

Business planning in the digital age

In this current climate of uncertainty, the advice to businesses is to plan, plan, plan. To create a forecast of business activity that highlights profitability, solvency and cash flow.

However, this may not be as easy as it sounds. Are your figures based on informed or guesswork decisions? First, we need to define these terms:

“Informed” – a decision or judgement based on an understanding of the facts of the situation.

“Guesswork” – the process or results of estimating or concluding something without sufficient information to be sure of being correct.

Between these two extremes varying degrees of certainty will apply. From a business point of view, it makes sense to make decisions based on the informed end of the spectrum. Expressions such as “taking the guesswork out of decision making” make perfect sense.

From an accounting point of view, recording your transactions in a digital format will help you make informed decisions as the magical world of real-time data management opens for you.

For example, at a touch of your smart device (or click of your mouse) it is possible to drill down and discover what makes up items of expense. You can

automate credit control. Faster access to data means you can control cash-flow more effectively. You can determine if your activities are profitable - no more discovering you have been working hard for months for next to nothing. You can create and flex budgets to better monitor actual results. It is a simple matter to view tax and VAT liabilities and make sure that returns are submitted and paid on time.

Historically we were great at guesswork; we had to be as it took an age to create a bigger picture when records were kept manually or on disconnected spreadsheets.

Now we have an opportunity to steal a march on competitors who are slow on the uptake.



Act Now

If you have started on the digital track but are concerned you may not be getting the best out of the process, or if you are still unsure how to maximise the benefits of computerisation - contact your accountant. They can help you choose the most appropriate and cost-effective software and create the reports that will help you stay informed.

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