



Warrener Stewart

Chartered Accountants • Intelligent Advisors

Why investing in a business plan could be your wisest decision



A well-defined business plan forms the blueprint of the business, outlining a company's strategy and highlighting how this can be achieved over the forthcoming years. It is also an indispensable tool when seeking external finance or investment.

Regardless of where you are in your business lifecycle, be it starting up, looking to expand or maybe considering an exit plan, formulating a business plan is vital. Whilst there are numerous free online tools outlining how to prepare a business plan, using your accountant can ensure that your plan is both objective and comprehensive.

Colin Edney

Senior partner, Warrener Stewart

For more information on how we could help your business contact us on:

020 7731 6163

info@warrenerstewart.com

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As a senior partner at Fulham based chartered accountants, Warrener Stewart, Colin Edney notes, "All businesses, regardless of where they are within their business lifecycle, could benefit from a relevant and current business plan. Using a chartered accountant to develop your business plan is not as costly as you would imagine, since seeking professional business advice for such a critical document may even save time and money later.

"At Warrener Stewart, to ensure that the business plan that we create is right for the company, our first stage is to have an initial discussion to learn more about the business and its objectives. This allows us to see what additional insights may be needed so we can build a financial portrait of the company. It is also important for us to know the intended use for the business plan, since this too can affect the complexity of the plan and therefore our time to compile it."

An objective review

Warrener Stewart has many years of experience working with a wide variety of owner managed businesses, many from the embryonic stage and throughout the business's lifetime. Their expertise lies in following a tried and tested process which is designed to understand more about your business by looking beyond just the numbers. Their approach is to spend time so that they can appreciate the business and the owner's ultimate business aims, thereby allowing them to provide bespoke expert business advice.

"As part of our approach to developing a business plan we explore and even challenge what a business owner wants to achieve. It is this objectivity, learnt through our years of experience that ensures we deliver a comprehensive and workable plan.

We do not believe in setting unrealistic goals, a business plan needs to help the business rather than define it, it should be a yardstick with realistic targets. We believe in establishing an open and honest relationship, since this allows us to consider different opportunities and contemplate how to achieve these."

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Financial predictions

The essence of a successful business plan forecasts the company's expected financial performance; using a chartered accountant who specialises in working with SME's, can ensure that the financial projections outlined are achievable. Using accountants like Warrener Stewart, who have experience in working with businesses from similar backgrounds to yours, ensures that they appreciate some of the specific challenges you might face, such as quantifying the value of your brand. Equally, your business could benefit from their knowledge by drawing upon their previous experience.

A major benefit of using accountants to develop a business plan is that they can accurately identify and quantify key objectives within a business plan, this can become a viable working document to steer the business. Moreover, since accountants remain neutral and objective, a finance provider will frequently insist upon seeing a comprehensive business plan drawn up by a chartered accountant before granting requests for additional funding.

Refining the business

A business plan will typically try to predict a company's detailed objectives for up to the next three years; accountants like Warrener Stewart believe a detailed five year plan has too many variables to make it a credible strategy document albeit longer term illustrations can be helpful particularly where you have a specific exit plan in mind.

"Developing a business plan is not solely for start-up companies," acknowledges Colin. "We frequently encourage even a mature business to compile a business plan. It is a good exercise to periodically revisit, since it can reveal the need to expand by highlighting growth areas or conversely sectors of the business which are underperforming."

Where you are looking for finance or investment the plan will help you to target the use for incoming funds and provide the lender or investor with the comfort that their money will be funding specific areas of investment within the business. It can also help to illustrate how they will get their money back at the end of the investment cycle.

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Focusing on new priorities

A business plan can also act as incentive to encourage key personnel to remain with a business by defining what the company hopes to achieve. Involving employees in this critical planning process and showing them how the company could grow ensures they share the vision and realise how they are central to this plan. Here a business plan could be a prelude to developing an exit strategy, if one or more of the directors wanted to leave.

If you are preparing to exit a business

When the time comes to pass on the ownership of your company, a business plan can qualify the overall financial position. Every business, big or small, has a value – a business plan can help identify how much a business could be worth, it can also help you work out how to enhance your business to add value prior to a sale. Your accountant will review the market which your company operates in and provide an objective overview about how it has performed against the industry norm to highlight the company's worth.

"Wherever you are in your business lifecycle you may benefit from a strong business plan since it explains on paper what you are and outlines how you will achieve this," concludes Colin. "A well-defined business plan shows potential investors and even staff that you mean business!"

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