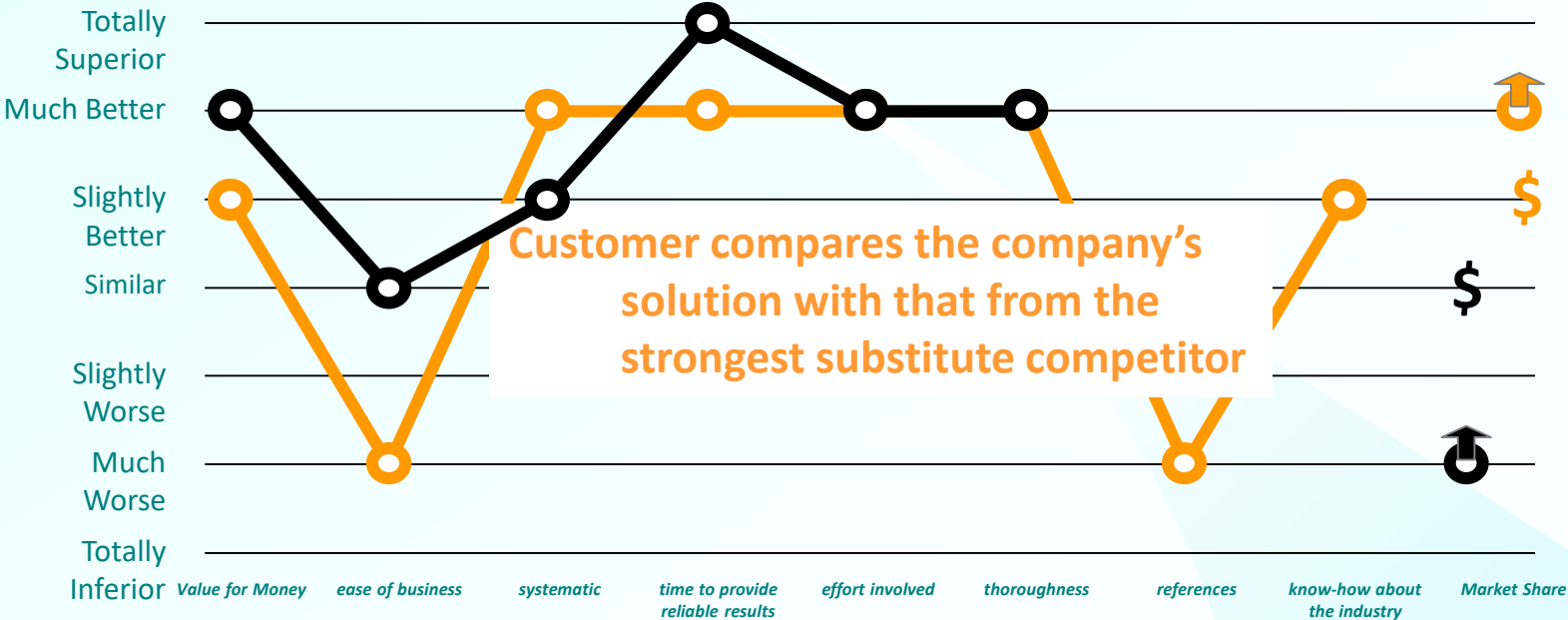
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#2:BalanceItems

Testimonials by Group President in global shipping, logistics and marine services provider

Understanding of the Competitive Situation

Customer compares the company's solution with that from the strongest competitor



Customer compares the company's solution with that from the strongest substitute competitor

The Customers' Unique Buying Points™



Better Advise

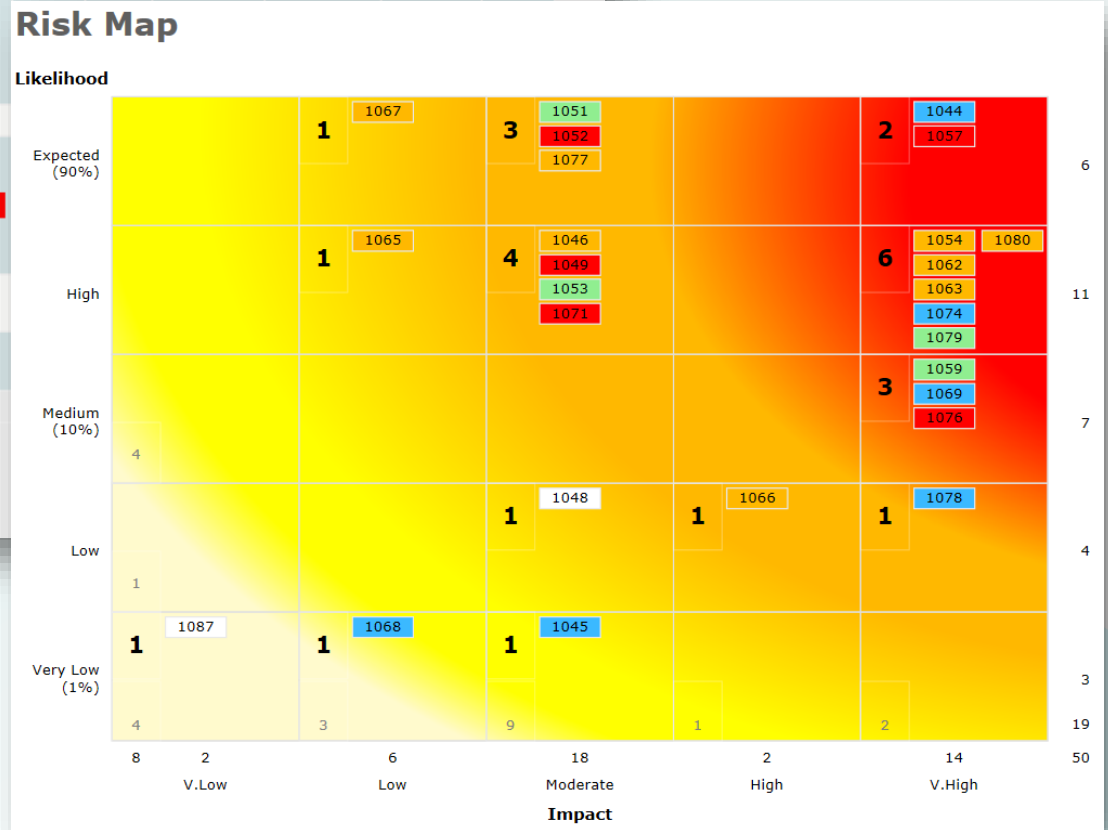
Create overview and reduce losses from non-financial risks

Deadlines/Milestones

Owner	-	Accepted	Deadlines for Planning Phase							Deadlines for Implementation Phase			
			Overdue	0-2 weeks	2-4w	4-6w	6w-2m	2-3m	3+m	Overdue	0-1 month	1-2m	2+m
	1097	1087 1055 1060 1088 1092	1061	1056 1073 1082 1086 1094	1048			1050 1072 1085					
CEO				1077									
FR		1046	1059 1062 1063 1065 1096	1054 1069 1066 1067 1068	1074 1078 1045			1044					
NN		1043 1090	1080	1083 1084									
WHO			1064	1075 1081									
Summary	1	8	8	15	5		4						

Risk

-	Low	Moderate	High	Critical
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Risk Item Progress Management

Overview

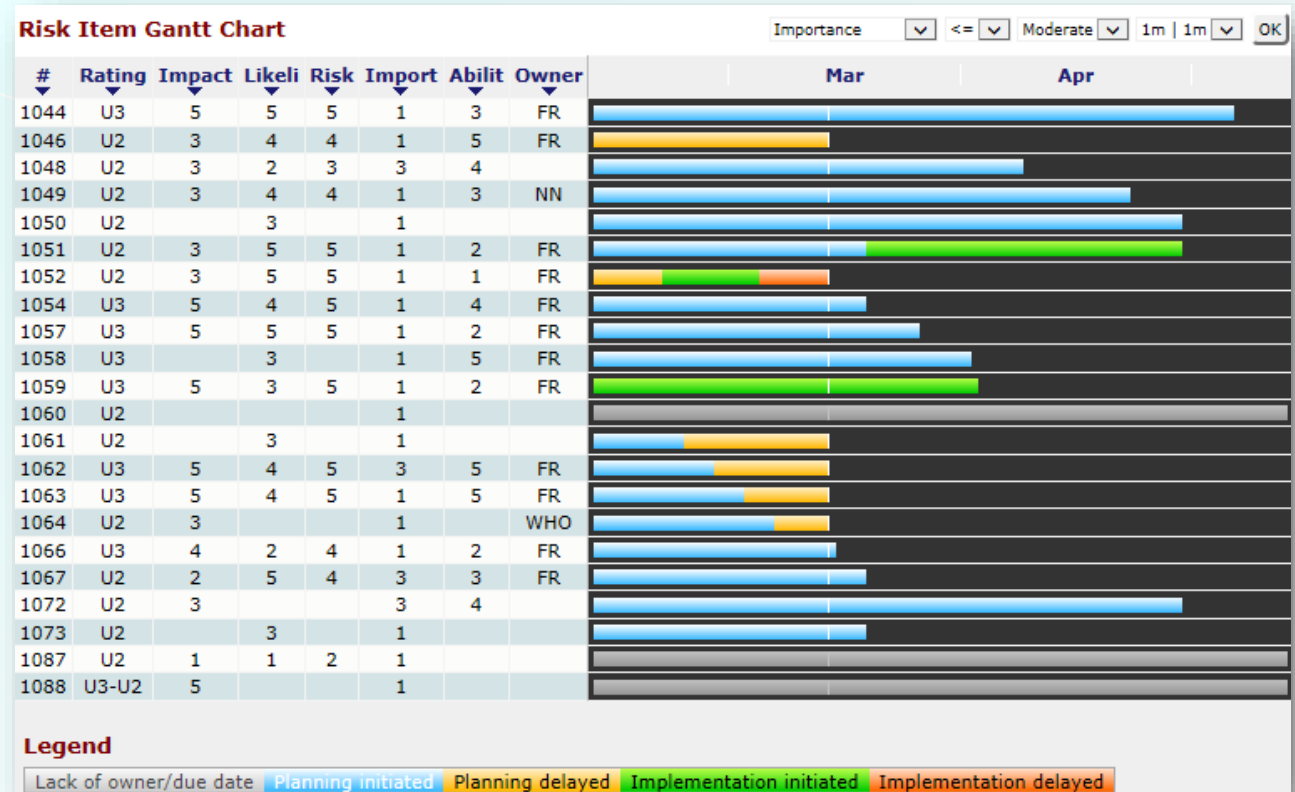
Planning stage

- Lack of owner/due date
- Planning initiated
- Planning delayed

Implementation

- Implementation initiated
- Implementation delayed

Quick identification of delays



Benefits

- **Improved profitability**
- **Vehicle for acquiring new customers**
- **Sales of complementary services to existing customers**
 - Pragmatic approach to risk management
- **Fast analysis of a company**
 - 360 degree assessment of businesses
 - Focus on non-financial factors
 - Forward looking
 - Systematic methodology
- **Raises the level of dialogue with the owner / management**
- **Improving brand / image**
- **Proven technology**
 - The method used on more than 1,000 business cases



The Company and References

Proven on more than a thousand businesses
large and small
in
Northern Europe



Selected References and Testimonials



Johan Mellin, Commercial Risk Manager, TeliaSonera:

“Fast and efficient generation of a “Roadmap” to the future.”

SVP, International Fire Service, Falck :

“Contains what is required to analyze a company and come to concrete actions.”

“The analysis is based upon internal knowledge.”

“Provides a more strict business case.”

“Visibility on competences.”

“Rapid identification of problem areas.”

“Good to jumpstart integration processes.”

“May affect multiplier from 6½ to 7.”

Senior Director, Novozymes:

“A tool that is very relevant in companies that do not master strategy processes.”

“Extremely useful for commercial due diligence processes in acquisitions.”

“Quick and effective transfer of knowledge from the acquired company to purchaser.”

Who are We?

Freedom2Act ApS

- Founded 2001
- Strategy reviews
- Risk identification and assessments
- Risk mitigation
- Portfolio segmentation

Partners

- Bluecon
- IIB Executive Consultants

Finn Ritslev, Founder and CEO

- M.ScEE, DTU, Denmark
PED, IMD Business School, Switzerland
- Software development,
project management,
marketing and sales,
business development, and
strategic planning



Please send an e-mail to
freedom2act.com
if you want to know more



Risik Situation

"This I knew beforehand!"

Perception before the process

Recognition after the process

