

MONTENEGRO



THE WORLD BANK

Western Balkans Private Equity Investment Readiness

Financial management support to MSMEs
for access to private equity finance

October 3rd, 2019

Conference room (big)

Chamber of Economy Montenegro

Novaka Miloševa 29/II

Podgorica

A World Bank learning event in collaboration with
Chamber of Economy



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WB EDIF

Western Balkans
Enterprise Development
and Innovation Facility



About

This one-day learning event is delivered by the World Bank's Centre for Financial Reporting Reform under the Strengthening Financial Reporting and Information for MSMEs in the Western Balkans project which is an EU funded project under the REPARIS (Road to Europe-Program of Accounting Reform and Institutional Strengthening) initiative. The event is replicated in [Tirana, Albania](#); [Banja Luka and Sarajevo, Bosnia and Herzegovina](#); [Pristina, Kosovo](#); [Podgorica, Montenegro](#); [Skopje, North Macedonia](#) and [Belgrade, Serbia](#).

The event includes an engaging panel discussion and informative learning sessions about how MSME

financial management service providers/staff can support their MSME clients/employers become ready to access private equity investment.

This event will be followed-up with the release of modular-based online training that will go into more depth for those participants looking to gain further knowledge about the private equity market and how they may be able to better prepare their clients for investment. Additionally, a series of infographics have been prepared for reference by MSME owners/entrepreneurs to understand the private equity investment process.

PRIVATE EQUITY IN THE WESTERN BALKANS

The main source of financial capital available for MSMEs throughout the region currently is through banks; by obtaining lines of credit, bank loans and other forms of debt. Alternative sources of capital are either non-existent or in very low supply.

The private equity market in the Western Balkans is at a very nascent stage of development and there is

currently limited investment opportunity. However, this can change in time as private equity funds look to expand their portfolios and geographic reach, and it is important that MSMEs seeking equity partners are able to draw on service providers that can help them adequately prepare for investment.

WHO SHOULD ATTEND?

This learning event and the online modules have been specifically designed for the following targeted participants:

- Professional accountants* and auditors working in small and medium-sized accounting practices that serve MSME clients
- Professional accountants and other staff employed in a finance role at MSMEs
- Other accountants, finance consultants and business advisors that serve MSME clients

Other participants may also benefit from attending the forum, including:

- Entrepreneurs wanting to develop awareness of the private equity market and the key areas that need to be considered in becoming investment ready
- New "angel" investors who may want to gain a better understanding of a structured investment process to support their investments
- Advisors and mentors at Incubators and Accelerators

*Professional accountants are qualified accountants that are members of a professional body that has gained membership to the International Federation of Accountants

WHY YOU SHOULD ATTEND?

This learning event (together with the online modules referenced below) offers you an excellent opportunity to gain insight into how the private equity market works and how you can help your clients/employers to become ready for investment.

- Understand how private equity works and whether it may be a good fit your clients/employer
- Understand the process by which a private equity investment is initially considered and then transacted and find your niche to support your client/employer become investment ready
- If you are a potential investor: understand private equity processes to performing investment screening and structuring that may be helpful for you
- If you are an entrepreneur: understand how the private equity market works to understand whether it may be a viable source of capital for your business and what kind of professional support needed to go through the process

SUBSEQUENT ONLINE TRAINING:

The objective of this one-day event is to introduce private equity to MSME service providers and begin enhancing their capacity to assist growth stage and established MSME companies raise the financial capital necessary to fund their growth and expansion, by helping them to become *Investment Ready*.

To build on this one-day learning event, an online self-paced course will be made available to all participants by invitation to register and complete this online training at no cost. The online course will be structured as follows:

COURSE INTRODUCTION:

- **Module 1:** [Equity Investment and Private Equity](#)
- **Module 2:** [Use of Funds](#)
- **Module 3:** [Getting Investor Interest](#)
- **Module 4:** [Negotiating Private Equity Investment](#)
- **Module 5:** [Financial Statement and Financial Analysis](#)
- **Module 6:** [Company Valuation](#)
- **Module 7:** [Private Equity Due Diligence](#)
- **Module 8:** [Deal Structuring](#)
- **Module 9:** [The Term Sheet](#)
- **Module 10:** [Governance and Management Post Investment](#)

Agenda

Western Balkans Private Equity Investment Readiness

8:15 - 9:00

REGISTRATION

9:00 - 9:15

WELCOMING REMARKS

- Chamber of Economy
- EU Delegation
- World Bank

9:15 - 10:00

INTRODUCTION

OVERVIEW

Part 1: Introduction of the day's program, the online course and the infographic guides for MSME entrepreneurs. What is investment readiness and what's your role?

Part 2: Overview of the main themes of the online course including how Private Equity funds operate and how to engage with them, their approach to deal structuring, and corporate governance in Private Equity ventures.

OBJECTIVES

- Introduce the private equity industry and its actors
- Identify the dimensions of investment readiness
- Identify the role of financial management in private equity investment readiness and how participants can support their clients
- Introduce the online course
- Showcase the infographic guides developed for entrepreneurs

Speakers: **John Hodge**, *Senior Financial Management Specialist, Centre for Financial Reporting Reform, The World Bank*
Gavin Ryan, *World Bank Consultant*

10:00 - 10:30

COFFEE BREAK

10:30 - 12:00

PRIVATE EQUITY INVESTMENT: MARKET OVERVIEW, DEAL STRUCTURING, VALUATION AND DUE DILIGENCE

OVERVIEW

An overview of the private equity market and how their fund managers identify investments. Understanding and seeing the benefits of performing due diligence.

An overview of how private equity investors value companies and what are the main factors that drive the way private equity deals are structured and negotiated.

OBJECTIVES

- Gain an overview of how private equity works
- Understand key issues in structuring private equity deals
- Understand private equity style valuation and the what can be done to increase the value of your company pre-deal
- Understand the due diligence process: buy side and sell side due diligence

Trainer: **Gavin Ryan**

12:00 - 13:00 NETWORKING LUNCH

13:00 - 14:30 COMMUNICATING & NEGOTIATING THE ‘INVESTABILITY’ OF YOUR CLIENT’S BUSINESS

OVERVIEW

Creating an effective first impression of the company is essential to differentiate it from the crowd. Soft skills are an important ingredient to success. The approach to negotiations is a factor of personal style, cultural factors and private equity specific approaches that should be taken into consideration.

OBJECTIVES

- Learn how to create an effective company teaser and a compelling “elevator pitch”
- Gain an overview of best practices in the negotiation
- To identify your personal style and cultural aspects in negotiation through group exercise

Trainers: **John Hodge**, *Senior Financial Management Specialist, Centre for Financial Reporting Reform, The World Bank*
Gavin Ryan, *World Bank Consultant*

14:30 - 14:45 COFFEE BREAK

14:45 - 16:15 PANEL DISCUSSION: BECOMING READY TO RAISE EQUITY FINANCE

OVERVIEW

Prominent members of the regional and national investment communities will discuss options for MSMEs to raise non-debt finance and what’s important for them to consider in terms of being successful in accessing such finance.

OBJECTIVES

- Identify current sources of finance and potential future sources
- Gain insights from panelists on what is important to the success of an MSME seeking equity finance

TOPICS THAT WILL BE DISCUSSED

- Current options available for raising non-debt finance
- The viable sources of equity finance in the medium to long term and establishing the investment pipeline
- Regional/country success stories
- What’s important, from a financial management perspective, in preparing to seek private equity finance
- The current assessment of corporate governance and financial transparency and how this may affect the investment climate.

Moderators: **John Hodge**, *Senior Financial Management Specialist, Centre for Financial Reporting Reform, The World Bank*
Gavin Ryan, *World Bank Consultant*

16:15 - 16:30 Closing