



BUSINESS & PERSONAL TAX SUPPORT

# Why business planning is imperative 2023/24



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**2023 has seen the advent of rising inflation, massive increases in energy costs, falling profits and hard-pressed businesses across multiple sectors calling it a day.**

As a consequence, this is not the time to relax and expect that the UK economy will do more than mark time or decline in the current fiscal year.

## Challenges we can expect 2023/24

We are likely to encounter:

- Rising inflation.
- Rising interest rates.
- Increasing cost of labour as skilled staff are increasingly harder to find.
- Increasing taxation.
- Reduction in profit margins.
- Supply line uncertainties.
- Cash-flow issues.
- Solvency concerns.

Almost without exception, business owners tend to be sales focussed; as long as targets are met all will be well.

This is no longer the case. Offering extended credit terms to win market share may place unsustainable strain on cash resources, and it is imperative to keep an eye on rising costs. The ability to match these concerns with increases in your own pricing will determine profit levels and long-term survival of your business.

## Maintaining business fitness 2023/24

There are very few businesses that have emerged unscathed from the disruption created by the recent pandemic and the measures – lockdowns – that government were required to introduce.

Many businesses have abandoned planning and management of their businesses in order to cope with the challenging effects of lockdowns and the consequent reduced demand for their products and services. COVID concerns have been replaced with the consequences of rising costs.

What to do?

## Key areas of concern

Financially, there are a vast number of issues that will need your attention in the coming months. They will range from recreating sales, establishing a supply chain for goods and service you will need, monitoring and controlling costs, and continuing to invest in services and equipment to drive the process forwards.

In particular, you will need to manage:

- Cash flow
- Servicing debt
- Maintain solvency, and
- Rebuild reserves

## How best to monitor progress?

Progress has a variety of faces:

- Businesses that have fared badly will be happy to re-establish some semblance of financial security,
- Those that have marked time during COVID challenges will want to plan to expand, and
- Those that have achieved growth against all odds will want to consolidate their gains.

To monitor progress there are certain building blocks it would be good to have in place. For example:

- Effective accounting systems that use responsive bookkeeping software.
- A comprehensive business plan that can be flexed as circumstances change.
- A set of key indicators.
- The ability to produce management reports that compare actual trading results with your budget. This will direct change to plug adverse variances before they become a big problem.

Last, but very definitely not least, you must set up a formal process to review the above.

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## Key benefits of a review 2023/24

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There is a well-known parable – the tortoise and the hare – where the hare gets so far ahead in a race with his slower challenger that he decides to take a nap. The nap becomes a deep sleep, and the remorseless tortoise slowly ambles past and wins the race.

This tale still has relevance for UK businesses. We cannot afford to take our eye off the ball if we want to achieve our goals – win our race.

And the best way to stay conscious of developments, changes and challenges is to actively review progress on a regular basis.

How frequently should we review progress?

- **After your year end** – the least attractive option. This will likely leave you – like the hare – waking at your year end to find that you have lost out to your competitors.
- **Before your year end** – an improvement on the first option, but any trends that emerged during the pre-review period may escape much needed remedial action.
- **Quarterly** – a realistic option for businesses that start 2023-24 on a reasonably sound footing.
- **Monthly** – the best option for businesses that need to be ultra-cautious, perhaps building from an exhausted financial base. A monthly review will also benefit firms that have set an aggressive agenda and are keen to invest in the review process to capitalise on any opportunities that open up.

Reviews ensure you cover all bases. That you deal with challenges and take advantage of opportunities. Without reviews, you may, like the hare, suffer the inevitable consequences of unconsciousness...

## We can help

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There is no one-size-fits-all approach to staying ahead of business challenges.

The collection of financial data offers almost unlimited scope to present that data in formats that will be of value to your business. The real skill is not designing the required reports, it's identifying the original problems and results you want to achieve.

We help many of our business clients by being an active partner in creating goals and reviewing progress on a regular basis.

Call now so we can discuss your options. Pick up the phone; there is no charge for an initial discussion.

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