



September 15, 2025

HOW TO PREPARE A COMPANY FOR SUCCESSFUL EQUITY RAISING?*

I. STRATEGIC TRACK

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HOW TO PREPARE A COMPANY FOR SUCCESSFUL EQUITY RAISING?*

Past success of the company is important, but investors look not only in the rear-view mirror in their assessment. Its equally important for them to learn how the founders and top managers plan to achieve growth of equity value.

The investment appeal of a company is built on an effective business model, a well-thought-out growth strategy, sustainable and transparent processes, and a strong motivated team. Bringing aboard an investor and having a win-win deal requires comprehensive preparation that covers strategy, operations, corporate governance, and financial transparency. This process takes time and attention to detail, which is why it should begin well before the company reaches out to the investment community.

Bringing in an investor is a strategic step that provides the company with capital for scaling, entering new markets, and driving technological transformation. It also grants access to managerial expertise, business networks, and modern management practices.

A win-win deal with investor means that valuation of the business at entry is favorable for the founder, and at the same time this investor sees enough evidence suggesting an even higher valuation in the future.

To get to this point preparation must start long before the investment community.

This is a comprehensive process that includes two separate tracks:

- **Strategic track:**
Defining long-term goals, developing a roadmap for achieving them, and building a financial model that demonstrates the company's growth potential;
- **Operational track:**
Structuring ownership and accounting/reporting systems, ensuring business transparency, improving the efficiency of business processes, and strengthening management team.

The level of preparedness for the investment process is a great indicator of the company's maturity.

A proper preparation of the company also:

- Helps build trust in the founder and top managers;
- Reduces perceived risks, associated with the company and the investment;
- Strengthens the founder's bargaining position;
- Clearly demonstrates that the raised capital will work towards achieving strategic goals and increasing shareholder value.

Components of Strategic and Operational tracks

I. Strategic track	II. Operational track
1. Market and competitive environment 2. Current state of business and financial performance 3. Strategy and its implementation roadmap 4. Financial modeling and business valuation 5. Risk analysis	1. Corporate structure and transparency 2. Financial and management reporting 3. Legal integrity and regulatory compliance 4. Management system 5. Business processes and digitalization 6. Top management and talent management 7. Technologies and innovation 8. ESG and reputation

* Note: This article is a continuation of "Growth Strategy: How to Increase Value Without Falling Into a Debt Trap" article by ink Advisory.

➤ **Question:** “How is the market developing, which of its segments are the most promising, and how prepared is the company to compete in them?”

I. Strategic track

When considering investment opportunities, investors evaluate not only past and current achievements of target companies – financial performance, market share, growth dynamics, sustainability of competitive advantages, and the quality of the management team – but also strategic direction.

The key question any investor tries to figure out while analyzing the strategy: “Should I join the founders in executing this strategy and board this ship?”

Boarding the ship would mean sharing the risks and opportunities with the founders, and if this process is to end in success, the strategy must be convincing and clear, with a resounding Yes! to the question above.

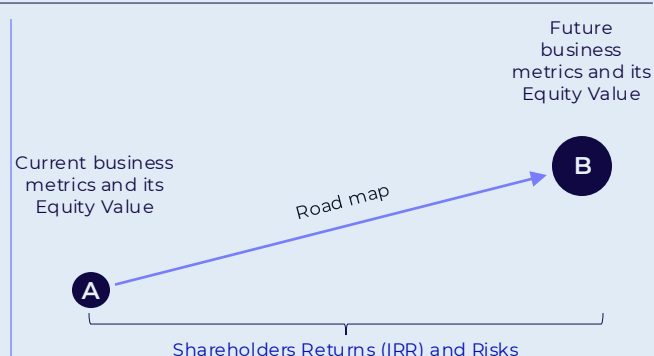
What matters is not only the company’s strategic intentions, but also its ability to translate intentions into concrete actions – building the necessary infrastructure for growth, securing resources, strengthening the team, and maintaining discipline in achieving objectives.

On the one hand, the company must communicate its strategic goals to investors, and on the other hand – present a roadmap describing how it intends to achieve those goals and what resources will be required.

Beyond identifying the sources of growth, the strategy must also address the fundamental questions:

How will this strategy affect shareholder value, and what return (IRR) will it generate for shareholders – both the investor and the founders?

The Goal of the Strategy is to Increase Equity Value and Maximize Shareholder Returns.



The strategy is built through a structured process consisting of five key interconnected components:

1. Market and competitive environment analysis
2. Assessment of the current state of the business and current/ past financial performance
3. Strategy development and creation of implementation roadmap
4. Financial modeling
5. Risk analysis

The strategy is authored by the management team jointly with the owner, ensuring a shared vision of the future and forming an investment rationale for the growth strategy.

1. Market.

The founders usually have a deep understanding of the market: they know the customers, understand the specifics of competition, and monitor market demand trends. These insights are based on years of experience and are precisely what allowed the company to reach significant scale. However, when speaking to investors, observations alone do not suffice. Investors expect to see a systematic and quantitatively validated analysis that demonstrates not only the founder’s expertise, but also the scale of market opportunities.

First step **is to clearly define the market in which the company operates and its potential.**

This is typically done using a three-level model:

- TAM¹ – the overall market size, the upper limit of opportunities;
- SAM² – the portion of the market that the company can realistically serve, given its products and business model;
- SOM³ – the share of the market that the company is capable of and intends to capture in the coming years, based on its strategy and resources.

It is important not to stop at the aggregate SAM figure, but to show its internal structure. Segments may have entirely different drivers, dynamics, and business model requirements. For example, if 60% of the market consists of differentiated products with high margins, this will require the company to have strong infrastructure, a capable team, and investments in brand development. The remaining 40% may be undifferentiated and price-driven, requiring instead cost minimization and high operational efficiency. If the company builds capacity based solely on the total SAM figure, then under conditions of balanced and moderate segment growth it risks underutilizing its newly built capacity.

Note:

¹ TAM – Total Addressable Market.

² SAM – Serviceable Available Market.

³ SOM – Serviceable Obtainable Market.

Such an approach helps investors see that the company thinks systematically: moving from the overall market scale to specific segments where a sustainable business can be built.

However, this alone is not sufficient for assessing prospects. Even at the growth stage, the market splits into segments, each with its own dynamics. For example, in the rigid plastic food packaging market, the segment for dairy products and the segment for fast-food products differ in growth rates, customer structure, and regulatory approaches. Therefore, it is crucial to show investors not only the overall SAM size, but also which segments within it are the most promising, and where the company already has strong positions or knows how to create them.

The next stage of analysis is the **market life cycle**. For investors, it is important to understand whether the segment is on the growth curve, has reached maturity, or is entering a decline phase. This directly influences strategic logic: whether the focus should be on scaling, consolidation, or searching for new and promising niches.

To provide fuller context, **Porter's Five Forces model** can be applied, showing the balance of forces in the industry: how easy it is for new entrants to enter the market, the power of suppliers and buyers, the threat of substitutes, and the intensity of competition within the segment.

And finally, a key element is **competitor analysis**. Investors want to see not only general market figures but also a clear map of players: leaders of different segments, their strengths, and strategy. It is important to show where the company already has competitive advantages, and where it will need to fight for market share against key competitors. This helps the investor understand in which segments the company plans to strengthen its position, and in which it may take active steps to capture a significant share of the market.

A detailed market analysis allows the founder's experience and observations to be translated into a language understood by investors. Market data forms the foundation of the investment rationale for the growth strategy: it demonstrates that the company operates in a sufficiently large and promising market, understands the differences within segments, and knows how to assess the sustainability of its position in the competitive environment.

Market information is the starting point that allows the investor to evaluate how well the chosen strategy leverages the company's competitive advantages, takes into account market opportunities, and addresses external threats.

The Market in the Investment Context

Element	What matters to the investor?	Questions the company must address
Market (TAM, SAM, SOM)	Market size, its boundaries, segments accessible to the company, and target segments	What are the market size and dynamics – TAM, SAM, and SOM? What data sources were used and why? Which segments are the most promising and why? What technological changes and trends are shaping the market and target segments?
Segmentation and growth drivers	Dynamics of key segments and factors influencing demand	Which segments are experiencing active growth? What factors drive demand? What opportunities and threats exist?
Market life cycle stage	Assessment of segment prospects: is the market in growth stage, maturity, or decline	At what stage of the life cycle are the chosen segments? How does this affect the company strategy? What new niches are emerging?
Company's market position	Current market share, ability to gain and retain a significant share	In which segments does the company already have strong positions? What is its current market share? Which competitive advantages allow it to maintain these positions? How does the company defend its market share? What are its weak points?
Competitive environment and analysis of players	Intensity of competition and balance of forces among market players	How intense is competition within the segment? Who are the main competitors? What are their market shares and strategies? What competitive advantages does the company and its competitors have?
Industry structure and competitive forces	Threats of new entrants, substitutes, and the bargaining power of buyers and suppliers	Is there a threat of new entrants? What are the entry barriers? Is there a risk of substitutes emerging? How strong is the bargaining power of buyers and suppliers? What factors affect industry profitability?
Strategic outlook	Scalability and growth potential of the company in selected markets	What resources are needed to increase market share? Does the company plan to expand into new segments or regions? What countermeasures might competitors take?

➤ **Question:** “Are the company’s key advantages unique enough to sustain its market position in the long run?”

2. Current State of the Business and Financial Performance. After analyzing the market, the attention of investors shifts to the company itself: how it is positioned within the market landscape and what results it has already demonstrated. This includes an overview of the company’s current state, its strengths and possible limitations, as well as its ability to scale while taking into account market threats and opportunities.

Investors assess to what extent the company’s chosen strategy relies on its competitive advantages and considers external factors. At this stage, two elements play a central role: business model and historical performance.

a. Business model.

For the founder, business model is often self-evident: how the company generates revenues, who its customers are, and why they choose its products and/or services. For the investors, however, it is important to present the business model systematically – to show the structure and logic of how value is created and retained.

For the investors, this is not just a diagram of how the business operates, but a tool to understand what drives growth and profitability.

One of the most popular and widely used approaches to describing a business model is the Business Model Canvas (BMC), developed by Alexander Osterwalder and Yves Pigneur¹. This methodology presents business model as nine interrelated building blocks that cover the key aspects of the company – from customer segments and value propositions to cost structure and revenue streams.

A structured description of the business model helps the investor understand: which market segments are being targeted, how the company differentiates itself, and which elements of the business model may require strengthening or transformation in order to scale.

Business Model Canvas (BMC) in the Investment Context

Element (block)	What matters to the investor?	Questions the company must address
1. Customers segments	Scale and attractiveness of target segments, their dynamics, and diversification of the client base	What are the company’s main segments and customers? How are sales distributed across segments and regions? Is there dependence on one or several large clients?
2. Value Proposition	Level of product (service) differentiation, reasons why customers choose them, strength of competitive advantages	Why do customers choose company products? Which factors are most important for them – price, quality, delivery speed, reliability? What advantages/barriers protect the company against competitors?
3. Channels	Effectiveness of distribution and communication channels and their scalability for sales growth	Through which channels does the company sell its products? Which channels generate the highest share of sales? Which communication channels are the most effective?
4. Customer Relationships	Long-term relationships and predictability of demand, client retention, and repeat sales	What share of sales comes from long-term contracts? How does the company retain key clients? What does cohort analysis show regarding retention/repeat purchases?
5. Revenue Streams	Structure and predictability of sales, profitability of business lines, pricing policy	Which products or business lines generate the main sales and margins? How is revenue distributed by segment? How does pricing compare to competitors?
6. Key resources	Adequacy of capacities, technologies, and human resources to support scaling and operational sustainability	What are the company’s current capacities and their utilization? How easily can capacity be scaled? What technologies, competencies, and patents underpin the business model?
7. Key activities	Efficiency of key processes and their scalability	Which processes are most critical for implementing unique advantages and maintaining competitiveness? Which processes are key for scaling growth?
8. Key partners	Reliability of the supply chain, diversification of suppliers, and sustainability of partnerships	Who are the key suppliers and partners? What is the level of dependency on them, and are there alternatives? How does the company manage risks of short-term or long-term supply disruption?
9. Cost structure	Fixed and variable costs, potential for improving efficiency	What are the main cost items? What opportunities exist for optimization and efficiency improvement?

¹ See: A. Osterwalder and Y. Pigneur “Building business models: a handbook of the strategist and innovator” – Moscow: Alpina Publisher, 2012. – p. 288.

➤ **Question:** “Do the company’s historical results confirm the viability of its business model and readiness for the next stage of growth?”

b. Historical Performance.

The next step is to demonstrate how the company has proven the viability of its business model in practice. An investor evaluates not only the idea or strategy but also the actual results that confirm the company’s ability to grow and generate profit.

Here, the dynamics of key indicators over the last 3–5 years are particularly important. For investors this serves as a kind of “reality check” – whether the business model truly works and is scalable. The main indicators of interest to investors cover several areas.

First and foremost is the **scale and dynamics of the business**, both for the company as a whole and across business lines and product (or service) groups: sales in monetary and physical terms, gross profit, EBITDA, net income, and their respective margins. What matters to the investor is not just the fact of growth, but its sustainability and predictability, as well as which business segments contribute the most to results.

Equally important is the quality of the **client base and the sustainability of demand** for the company’s products or services: growth in the number of customers, increase in average ticket size, share of repeat purchases, and the presence of long-term contracts. Cohort analysis is also valuable, as it shows how different groups of customers behave over time: do they stay with the company, increase order volumes, and expand their spending?

Operational efficiency – here the investor sees cost of goods sold and cost structure: direct and variable costs, contribution margin. The efficiency of sales channels and marketing is also reviewed: customer acquisition cost (CAC), customer lifetime value (LTV), and marketing return on investment (MROI). For manufacturing companies, production capacity utilization, defect rates, and product quality are key.

An important area is the **company’s financial position, capital structure, and net income**: the level of debt and its structure, ability to service obligations, liquidity, and ability to generate free cash flow (FCF). Return on invested capital (ROIC) is analyzed – how effectively the company uses investments to generate profit.

The **management system** is viewed by investors as the foundation of business sustainability. An experienced management team, clear allocation of responsibilities, transparent reporting, and reliable control mechanisms indicate company maturity and minimize risks when scaling.

Analysis of historical results allows the investors to see in figures and facts the confirmation of the business model’s viability: the company is able to grow, improve efficiency, and manage risks, which builds confidence in its strategy.

Current Operational Results of the Company in the Investment Context

Element	What matters to investors	Questions the company must address
Scale and business dynamics	Scale of the business and performance dynamics, sustainability of growth	How have sales changed over the past 3–5 years: overall and by business lines? Which areas generate the highest sales growth and margins?
Customer base sustainability	Quality and diversification of the customer base, confirming demand stability	What is the level of customer retention? What share comes from repeat sales? What does cohort analysis show: is the average ticket growing and is retention improving across customer groups?
Operational profitability	Ability to manage costs and scale the business without losing quality and margins	What measures have been taken to manage cost of goods sold and variable expenses? How have productivity and quality changed? How have CAC, LTV, and ROI evolved? Which channels proved most effective?
Financial position, capital structure, net income	Balance sheet sustainability and ability to generate cash flows for debt servicing and growth, ensuring returns to company owners	What is the current Debt/EBITDA ratio? What was the Free Cash Flow? Are there liquidity reserves? How efficient is invested capital (IC)? How have net income and profitability changed in recent years? How is net profit allocated?
Management system	Level of company maturity as reflected in completed development projects and management improvements	What strategic steps have been implemented in recent years? How have they impacted the company’s market position? Which projects have been most effective? What is the quality of the company’s reporting and control systems? Are management decisions data-driven?

> Question: “Are the company’s strategic goals aligned with market dynamics and technological trends?”

3. Strategy and Implementation Plan.

The next step is to define strategic goals and develop a roadmap for achieving them. For investors, it is important to see not only ambition but also how it will be translated into a concrete action plan.

Strategic foundation of the company

Vision

A clear understanding of the company’s envisioned future position in the market, which competitive positions it aims to secure, and what key sources of competitive advantage (quality, service, cost efficiency, brand) it will rely on.

Goals

Specific and measurable targets: target markets and segments, market share in the target markets, key financial indicators (sales, EBITDA, net income, ROIC).

Implementation plan (road map)

Sequence of initiatives and projects: priorities, milestones and timelines, responsible parties, resources/budget, key dependencies and risks, control metrics, and scenarios.

- a. **Strategic vision and goals** – the foundation on which the investment appeal is built. They must be clearly linked to the results of market analysis – its opportunities and threats – and to the business model and the company’s current state, including its strengths and weaknesses.

Investors evaluate not only what the company has achieved in the past, but also how convincingly it articulates its future. It is important for investors to see a clear and realistic vision of development: what position the business intends to occupy in the market, through which competitive advantages, and what specific goals the owners and the team set for themselves.

Strategic vision and goals usually include the following five key interrelated components:

- **Market position and growth ambitions:** target markets (segments) and the target share in those markets (segments) that the company plans to attain within a 5-year horizon. It is important that these goals correspond to the market life cycle;
- **Competitive advantages:** the factors of competitive strength through which the company intends to secure and strengthen its market position – product quality, reliability and speed of execution and delivery, cost efficiency, level of service, strength of the brand;
- **Product and technological development:** directions for expanding the product line and developing new technologies that will ensure differentiation and margin growth;
- **Financial targets:** target levels for sales, EBITDA, margins, Return on Invested Capital (ROIC), and Free Cash Flow. These goals define the level of ambition and serve as a test of the economic feasibility of the strategy (in conjunction with the financial model);
- **Increase in equity value:** indicators of shareholder value and returns to the company’s shareholders at an acceptable level of risk.

Systematic goal-setting strengthens investor confidence: the company manages its future not intuitively but based on data; its goals are interconnected and economically sound.

Strategic Vision and Goal-Setting in the Investment Context

Element	What matters to investor?	Questions the company must address
Market position and growth ambitions	Clearly defined target markets or segments and the expected market share within a 5-year horizon	Which markets or segments are priorities? What share does the company plan to attain in the target markets? What position relative to key competitors does the company intend to occupy?
Factors of competitive advantage	Understanding which factors will strengthen the company’s position – quality, service, brand, etc.	What will constitute the company’s key advantages? Which competitive advantages are already proven, and which ones are planned to be developed? What are the goals for them?
Product and innovation development	Directions for expanding the product portfolio and introducing innovations that ensure differentiation and profitability	What new products or technologies are planned to be introduced? How will they change the revenue and profit structure? How will expansions of the product portfolio impact the competitive position?
Financial targets	Goals for sales, profitability, EBITDA, ROIC, and FCF	What financial targets has the company set for 5 years? What are the assumptions behind them?
Creation of equity value	Understanding of how the strategy will lead to growth in company value and shareholder returns	How will the strategy impact shareholder value and returns? What value creation mechanisms are embedded in the strategy (sales growth, profit growth, increase in valuation multiples)?

b. Strategy Implementation Plan (Roadmap).

If the strategic vision and goals define the general direction of development, the roadmap shows how the company plans to implement its strategic intentions. For the investor, the roadmap demonstrates that the company is capable of managing growth, not just declaring ambitious goals.

The roadmap describes the path from the current state to the target state, outlining the sequence of initiatives and programs, the required resources, and the key control points. It reflects not only investments and organizational changes but also the system of priorities.

Key components of the roadmap:

- **Priorities and phasing**
Step-by-step implementation of the strategy across 0–1 year, 1–3 years, and 3–5 years, allowing short-term achievements to be balanced with long-term projects and goals;
- **Business model transformation/ strengthening**
Identification of blocks (in BMC terms) for transformation or strengthening: new segments and products, sales channels, cost structure, etc.;
- **Growth paths**
Will the company achieve its goals through organic development, M&A transactions, or a combination of both?

▪ Projects and initiatives

Programs to improve the quality and stability of the customer base, modernize production capacities, enhance operational efficiency, enter new market segments, update products or services, develop R&D and introduce innovations, digitalization, etc.;

▪ Organizational development

Strengthening management team, introducing new management practices, improving interaction and teamwork;

▪ Management system

Implementation of projects to improve management systems, including automation, structural changes, etc.

▪ Resources and budget

Financial resources, competencies, and technologies required for strategy execution;

▪ Control and monitoring mechanisms

A system for managing strategy execution: control points, progress metrics, scenario planning, and strategy adjustment in light of external circumstances.

A detailed roadmap shows how the strategic goals will be achieved: specific programs, required resources, and management system. From the investor's standpoint, this is a proof of the readiness to scale. It also improves confidence in the company's ability to achieve its declared objectives.

Strategy Implementation Roadmap in the Investment Context

Element	What matters to the investor?	Questions the company must address
Priorities and phasing	Understanding how short-term and long-term goals are balanced and the sequence of strategy implementation	How are strategic priorities distributed across 0–1, 1–3, and 3–5 years? Which projects are most important for short-term growth, and which are aimed at long-term development?
Business model transformation or strengthening	Understanding which elements of the business model need to be transformed or reinforced	Which business model blocks require changes and how will these changes take place? How will this affect scalability, margins, and company stability?
Growth paths	Planned instruments for growth – organic development, M&A, or their combination	What role will organic growth play in strategy execution? Are there any M&A deals in the pipeline? What types of deals are being considered?
Projects and initiatives	Projects and initiatives the company will implement to achieve strategic goals	Which projects and initiatives will serve as growth drivers? Which will focus on efficiency improvement? How will they affect customer base quality, sales growth, and profitability?
Organizational development	Readiness of the management team and corporate culture to scale the business	What changes are planned in the management team and corporate culture? How will the company ensure effective management of a growing business?
Management systems	Maturity of the company's management processes	What projects are intended to improve management systems? Are new control tools and digital solutions being introduced?
Resources and budget	Understanding which financial, human, and technological resources are linked to the strategy	What resources have already been allocated? What competencies and technologies still need to be introduced? How is the budget structured?
Control and monitoring mechanisms	How the system for executing the strategy will be structured	What KPIs and control points are established? How is progress tracked on strategic initiatives, and how does the company respond to deviations?

4. **Financial modeling** is a tool that translates the company's strategy into figures and allows the investor to assess whether the declared goals are achievable from an economic perspective. For the company, it is a "stress test" of the strategy: the model shows whether it withstands realistic development scenarios, ensures growth in shareholder value, and provides sufficient returns for both founders and investors.

Key principles of a financial model:

- **Transparency**
the model must be structured and clear to the investor, with well-defined assumptions and logic;
- **Integration with strategy**
all initiatives in the roadmap must be reflected in the figures;
- **Focus on cash flow**
cash flows are more important than accounting profit;
- **Realism**
assumptions must be comparable with industry data and benchmarks;
- **Flexibility**
the ability to quickly adapt to changed inputs.

Key components of a financial model:

- **Sales:** growth drivers by segments, customer groups, and products; the impact of market factors and strategic initiatives;
- **Cost of Goods Sold (COGS):** direct and variable costs, contribution margin, gross profit, and gross margin;

- **Operational expenses (OPEX):** commercial and administrative expenses, EBIT, EBITDA, and net profit;
- **Capital expenditures (CAPEX):** investments in capacity, equipment, technologies, R&D, digitalization, payback periods, and impact on business scaling;
- **Net Working Capital (NWC):** changes in inventories, accounts receivable and payable, NWC requirements;
- **Capital structure and debt level:** Debt/EBITDA, cost of capital (WACC), availability of financing, and the ability to service debt;
- **Financial statements:** balance sheet, income statement, cash flow statement (sustainability of FCF generation and ability to finance growth and pay dividends);
- **Investment value and return on capital:** DCF, ROIC, IRR, EV/EBITDA multiples, sensitivity of returns to key drivers;
- **Scenario modeling:** base, conservative, and optimistic scenarios, analysis of the impact of market shocks and strategic decisions.

For investors, the financial model is the key to understanding the economic logic of the business: it shows how well the strategy is supported by figures and what level of return it will provide to shareholders.

Financial Modeling in the Investment Context

Component	What matters to the investor?	Questions the company must address
Sales	Scale and realism of growth, connection with market / strategy	How are sales forecasted? Which segments will grow? What are the sales drivers?
Cost of Goods Sold (COGS)	Structure of direct and variable costs, gross margin level	What are the company's cost drivers? How does the contribution margin and gross margin change?
Operational expenses (OPEX)	Sustainability of Operational efficiency, EBITDA dynamics	How are commercial and administrative expenses planned and controlled? Does the EBITDA grow?
Capital expenditures	Justification of investments, payback, contribution to growth	Which projects require CAPEX? What are their ROI and payback periods?
Net Working Capital (NWC)	Working capital needs and liquidity	How are elements of working capital changing? Are there enough resources to cover NWC?
Financial statements	Financial condition and dynamics of the business	What are the trends of key balance sheet, P&L, and cash flow indicators?
Cash flows	Ability of the business to generate sustainable free cash flow	How is free cash flow (FCF) formed? How sustainable is it under different scenarios?
Capital structure	Capital structure and ability to service obligations	What is the Debt/EBITDA level? How does leverage affect cost of capital?
Capital returns and efficiency	Potential IRR, ROIC	How effectively does the company use capital? What returns will investors and founders receive?
Scenario modeling	Stability in times of market changes, adaptability of the strategy	What development scenarios are considered? How does the business perform under stress tests?

5. Risk Analysis

When developing a growth strategy, the question arises: what factors could hinder its implementation, and how prepared is the company to operate in uncertainty? For owners, this is a familiar part of business, but investors want to see that potential risks are not ignored, but built into the company's management system.

Risk management not only reduces the perception of threat, but also builds investor confidence that the company can adapt to a changing environment and remain stable even under unfavorable scenarios.

Key components of risk management:

- **Market and competitive risks**
linked to changes in demand, price competition, new entrants, and technological shifts. The company mitigates these by monitoring segments and consumer trends, and by adapting pricing, product portfolio, and sales channels;
- **Operational risks**
arise from supply chain disruptions, dependence on specific counterparties, and production bottlenecks. They are minimized through supplier and customer diversification, backup capacities, and quality control;
- **Financial risks**
include rising interest rates on loans, increasing leverage, and currency fluctuations. These risks are managed through stress testing, debt level policies, hedging, and working capital control;

- **Legal and regulatory risks**
are linked to changes in taxation, licensing, and industry regulations. To mitigate them, companies implement compliance, legislative monitoring, and adaptation of internal policies;
- **Technological and innovation risks**
arise from technology obsolescence, cyber threats, or failures in R&D. They are reduced through planned investments, cybersecurity measures, and systematic innovation management;
- **Organizational and human capital risks**
relate to dependence on key individuals and the team's lack of readiness for scaling. These are addressed through succession planning, incentive programs, and cultural development;
- **Reputational and ESG risks**
include product quality, as well as social and environmental responsibility. They are managed through ESG initiatives, quality control, and transparent communication.

Risk management is not just a list of threats – it is a system. First, a risk map is created with probabilities and impact assessments, along with threshold values. Second, key risks are quantified in the financial model: scenarios (base/stress) are set, sensitivity analyses for prices, volumes, rates, etc. are performed, and the strength in terms of liquidity and covenants is tested. Third, targeted measures are implemented: supplier and customer diversification, hedging, inventory management, and more.

Risks in the Investment Context

Element	What matters to the investor?	Questions the company must address
Market and competition	Understanding demand dynamics, competitor actions, adaptation scenarios	What threats from the market and competitors does the company consider most significant? How are they reflected in the strategy?
Operational	Resistance of the Operational model to disruptions and dependencies	Is there dependence on key suppliers/customers? Is there an effective quality control system and mechanisms for quickly eliminating production/service issues?
Financial	Liquidity and ability to service debt under stress scenarios	What stress tests have been conducted in the financial model? What is the company's debt policy?
Legal and regulatory	Compliance with regulatory requirements and standards	What key regulatory risks have been identified? How is compliance ensured?
Technology and innovation	Security and relevance of technologies, readiness for updates	How does the company manage IT and R&D risks? Is there a plan for upgrading key technologies and infrastructure? How dependent is the company from outdated technologies?
Organizational and HR	Strong management team, minimizing dependence on specific individuals	Who are the key holders of competencies? What motivation and retention programs are applied for key employees? Is there a risk of losing critical staff, including the founder?
Reputational and ESG	Protecting image, addressing environmental and social agenda	How does the company manage ESG and reputational risks? How does it work with customers and partners in terms of transparency and reputation? What social and environmental standards have been introduced?

HOW TO TURN STRATEGY INTO RESULTS?

A brilliant idea is not enough. Without a clear strategy, even the most promising company remains a set of disconnected initiatives, unable to ensure active growth and achieve strategic goals. Strategy is not an option, but a necessary precondition for business development.

From Ideas to Action



A full strategic cycle consists of three elements: formulation, formalization, and consistent execution. Only in this way does a company's strategic vision turn into concrete results, giving investors confidence that the invested capital will drive business growth and increase shareholder value.

To grow, a company needs not just a strategy, but a cycle: formulate, formalize, and implement:

- **Formulation of strategy is not for the sake of the process**

It sets a common direction, aligns the work of departments, and turns intentions into a system that answers key questions: where is the company going to compete, and how is it going to win this competitive battle?

But if the strategy exists only in the founder's mind, it remains a personal vision, not a management tool.

- **Formalization of strategy turns ambitions into measurable goals**

Developing and fixing objectives disciplines thinking, helps identify weaknesses and eliminate contradictions. It also plays a key role in communication, creating shared understanding of tasks and benchmarks – from the Board of Directors and top management to line employees;

- **Execution of strategy is where the real value lies**

A strategy without execution is just a loud statement without action. Consistent execution is a critical factor: translating long-term goals into operational tasks, assigning responsibility, and embedding a control system. At the same time, combining flexibility with focus becomes the main driver of success – enabling the company to adapt to market changes without losing its strategic course.

For investors, it is important to see not only an effective and well-founded strategy but also the readiness for its implementation. Strategy is part of management, and a necessary condition for its successful execution is its integration with company's management system.

It is also essential for the investors to see financial calculations confirming the required returns, as this directly reflects the interests of both investors and founders.

ink Advisory provides comprehensive support for equity financing transactions for business owners and company executives. We speak the language of business and understand what matters to business owners. Our goal is to make the process clear, comfortable, and as effective as possible.

Our value for your business:

- **Strategy analysis** – we evaluate the company's strategy and roadmap: identify strengths and weaknesses, and propose practical adjustments.
- **Financial model expertise** – we analyze the input data and the logic of the financial model, which forms the basis for correctly determining the company's value.
- **Investment advisory** – we advise on current investment value and show how it will change with the implementation of the strategy and long-term goals.
- **Strategy development** – if there is no finalized strategy yet, but there are strategic intentions, we help turn them into a coherent strategy, prepare a document that meets capital market requirements, and develop a financial model in a way that makes the business clear and attractive to investors.

ABOUT US

ink Advisory is an investment banking group founded in 2024 by a team of professionals with decades of experience in the US, CIS and EU.

Prior to establishing ink Advisory, the team had been known in the investment banking market as Lead Advisory division of Crowe CRS (Russaudit).

ink Advisory advises clients in M&A deals, establishing joint ventures and raising equity, and builds corporate strategies and capital growth strategies.

Contact us to learn how we can help you.



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