

Business Planning



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Objectives



- What is business planning?
- Why have a business plan?
- To highlight strengths and weaknesses
- To discuss how we assess enterprise performance
- Identify the Key Performance indicators
- To identify objectives
- To consider options and actions



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‘Success in Business comes as a result of planning’









Question



- How do you forward plan your own businesses?







Why plan?



- The process of planning helps you to:
 - Assess and manage risk
 - Identify resource implications
 - Provides a framework for day to day decision making
 - Helps everyone in your business pull together in the same direction (provided that they are informed of the plan!)

- Operators manual for the business



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Where are you now? – SWOT analysis




Understanding and identifying:


Strengths	Weaknesses
Opportunities	Threats



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Strengths



- What are your advantages?
- What do you do well?
- What do other people see as your strengths?
- Consider this from your own point of view & from the point of view of others you deal with
- Don't be modest, be REALISTIC



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Weaknesses



- What could you improve?
- What do you do badly?
- What should you avoid?
- Consider from internal/external basis. Do others perceive a weakness that you don't see?
- Are your competitors doing anything better than you?
- Face up to REALISM now



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Opportunities



- Where are the opportunities open to you?
- What are the interesting trends you are aware of?
- What new skills & capabilities could you acquire?
- How do you become unique?



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Threats



- What obstacles do you face?
- What is your competition doing?
- Are the required specifications for your job, products changing?
- Is changing technology threatening your position?
- Do you have bad debt/cashflow problems?



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Group exercise



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Business Planning – Getting to the Point



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What are objectives?



- Precise descriptions of what is expected to be achieved
 - Focus on improvement
- Stated in terms of outcomes and results
 - Specific
 - Measurable
 - Achievable
 - Relevant
 - Timed
- Established early on in the planning phase
 - Milestones



Benefits of objectives



- Purpose & direction
- Focus on important things
- People work better if they have a goal
- Helps recognise problems that will affect objective being met
- People need success criteria to measure performance against
- Performance can be appraised
- Discussion of objectives increases buying in and taking ownership
- Better communication of business goals



Specific objectives



- An observable action, behaviour or achievement described which is linked to a rate, number, percentage or frequency
 - to generate net profit that exceeds drawings
 - *to generate net profit of £10,000 in excess of personal drawings by end of financial year 2017*
 - to improve lambing percentage
 - *to achieve lambing percentage of 165% by next lambing*



Measurable objectives



- A procedure has to be put in place which allows tracking/recording of the action upon which the objective is focused.
- Need to have a reliable system in place to measure progress towards achievement of the objective.



Achievable objectives



- Objective must have a likelihood of success (need to be stretching/demanding?)
- It is important that the objective is **AGREED** by all concerned and the risks are understood!



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Relevant objectives



- The objective (target) must be something you can have an impact on/change, and must be relevant to the business.
 - Are all the necessary knowledge, skills & authority in place to reach the objective?



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Timed objectives



- A finite time and resources need to be agreed.
- If no deadline set, will find something else to do that has a higher priority.
- Need to have finish and/or start dates clearly stated.



Business Planning – Budgeting



Budgeting



- Prediction of what will happen to the business when you implement your business plan.
- Things to think about:
 - How much income & costs are you expecting
 - What your expected profits and losses will be
 - How much external funding you may need (if any)
 - What you can offer against security against loans (if required)



Partial Budgets



- Used for a quick analysis to assess viability of a business change or investment.
- Work through example....



Positive Effects		Negative Effects	
Extra Revenue		Revenue Forgone	
	£		£
	£		£
	£		£
	£		£
	£		£
Costs Saved		Extra Costs	
	£		£
	£		£
	£		£
	£		£
	£		£
Total Gains		Total Losses	
	£		£
Extra Benefit		Extra Loss	
	£		£

Business Planning – Taking Action



Action plans



- A good way to identify and plan the actions you want to take
- Committing to paper makes it more likely that you will carry them through
- Main points
 - Identify issue
 - What do you aim to do
 - How are you going to do it
 - Who is involved
 - When are you going to do it
 - Progress/Monitor



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Summary



- Planning is an essential part of any business.
- Important to assess both the financial and non financial aspects of an existing and new business.
- Options for budgeting depending on situation, e.g. enterprise changes or major investment.



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Thank You



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