

Dynamic Planning

With more and more challenges to our financial plans - is now the time for dynamic planning and flexible budgets?

There is a tendency to see a business plan as fixed in stone; something that you have to aspire to come what may. Of course, this is completely unrealistic. Consider, for example, the plight of business owners in the entertainment and hospitality sectors during the past two years.

What business owners may benefit from is a flexible budgeting approach. To be of use to your business, plans need to be flexible. And there are sound commercial reasons for this approach. For example, by reconsidering plans as external challenges arise, this may decrease or perhaps eliminate the down-side risks to cashflow, overhead cost increases, sales volume, sales price sensitivity, staffing issues, investment decisions, tax planning, solvency, and business exit plans.

Experience of the past two years, more recent challenges to global trade, rising inflation and forthcoming company tax increases all point to the need to adopt a more dynamic approach to monitoring our financial plans.

We would ask business owners to consider a walk-through review of critical aspects of their business plans on a monthly or quarterly basis to ensure that remedial changes can be made before any effects on cashflow, profitability or solvency become critical.

It may well be that this short review will endorse a 'steady as you go' approach. But this is not wasted effort. As recent disruption has revealed, setting aside time to consider the wider context of challenges to business plans will catch those downside risks before they become terminal events.



Published in the Wigan Observer 8th March 2022.