BLACKLEAF

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BLACKLEAF CORPORATE ADVISORY

Business Plan & Model *Review Checklist*

What lenders and investors test in a business plan and a financial model, and how to review your own before they do.

INTRODUCTION

Review it *before they do*.

A funder reads a plan and a model with one question in mind: can this business do what it says, and what happens if it cannot? Most weaknesses are visible to a careful reader within minutes.

This checklist is for owners and finance leads preparing a plan and a model for a lender, an investor, a buyer or the board. Work through it as a reviewer would, mark what you find, and fix it before the document goes out.

The plan

Story, market, operations, people and risks.

The model

Structure, inputs, logic and outputs.

The link

Do the plan and the numbers say the same thing?

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Executive summary *and the ask*.

The first page decides whether the rest is read with interest or with suspicion.

DOES THE SUMMARY STATE

- [ ] What the business does, in two sentences
- [ ] Who the customers are, and why they buy
- [ ] The amount requested, and the form: debt, equity or both
- [ ] What the money will be used for
- [ ] How and when it will be repaid, or returned
- [ ] Why this team can deliver it

DOES IT AVOID

- [ ] Superlatives that cannot be evidenced
- [ ] Market size claims with no source
- [ ] Forecasts presented as facts
- [ ] Jargon a stranger would not know
- [ ] More than two pages

THE ASK, TESTED

CHECK	REVIEWER'S QUESTION
Amount	Does the amount match the use of funds table, line by line?
Purpose	Is each use tied to a result, such as revenue, savings or capacity?
Repayment source	Can the forecast cash flow carry the repayment, in a weaker case?
Own contribution	What are the owners putting in, or leaving in?
Timing	When is the money needed, and what happens if it arrives late?

Market, customers *and strategy*.

Reviewers test whether the plan describes a market that exists, and a strategy that fits it.

SECTION	WHAT A REVIEWER LOOKS FOR
Market	Defined, sized with a stated source, and relevant to what the business actually sells.
Customers	Who they are, how many, how they are won and kept, and how concentrated revenue is.
Competition	Named competitors, honest comparison, and why customers would choose this business.
Pricing	How prices are set, and evidence they hold when volumes grow.
Strategy	A small number of priorities, each with owners, milestones and costs.
Track record	History of delivery against earlier plans, including where it fell short.

SELF-REVIEW QUESTIONS

- [ ] Could a stranger explain what we sell, to whom, and why?
- [ ] Is every market number sourced, and dated?
- [ ] Are our two largest customers named, with their share of revenue?
- [ ] Does the plan say what we will not do?
- [ ] Are growth claims backed by capacity, staff and funding?

Operations, people *and risk*.

A plan is delivered by people and processes. Reviewers want to see that both exist, and that risks are understood.

SECTION	WHAT A REVIEWER LOOKS FOR
Operations	How the product or service is delivered, capacity limits and key suppliers.
Management	Roles, experience, who does what, and what happens if a key person leaves.
Governance	Board or advisory structure, reporting, and controls over cash.
Compliance	Licences, tax standing, employment law and sector regulation, up to date.
Risks	A real list, ranked, with the response to each. Not a list of generic risks.
Milestones	Dated, measurable steps, with named owners.

TYPICAL RISKS A PLAN SHOULD ADDRESS

RISK	EVIDENCE OF A RESPONSE
Key-person dependence	Deputy named, processes documented
Customer concentration	Contracts, diversification plan
Supplier or input risk	Alternative sources, stock policy
Currency or price risk	Hedging or pass-through policy
Regulatory change	Monitoring and compliance owner
Delivery risk	Timeline buffers and contingency funding

Model structure *and hygiene*.

A reviewer opens the model and judges its quality in the first five minutes. Structure and hygiene signal how much to trust the numbers.

STRUCTURE

- [ ] Inputs, calculations and outputs are on separate sheets
- [ ] Assumptions are in one place, clearly labelled
- [ ] Time runs left to right, consistently
- [ ] Three statements: income, balance sheet, cash flow
- [ ] Balance sheet balances in every period
- [ ] A summary sheet answers the key questions

HYGIENE

- [ ] No hard-coded numbers inside formulas
- [ ] Consistent formulas across each row
- [ ] No broken links or error values
- [ ] Units and currency stated
- [ ] Colour conventions explained
- [ ] Version number and date on the cover

CHECKS EVERY MODEL SHOULD INCLUDE

CHECK	PURPOSE
Balance sheet check	Assets equal liabilities plus equity, in every period
Cash reconciliation	Cash flow ties to the movement in the balance sheet cash
Debt schedule check	Opening plus draws less repayments equals closing
Historical tie-out	Opening periods agree to the financial statements
Error flag	One visible cell that shows if any check fails

Protect the model. Lock formulas, share a read-only copy with funders, and keep a version log. Do not send the working file.

Assumptions *and forecasts*.

Forecasts are only as good as their assumptions. Each key assumption should be written down, and supported by evidence.

ASSUMPTION	WHAT SUPPORTS IT	REVIEWER'S TEST
Revenue growth	Pipeline, contracts, capacity, market data	Does growth exceed what capacity allows?
Gross margin	History, supplier terms, pricing	Does it improve without a reason?
Operating costs	Staff plan, rent, contracts	Do costs rise with the revenue growth?
Working capital	Debtor days, stock days, creditor days	Do days match history?
Capital expenditure	Quotes, asset plans	Is maintenance spend included?
Tax	Current rates and tax position	Is tax treated realistically?
Interest	Facility terms	Is interest calculated on the actual debt balance?

ASK OF EVERY FORECAST

- ✓ How does it compare with the last three years of actual results?
- ✓ Where does the forecast first differ from history, and why?
- ✓ What would have to be true for the numbers to be achieved?
- ✓ Has any forecast in the past missed, and what was learnt?
- ✓ Who is accountable for each assumption?

Cash flow, funding *and returns*.

Profit is an opinion. Cash is a fact. Lenders and investors read the cash flow first.

OUTPUT	WHAT IT SHOWS
Monthly cash flow	Whether the business has cash in every month, including peak funding need.
Debt service cover	Cash available for debt service divided by the debt service due, by period.
Headroom against covenants	How far performance can fall before a facility term is breached.
Funding requirement	The peak amount needed, and when. The ask should cover it, with a buffer.
Returns	For equity: return on the investment and the assumed exit. For debt: repayment profile.
Profit to cash bridge	Why cash differs from profit: working capital, tax, capital spending and debt repayment.

REVIEW QUESTIONS

- [ ] Is the lowest cash point in the model funded by the request?
- [ ] Does the plan show how debt will be repaid, including the final instalment?
- [ ] Are working capital needs shown month by month?
- [ ] Are tax payments and dividends timed realistically?
- [ ] Does the model show what the funder receives, and when?

Covenants and ratio definitions vary by facility. Use the definitions in the term sheet or facility agreement, not generic ones.

Scenarios *and sensitivities.*

A model with one outcome invites the reader to build a harsher one. Show the downside yourself.

Base case

The most likely outcome, using evidenced assumptions.

Downside case

A credible shortfall: lower revenue, slower collection, higher costs.

Stress case

A severe case that shows the point at which the plan fails.

SENSITIVITIES TO SHOW

VARIABLE	WHAT TO SHOW
Revenue	Effect of a fall in volume or price on cash and debt service
Margin	Effect of higher input costs
Collections	Effect of customers paying later
Interest rates	Effect of higher rates on floating debt
Delay	Effect of a project starting later than planned
Currency	Effect of a weaker or stronger rand, where relevant

Show the breaking point. A reviewer trusts a plan that says how much revenue can fall before debt service fails, and what management would do first.

Red flags *reviewers notice first.*

Each of these costs credibility. Score one point for each that you have removed.

- [ ] Revenue hockey stick with no support
- [ ] Margins that improve with no explanation
- [ ] Working capital days that differ from history
- [ ] No tax, or unrealistic tax
- [ ] Balance sheet that does not balance
- [ ] Hard-coded numbers in formulas
- [ ] Plan and model tell different stories
- [ ] Owner remuneration missing from costs
- [ ] Repayment source not shown
- [ ] Market size from an unsourced claim
- [ ] Only one scenario
- [ ] Key risks omitted

11 to 12
Ready to send.

8 to 10
Fix the remaining flags.

4 to 7
Rework before sending.

0 to 3
Rebuild.

Next step. BlackLeaf reviews plans and models before they go to funders, and can build the information memorandum that goes with them.

ABOUT BLACKLEAF

Begin with a *private conversation*.

BlackLeaf is a family-owned group offering corporate advisory, capital solutions, mergers and acquisitions, fiduciary services and family office support. Every mandate is led by a principal.

Capital Readiness Protocol

Finds and fixes structural defects before a financier or buyer does.

Capital & finance

Debt, equity and structured funding, placed with the right financiers.

Fiduciary & statutory

Compliance, trusts and company secretarial work, kept in order.

OUR COMMITMENTS

- Absolute discretion: mutual non-disclosure before any detail is shared
- One integrated team across advisory, capital and fiduciary work
- Led by a principal from first conversation to completion

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