



## STRATEGIC BUSINESS PLANNING

If your Company has a superb product, an enormous niche market, no competition and unlimited finance, a business plan may indeed be a luxury. If your Company, however, operates in the real world you will not be so fortunate. Wherever a Company is dependent upon outside finance a business plan is a necessity.

In a start-up situation, a well thought out and presented business plan is essential if a bank or other financial institution is to support your new business. It is often in established companies, however, that business planning is ignored - until it is too late! How often have we heard or read recently of companies who have enjoyed good times when the economy was booming, but have run into trouble with their bankers in times of recession. More significantly, how many problems could have been avoided?

A business plan is not a guarantee of success. The country would be full of rich entrepreneurs and successful businesses if it was. Lack of a business plan, however, is a major contributory factor to business failures and upsets, because problems have not been identified at an early stage, thus allowing appropriate corrective action to be taken in good time.

Banks expect their customers to have business plans. Where these are not available, and extension to, or continuation of, overdraft facilities is sought, it is not unusual for the bank to insist upon an independent review. These can be expensive and tend to be tailored to the bank's requirements rather than those of the business. How much more cost-effective to have your own plan in place!

The existence of a business plan, of course, should not purely be for purposes of raising finance. Regular strategic planning is sound business practice and "*Applied common sense*".

---

### So what is a Business Plan?

---

The business planning process can be summarised as follows:-

- Where is the company now?
- Where do we want it to be in, say, three years time?
- How do we get it from where it is now to where we want it to be
- What will the consequences be

**Stage 1** requires a thorough review of the Company's present position, analysing strengths and weaknesses, and identifying opportunities and threats (a S.W.O.T. Analysis). Typically this would cover:-

- Marketing
- Sales
- Organisational Structure
- Human Resources
- Premises
- Plant and machinery
- Operations
- Management Information Systems
- Financial Resources

**Stage 2** establishes specifically where the Company would like to be in, say, three years time, bearing in mind the personal aspirations of the directors.

**Stage 3** identifies what needs to be done to get the Company from where it is now to where it would like to be. Each of the resource areas mentioned in *Stage 1* would be addressed.

**Stage 4** establishes the likely financial consequences of achieving the plan by preparing projected profit and loss accounts, balance sheets and cash flows for each of the years included in the plan.

"*Sensitivity testing*" will be carried out on the model, ie, measuring the effect of not achieving some of the major elements of the plan. It may be necessary to repeat Stages 2, 3 and 4 several times until a realistic plan results.

---

### Help Available

---

Business plans to support requests for finance particularly must cover, clearly, logically and succinctly, all areas of likely interest to the reader. Accuracy is essential as one error or questionable assumption can cast doubt upon the whole plan. Horwood International has wide ranging experience in all aspects of manufacturing and service industry as is well qualified to work with you to help produce a comprehensive strategic plan for your business.

#### To contact us:

tel: +44 (0) 2380 471262

email: <mailto:info@horwood.com>

#### For further information about Horwood International

Please visit our website <http://www.horwood.com>