Freddy N Consulting Ltd

Company Presentation

Who We are

Freddy N Consulting is a management consulting company incorporated in Rwanda since 2011.

We are based in Kigali, Rwanda but we work with clients from all over the world.
Currently, most of our assignments originate in the East African Community (Rwanda, Burundi, Uganda, Kenya and Tanzania), Europe (mainly Belgium, France, Luxembourg, The Netherlands and The United Kingdom) and The USA.

Frederic Ngirabacu is the founder and CEO of the company. He has a 10-year experience in different areas of finance and operations and has worked for prominent companies in Europe and Africa.

CEO's professional experience

- **July 2011-Now:** Founder and CEO of Freddy N Consulting Ltd (www.freddyn.com), a management consulting company specializing in Strategic, Financial and Operational Advisory Services. The company is incorporated in Kigali, Rwanda.
- **June 2010-July 2011:** Financial Planning and Reporting Manager at Tigo Rwanda Ltd (http://www.tigo.co.rw).
- **October 2010-November 2010:** Assignment in the Business Decision Support department at Millicom International Cellular S.A. headquarters in Luxembourg (http://www.millicom.com - parent company of Tigo Rwanda Ltd): analysis and consolidation of 2011 group budget.
- **February 2010-June 2010:** Acting Chief Financial Officer at Tigo Rwanda Ltd.
- **October 2009-February 2010:** Financial Planning and Reporting Manager at Tigo Rwanda Ltd.
- **August 2007-September 2009:** Financial Analysis & Business Planning Manager at Vizzion Europe, a Brussels-based real estate development company (http://www.vizzion-europe.com).
- **May 2004-August 2007:** Financial Analyst at ING Real Estate Investment Management Belgium (ING REIMB - http://www.ingreim.com/reim/).
- **October 2003-February 2004:** Senior Auditor at PricewaterhouseCoopers Luxembourg (PwC - http://www.pwc.com/lu).
- **September 2001-October 2003:** Assistant Auditor at PricewaterhouseCoopers Luxembourg.
- **January 2001-March 2001:** Internship at GroupCo (Development of company's web site www.tgc.be).

Frederic Ngirabacu has a degree of Masters in Business Engineering ("Ingénieur de gestion") from the University of Liège in Belgium.

What We Do

Freddy N Consulting is a management consulting company incorporated in Rwanda.

We offer Strategic, Financial and Operational Advisory Services to our clients in various industries and markets.

We work with businesses, public institutions, and non-profit organizations to create and deliver value by building capabilities and successfully navigating through critical junctures in their business.

We help our clients engage in strategic thinking, business and financial planning, create new organizational models, capture value from their customer and channel strategies and increase the effectiveness and efficiency of their processes and assets.

We advise our clients on Thinking, Planning, Doing and Managing their Businesses in an Effective and Efficient Way.

Our expertise and the services we provide are below:

1. Strategic Planning
2. Business Planning
3. Financial Planning
4. Budgeting
5. Financial Modeling: Simulations, Scenario Planning and Sensitivity Analysis
6. Financial Analysis
   - 6.1. Financial Feasibility Studies
   - 6.2. Investment Appraisal
   - 6.3. Payback Analysis for Investment Projects
   - 6.4. Actual versus Budget
   - 6.5. Profitability Analysis
7. Management Financial Reporting
   - 7.1. Key Financials (Balance Sheet, Profit and Loss account, Cash Flow statement)
   - 7.2. KPIs (key Performance Indicators) and Key Drivers
   - 7.3. Management Accounting
8. Managerial Finance
9. Corporate Finance
10. Valuation of
    - 10.1. Company
    - 10.2. Assets
    - 10.3. Capital Expenditure / Investment Projects
11. Operational Optimization
    - 11.1. Internal Control: design, implementation and monitoring
    - 11.2. Operational Effectiveness and Efficiency

Below are some explanations on the services we offer.

Detailed information on our competencies and services can be found on our web site **www.freddyn.com**.

1. Strategic Planning

Strategic planning is an organization's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy. In order to determine the direction of the organization, it is necessary to understand its current position and the possible avenues through which it can pursue a particular course of action. Generally, strategic planning deals with at least one of three key questions:

1. "What do we do?"
2. "For whom do we do it?"
3. "How do we excel?"

In many organizations, this is viewed as a process for determining where an organization is going over the next year or—more typically—3 to 5 years (long term), although some extend their vision to 20 years.

The key components of 'strategic planning' include an understanding of the firm's vision, mission, values and strategies. The vision and mission are often captured in a Vision Statement and Mission Statement.

- **Vision**: outlines what the organization wants to be, or how it wants the world in which it operates to be (an "idealized" view of the world). It is a long-term view and concentrates on the future. It can be emotive and is a source of inspiration. For example, a charity working with the poor might have a vision statement which reads "A World without Poverty."
- **Mission**: Defines the fundamental purpose of an organization or an enterprise, succinctly describing why it exists and what it does to achieve its vision. For example, the charity above might have a mission statement as "providing jobs for the homeless and unemployed".
- **Values**: Beliefs that are shared among the stakeholders of an organization. Values drive an organization's culture and priorities and provide a framework in which decisions are made. For example, "Knowledge and skills are the keys to success" or "give man bread and feed him for a day, but teach him to farm and feed him for life". These example values may set the priorities of self sufficiency over shelter.
- **Strategy**: Strategy, narrowly defined, means "the art of the general." A combination of the ends (goals) for which the firm is striving and the means (policies) by which it is seeking to get there. A strategy is sometimes called a roadmap which is the path chosen to plow towards the end vision. The most important part of implementing the strategy is ensuring the company is going in the right direction which is towards the end vision.

2. Business Planning

Business planning is process of writing a **business plan**.

A **business plan** is a formal statement of a set of business goals, the reasons why they are believed attainable, and the plan for reaching those goals. It may also contain background information about the organization or team in charge of reaching those goals.

Business plans may also target changes in perception and branding by the customer, client, taxpayer, or larger community. When the existing business is to assume a major change or when planning a new venture, a 3 to 5 year business plan is required, since investors will look for their annual return in that timeframe.

Business plans may be internally or externally focused. Externally focused plans target goals that are important to external stakeholders, particularly financial stakeholders. They typically have detailed information about the organization or team attempting to reach the goals. With for-profit entities, external stakeholders include investors and customers. External stake-holders of non-profits include donors and the clients of the non-profit's services. For government agencies, external stakeholders include tax-payers, higher-level government agencies, and international lending bodies such as the International Monetary Fund, the World Bank, various economic agencies of the United Nations, and development banks.

Internally focused business plans target intermediate goals required to reach the external goals. They may cover the development of a new product, a new service, a new IT system, a restructuring of finance, the refurbishing of a factory or a restructuring of the organization. An internal business plan is often developed in conjunction with a balanced scorecard or a list of critical success factors. This allows success of the plan to be measured using non-financial measures. Business plans that identify and target internal goals, but provide only general guidance on how they will be met are called strategic plans.

3. Financial Planning

Financial planning is the process of writing a **financial plan**.

In general usage, a **financial plan** is a series of steps which are carried out, or goals that are accomplished, which relate to an individual's or a business's financial affairs. This often includes a budget which organizes an individual's finances and sometimes includes a series of steps or specific goals for spending and saving future income. This plan allocates future income to various types of expenses, such as rent or utilities, and also reserves some income for short-term and long-term savings. A financial plan sometimes refers to an investment plan, which allocates savings to various assets or projects expected to produce future income, such as a new business or product line, shares in an existing business, or real estate.

In business, a financial plan can refer to the three primary financial statements (balance sheet, income statement, and cash flow statement) created within a business plan. Financial forecast or financial plan can also refer to an annual projection of income and expenses for a company, division or department. A financial plan can also be an estimation of cash needs and a decision on how to raise the cash, such as through borrowing or issuing additional shares in a company.

4. Budgeting

Budgeting is the process of creating a **budget**.

A budget is a financial plan and a list of all planned expenses and revenues. It is a plan for saving, borrowing and spending. A budget is an important concept in microeconomics, which uses a budget line to illustrate the trade-offs between two or more goods. In other terms, a budget is an organizational plan stated in monetary terms.

In summary, the purpose of budgeting is to:

1. Provide a forecast of revenues and expenditures, that is, construct a model of how our business might perform financially if certain strategies and plans are carried out in given circumstances.
2. Enable the actual financial operation of the business to be measured against the forecast.

5. Financial Modeling

Financial modeling is the task of building an abstract representation (a model) of a financial decision making situation.

This is a mathematical model designed to represent (a simplified version of) the performance of a financial asset or a portfolio, of a business, a project, or any other investment. Financial modeling is a general term that means different things to different users; the reference usually relates either to accounting and corporate finance applications, or to quantitative finance applications. While there has been some debate in the industry as to the nature of financial modeling - whether it is a tradecraft, such as welding, or a science - the task of financial modeling has been gaining acceptance and rigor over the years.

In corporate finance, investment banking and the accounting profession financial modeling is largely synonymous with cash flow forecasting. This usually involves the preparation of detailed company specific models used for decision making purposes and financial analysis. Applications include:

- Business valuation, especially discounted cash flow, but including other valuation problems
- Scenario planning and management decision making ("what is"; "what if"; "what has to be done")
- Capital budgeting
- Cost of capital (i.e. WACC - Weighted Average Cost of Capital) calculations
- Financial statement analysis (including of operating and finance leases, and R&D)
- Project finance

6. Financial Analysis

Financial analysis (also referred to as **financial statement analysis** or **accounting analysis**) refers to an assessment of the viability, stability and profitability of a business, sub-business or project.

It is performed by professionals who prepare reports using ratios that make use of information taken from financial statements and other reports. These reports are usually presented to top management as one of their bases in making business decisions, such as:

- Continue or discontinue its main operation or part of its business;
- Make or purchase certain materials in the manufacture of its product;
- Acquire or rent/lease certain machineries and equipment in the production of its goods;
- Issue stocks or negotiate for a bank loan to increase its working capital;
- Make decisions regarding investing or lending capital;
- Other decisions that allow management to make an informed selection on various alternatives in the conduct of its business.

Financial analysts often assess the firm's:

Profitability - its ability to earn income and sustain growth in both short-term and long-term. A company's degree of profitability is usually based on the company's balance sheet, which indicates the financial condition of a business as of a given point in time.

Solvency - its ability to pay its obligation to creditors and other third parties in the long-term.

Liquidity - its ability to maintain positive cash flow, while satisfying immediate obligations.

Stability - the firm's ability to remain in business in the long run, without having to sustain significant losses in the conduct of its business. Assessing a company's stability requires the use of both the income statement and the balance sheet, as well as other financial and non-financial indicators.

We advise our clients on the following areas of Financial Analysis:

6.1. Financial Feasibility Studies

Feasibility studies aim to objectively and rationally uncover the strengths and weaknesses of the existing business or proposed venture, opportunities and threats as presented by the environment, the resources required to carry through, and ultimately the prospects for success.

In its simplest term, the two criteria to judge feasibility are cost required and value to be attained. As such, a well-designed feasibility study should provide a historical background of the business or project, description of the product or service, accounting statements, details of the operations and management, marketing research and policies, financial data, legal requirements and tax obligations. Generally, feasibility studies precede technical development and project implementation.

6.2. Investment Appraisal

Investment appraisal (or **capital budgeting**) is the planning process used to determine whether an organization's long term investments such as new machinery, replacement machinery, new plants, new products, and research development projects are worth pursuing. It is budget for major capital, or investment, expenditures.

Many formal methods are used in capital budgeting, including the techniques such as:

- Accounting rate of return
- Net present value
- Profitability index
- Internal rate of return
- Modified internal rate of return
- Equivalent annuity

6.3. Payback Analysis for Investment Projects

We **analyze the payback** of a project by calculating its payback period.

Payback period in capital budgeting refers to the period of time required for the return on an investment to "repay" the sum of the original investment. For example, a $1000 investment which returned $500 per year would have a two year payback period. The time value of money is not taken into account. Payback period intuitively measures how long something takes to "pay for itself." All else being equal, shorter payback periods are preferable to longer payback periods.

6.4. Actual versus Budget

Companies set goals each year regarding their performance, their sales levels and their profitability. The company expects supervisors and employees to take an active role in helping the company achieve its goals. Throughout the year, senior management reviews the financial results to determine the level of progress the company makes toward achieving its goals. One method of measuring whether the company met its goals involves reviewing the budget versus actual variance.

6.5. Profitability Analysis

Profitability analysis is performed to measure how a company is meeting its financial goals in terms of profit. In accounting, **profit** can be considered to be **the difference between the purchase price and the costs** of bringing to market whatever it is that is accounted as an enterprise (whether by harvest, extraction, manufacture, or purchase) in terms of the component costs of delivered goods and/or services and any operating or other expenses.

7. Management Financial Reporting

A significant output of management reporting systems, but by no means their sole output, is a recasting of the firm's overall financial results into profit and loss statements arrayed by, for example:

- Organization (such as division, business unit or department)
- Geographic Region
- Product
- Client Segment
- Individual Client

We help our clients in the following fields of Management Financial Reporting:

7.1. Key Financial Figures (Financials)

A **financial statement** (or financial report) is a formal record of the financial activities of a business, person, or other entity

For a business enterprise, all the relevant financial information, presented in a structured manner and in a form easy to understand, are called the **Financial Statements**.

They typically include four basic financials:

- Balance Sheet
- Profit and Loss Account / Income Statement
- Statement of Retained Earnings
- Statement of Cash Flows

7.2. KPIs and Key Drivers

A **performance indicator** or **key performance indicator (KPI)** is a **measure of performance**.

Such measures are commonly used to help an organization define and evaluate how successful it is, typically in terms of making progress towards its long-term organizational goals.

KPIs can be specified by answering the question, "What is really important to different stakeholders?

KPIs are frequently used to "value" difficult to measure activities such as the benefits of leadership development, engagement, service, and satisfaction.

Key Drivers are the activities that will become visible in a Key Performance Indicator or a Key Ratio.

A **Key Ratio** is a mathematical ratio that illustrates and summarizes the current financial condition of a company. Key ratios can be used to easily obtain an idea of a company's financial status. Companies that are in good condition financially will have superior ratios to those that are performing poorly.

7.3. Management Accounting

Management accounting or **managerial accounting** is concerned with the provisions and use of accounting information to managers within organizations, to provide them with the basis to make informed business decisions that will allow them to be better equipped in their management and control functions.

In contrast to financial accountancy information, management accounting information is:

- primarily forward-looking, instead of historical;
- model based with a degree of abstraction to support decision making generically, instead of case based;
- designed and intended for use by managers within the organization, instead of being intended for use by shareholders, creditors, and public regulators;
- usually confidential and used by management, instead of publicly reported;
- computed by reference to the needs of managers, often using management information systems, instead of by reference to general financial accounting standards.

8. Managerial Finance

Managerial finance is the branch of finance that concerns itself with the managerial significance of finance techniques. It is focused on assessment rather than technique.

The difference between a managerial and a technical approach can be seen in the questions one might ask of annual reports. One concerned with technique would be primarily interested in measurement. They would ask: are moneys being assigned to the right categories? Were Generally Accepted Accounting Principles (GAAP) followed?

One concerned with management though would want to know what the figures mean.

- They might compare the returns to other businesses in their industry and ask: are we performing better or worse than our peers? If so, what is the source of the problem? Do we have the same profit margins? If not why? Do we have the same expenses? Are we paying more for something than our peers?
- They may look at changes in asset balances looking for red flags that indicate problems with bill collection or bad debt.
- They will analyze working capital to anticipate future cash flow problems.

9. Corporate Finance

Corporate finance is the area of finance dealing with monetary decisions that business enterprises make and the tools and analysis used to make these decisions. The primary goal of corporate finance is to maximize shareholder value. Although it is in principle different from managerial finance which studies the financial decisions of all firms, rather than corporations alone, the main concepts in the study of corporate finance are applicable to the financial problems of all kinds of firms.

The discipline can be divided into long-term and short-term decisions and techniques. Capital investment decisions are long-term choices about which projects receive investment, whether to finance that investment with equity or debt, and when or whether to pay dividends to shareholders. On the other hand, short term decisions deal with the short-term balance of current assets and current liabilities; the focus here is on managing cash, inventories, and short-term borrowing and lending (such as the terms on credit extended to customers).

10. Valuation

In finance, **valuation** is the process of estimating what something is worth. Items that are usually valued are a financial asset or liability. Valuations can be done on assets (for example, investments in marketable securities such as stocks, options, business enterprises, or intangible assets such as patents and trademarks) or on liabilities (e.g., bonds issued by a company). Valuations are needed for many reasons such as investment analysis, capital budgeting, merger and acquisition transactions, financial reporting, taxable events to determine the proper tax liability, and in litigation.

Valuation of financial assets is done using one or more of these types of models:

- Absolute value models that determine the present value of an asset's expected future cash flows. These kinds of models take two general forms: multi-period models such as discounted cash flow models or single-period models such as the Gordon model. These models rely on mathematics rather than price observation.
- Relative value models determine value based on the observation of market prices of similar assets.
- Option pricing models are used for certain types of financial assets (e.g., warrants, put options, call options, employee stock options, investments with embedded options such as a callable bond) and are a complex present value model. The most common option pricing models are the Black–Scholes-Merton models and lattice models.

11. Operational optimization

We help clients optimize their operations and achieve their business goals.

We do this by assisting them essentially in two areas:

- **Internal Control**: we advise them on the design, implementation and monitoring;
- **Operational Effectiveness and Efficiency**: we assess their operations and the way they are run and find opportunities of improvements and optimization.

11.1. Internal Control

In accounting and auditing, **internal control** is defined as a process effected by an organization's structure, work and authority flows, people and management information systems, designed to help the organization accomplish specific goals or objectives. It is a means by which an organization's resources are directed, monitored, and measured. It plays an important role in preventing and detecting fraud and protecting the organization's resources, both physical (e.g., machinery and property) and intangible (e.g., reputation or intellectual property such as trademarks).

At the organizational level, internal control objectives relate to the reliability of financial reporting, timely feedback on the achievement of operational or strategic goals, and compliance with laws and regulations. At the specific transaction level, internal control refers to the actions taken to achieve a specific objective (e.g., how to ensure the organization's payments to third parties are for valid services rendered.) Internal control procedures reduce process variation, leading to more predictable outcomes. Internal controls within business entities are also referred to as **operational controls**.

11.2. Operational Effectiveness and Efficiency

Effectiveness is the degree to which objectives are achieved and the extent to which targeted problems are solved.

Efficiency is the comparison of what is actually produced or performed with what can be achieved with the same consumption of resources (money, time, labor, etc.). It is an important factor in determination of productivity.

In contrast to efficiency, effectiveness is determined without reference to costs and, whereas **efficiency** means **"doing the thing right"**, **effectiveness** means **"doing the right thing**."

By **operational effectiveness** we mean **doing the right things to run the organization's operations and achieve the desired results**.

By **operational efficiency** we mean **running the organization's operations in a right way so that desired results are achieved and maximized while resources used are minimized**.

In this Operational Effectiveness and Efficiency competence, we help clients design, implement, monitor and assess processes and procedures used to conduct their businesses.

Among the useful and effective tools we design and develop with clients are checklists we help them implement and use in different areas of the business.

In this competence, we get to know the client's situation through **Business Analysis**, that is, by identifying business needs and determining solutions to business problems. Solutions often include a systems development component, but also consist of process improvement, organizational change or strategic planning and policy development.

Among the various areas on which we advise clients, we highlight the following:

- Business process design and improvement
- Business support functions
- Capability sourcing
- General & Administrative costs management

Contact Us

Please feel free to contact us with questions or to discuss how Freddy N Consulting can help develop your business.

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