

Higgins Fairbairn & Company

An Overview of Business Planning

Strategic Planning

Business owners should regularly carry out a strategic review. In practice this is often led by one or more objectives that could include: preparing the business for sale, organic development, diversification, downsizing, or planning for succession. Running a company is time consuming and energy-sapping; it's not always easy to see the wood for the trees. Sometimes, proprietors just need an external view that is clear-sighted and, more importantly, objective enough to see things as they really are without ambiguity.

But how do you start a business review if you have never done one before?

Should you start by looking at the big picture or the day-to-day operations? Our advice is that it does not matter. If you start with a 'top-down' approach, you must follow through to the detail. Conversely, the bottom-up approach needs to conclude with a clear strategy. Start where you feel most comfortable but keep repeating the inverted view.

There is nothing wrong with taking a close look at the business and concluding that no changes are necessary. However, our experience is that by owners simply reviewing their business, it will provide renewed energy.

When creating a strategic plan, it is important to realise not only your expertise but also your limitations; hence the need for specialist advice. To this end, we have developed key relationships with a wide variety of ancillary business disciplines to ensure that all aspects of your business needs and goals can be catered for. A selection of these relationships is shown below.

Business Plans

The author of the business plan must always bear in mind the purpose of the document and the intended reader. For SMEs, the likelihood is that it will be either for raising finance in one form or another, or for selling the business. Whatever the objective of the plan, it should be clear, concise and easy to read. It should always have an executive summary but this should be the last section to be written.

Whether you start with writing the text or constructing financial models (such as the profit forecast or cashflow forecast), it is important that one should reflect the other. There should be continual cross-referencing both implied & explicit. By way of illustration, the forecast might show a significant increase in sales. This could not be achieved without increasing the sales team, the

distribution facility, extra accounting staff, higher levels of stock and work-in-progress. And, as a result of the expansion, the business will have an additional cash requirement. The forecasts and text should tell the same story.

Once the document is almost complete, add cross-references to assist the reader. This exercise ensures consistency in the text and numbers to ensure that the document flows.

Finally, carry out a cold review. Is the plan achievable and believable? If the answer is 'not sure' or 'no', a major rethink is probably required as the intended reader will no doubt come to the same conclusion.

Intellectual Property

'Trade Marks' are ignored by most SME's - particularly in the service sector.

Many people think that simply having: a limited company name, or a domain name is sufficient to protect the trading name of the business. However, neither offers protection to prevent others from adopting the same, or similar, names or Trade Marks. Within this field, we have developed a relationship with leading attorneys, Novagraaf, to help our clients protect the value within their business.

<http://www.novagraaf.co.uk>

Human Resources

Most SMEs do not have an in-house human resource function. Every member of staff should have a contract of employment - even in its most basic form, which may only be a few pages long. The key issue is that in the event of a dispute, the contract of employment is the first point of reference. This can arise in various areas, such as: redundancy, disciplinary, termination, variation of work practice, ill health, and death. In complex areas we involve HR consultants Performance Options, who offer practical advice and will prepare all of the necessary paperwork at competitive rates.

<http://www.performanceoptions.co.uk>

Many business now need to carry out background checks on staff (positive vetting). This can be for the simple verification of a CV to a full background check. Many employers are now required to undertake a Criminal Record Bureau check (CRB). We work closely with Cataphract which is a consultancy owned and run by ex-police officers.

<http://www.crbcheck.info>

Marketing and Public Relations

SMEs are often guilty of not paying sufficient attention to their marketing plans. We notice this in particular when we are asked to review a business that is to be sold, where even the basics are found wanting. We work closely with consultancies, Fishbone and Ampersand, which offer a common sense and value-for-money approach to: marketing, design, branding, communications & public relations

<http://www.fishbone-uk.com>

<http://www.ampersand-uk.co.uk>