



# Despite Volatility

Obtaining financing for business expansion or a new project requires impeccable preparation before facing investors. Glide sat down with Eric Stambler, Senior Vice President of PRI Project Development and Project Manager, Seyi Akinwale, to understand their methodology, which has been proven to work in various emerging economies and is applicable to business ventures across sectors of the Nigerian Economy

**S**ecuring international finance for projects can be a challenge at any time. Add the limitations imposed by the international credit crunch and the goal can seem unachievable. PRI Project Development, an international project development and financial advisory firm, has succeeded in obtaining financing during turbulent times for projects around the world and across industries by specializing in impeccable project preparation.

“Most projects are presented to potential investors while they are still in the “idea” stage”, says Eric Stambler. “In order to get the attention of decision makers, owners must convert ideas into fully-developed projects and show how the

various risks will be addressed. This includes writing a full information memorandum that answers most of the questions and concerns about the various aspects of the proposed transaction.”

No project owner wants to fail or lose the seed capital they have invested in an idea, but problems can mount when a project is not prepared with acute attention to detail and adequate risk mitigation, “I recently met, in Lagos, with an entrepreneur seeking to establish an industrial facility to produce construction materials,” says Eric, “He has been working on this idea for some 20 years and over the last 4 years, has raised and spent N34 million in seed capital from investors and his own resources. After 4 years and N34 million,

all he has to show for the effort is a letter from the landowners of the desired plant site doubling the asking price for the land despite his having made a significant deposit at the previous price on a hand-shake basis, a Memorandum of Understanding with an international engineering group that, as it turns out, cannot implement the required technology, and a pile of used plane tickets for travel around the world for unfocused visits to various potential suppliers and partners.”

Had the entrepreneur understood that he needed to prepare his project impeccably from the start, he would have determined the most appropriate technology to manufacture his products, by first assessing the domestic market and the types

of finished products that can be supplied given the raw materials available. Having settled on a technology, he would have short-listed qualified engineering, planning and implementation partners. Any travel would have been for focused and productive meetings with qualified and appropriate partners and suppliers rather than multi-country random expeditions. He would have structured land purchase options that would protect him from the whims of the landowner who obviously took advantage of the fatal mixture of desperation and confusion that he detected and doubled the price of the land. Most importantly, with a clear understanding of the market, the appropriate technology, qualified implementation



expertise on his team and clear information on costs, timetables, and profitability, he would have been able to

assemble the complete package, so that he could market this project successfully to equity investors and banks.

“Clear and complete information helps the representatives of Investors and Banks defend projects internally

to their colleagues and credit committees and makes decision making much faster” added Seyi Akinwale

# Essential steps to bring you closer to sources of finance



## DIAGNOSIS

- Assemble an expert team to analyze the project, outline the opportunity, determine its strengths and understand what is needed to succeed.

- A project’s chance of success can be evaluated by examining the market for the products or services that your project intends to offer. A project owner must also analyze if there is sufficient management expertise, appropriate technology and adequate seed capital available. If all of the above are in place it is essential to develop a clear strategy, timeline and budget to prepare and execute the project.

- Simultaneously test the interest of international banks and investors, and understand their criteria and requirements.

- Shopping around is the only way to find out if a project addresses the needs and requirements of investors, banks and strategic partners. Testing financial institutions will help you create an information package that demonstrates the elements of value in the project and how risks are mitigated. Aggressively marketing the project to multiple sources of money, and pro-actively coordinating the due diligence visits of banks and investors will also help you negotiate the best possible terms and conditions among sources of finance.



## STRATEGY

- Ensure there is a plan to put in place the necessary technology, management, and seed capital to succeed.

- Identify obstacles early on and devise the strategy to overcome them.

- Develop customized budget, schedule and action plan of steps to be taken to qualify for financing.



## DEVELOP AN INFORMATION PACKAGE

- Prepare clear, transparent and relevant information, according to international standards.

- Provide banks and investors with information in a form that anticipates their questions and demonstrates how key risks are mitigated.



## MARKET TO BANKS & INVESTORS

- Aggressively market the Project to multiple sources of money.

- Create competition to obtain the best possible terms and conditions.



## COORDINATE DUE DILIGENCE

- Pro-actively coordinate the due diligence visits of banks and investors.

- Respond to their questions and overcome their objections.



## NEGOTIATE TERMS

- Negotiate to achieve the best possible terms and conditions within a reasonable time frame.



## OBTAIN FINANCING

- Finalize terms and legal documentation.

- Close on the financing.

## Who are PRI?

PRI obtains financing for complex projects both as principals and as advisors to select clients. We take the necessary steps to prepare the project

for financing, including evaluating feasibility, developing an impeccable investor information package, fostering competition among sources of finance and negotiating the best deal for our client.

We do not give our clients off-the-shelf advice and reports that tell them what to do. Instead, we pinpoint what needs to be done on their behalf and we stay with the project until the objectives are achieved. PRI adds

capacity almost instantly in the areas where our client’s team has no previous experience. We become so familiar with our client’s business that we are able to speak on their behalf with international banks, investors and potential partners.