

Financial training For non financial staff



The financial training specialists

Making plans (budgeting)

My brother, Geoff, is thinking about starting an archery business. He's already self-employed, and has learnt a thing or two about business along the way.

Geoff's friend, Bill, is good at seeing "gaps in the market". But Bill's ideas to fill those gaps never come to anything. That's partly because there's usually a good reason for the gap in the market; partly because Bill can't plan. The only time he got as far as talking to the bank, his business plan was a crumpled piece of A4 he pulled out of his pocket.

Now a good plan doesn't need to be glossy, but it does need to be thought through (Bill's wasn't).

Geoff's archery business plan includes questions such as whether the demand is there; why people would come to him; what resources he needs; what his likely income and costs will be; an honest assessment of his own skills and abilities; timescales; etc.

His business plan contains some well thought out and researched numbers, and is likely to be financially successful at 30% capacity, rather than 80%. It has prudent timescales, and (I think) is eminently achievable.

He's learned the lesson of prudence in planning & budgeting, and learnt the adage: "if it looks too good to be true..."

So what about your business plans and budgets for the coming year? Have you got all the resources costed and in place? Are your plans realistic? What key activities underlie success? How finely balanced is it between success and failure?