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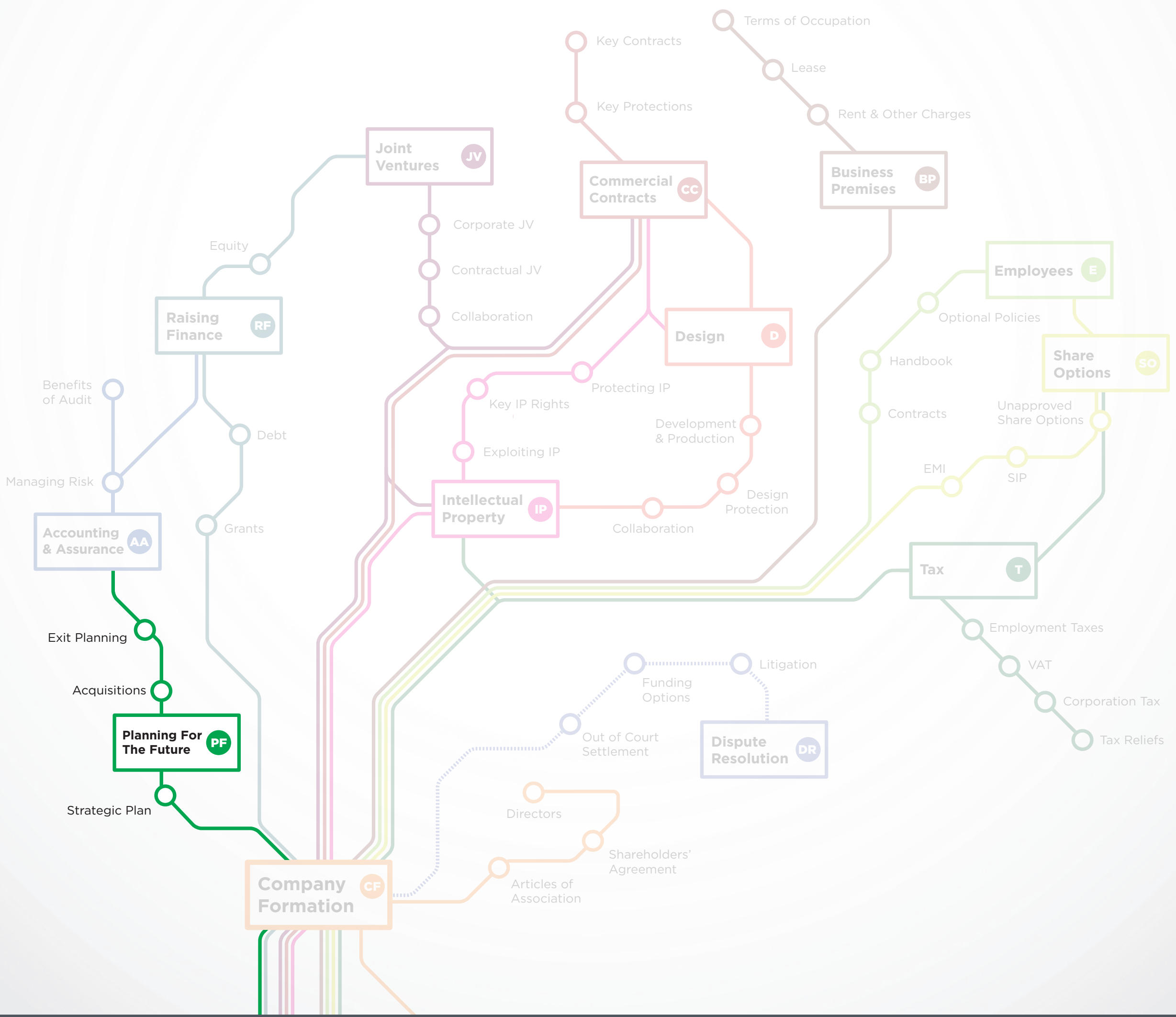
PLANNING FOR THE FUTURE



SCINAPSE

Geldards law firm

PLANNING FOR THE FUTURE

You will have a long term vision for your business and what you hope to get out of it, and to achieve that vision a strategic plan for the future is vital. Long term, strategic planning will help you to identify where you want to take your business, and how to ensure that journey is as smooth as possible.

By having a future goal clearly defined, it will be significantly easier to establish the steps that will allow you to reach that goal.

PLANNING STRATEGICALLY

You will likely have prepared a business plan in order to obtain the funding required to get your business off the ground. A strategic plan is a similar, but more in-depth, document that focuses on the longer term future, looking out at least five years and often as many as ten. This document will help you to focus on your goals and give you a structure to help you achieve them.

It is important not to forget about the day to day running of the business, and your immediate priorities, such as securing that first large client or developing a new technology, should not be ignored. Having a strategic plan will ensure that you are able to balance the short term and long term priorities so that each step in the life of the business is contributing towards a larger future vision.

The key objectives you have for your business may not be financial, however it is important that the strategic plan includes detailed financial projections. This provides you with a means to tangibly measure progress against your plan, and to identify any areas which are a cause for concern.

You may require additional investment at certain points and by preparing financial projections you will be able to better plan for that assessment. It is recommended you refer to your strategic plan regularly, and update it as the business evolves (or at least review it annually).

ACQUISITIONS

Growth is fundamental to a business; acquisitions can act as an alternative to organic growth to scale your business. You may also want to consider acquisitions as a means to enter new markets or geographies, to obtain a desired customer or even to acquire IP or products that you do not currently have or want to spend time developing.

Careful consideration should be given to pursuing an acquisition as it is likely to be an expensive exercise. In addition to the financial performance and position of the company you are looking to acquire you will also need to think about the 'fit'. Can you work with the people in the business? Will you acquire the rights to their IP? Will their customers go elsewhere?

The 'fit' will also be important to your target acquisition. Having a robust strategic plan in place is a good way to help them understand your business and share in your vision for the future of the combined companies.

Due diligence will be able to provide answers to some of these questions but it is vital you understand what will transfer as part of acquisition. Advice should be taken to ensure you are protected when it comes to key intellectual property and future revenue streams, including legal due diligence.

Completing an acquisition will most likely require you to obtain finance and any finance provider will want to understand the position of your business, the proposed target and the enlarged group. Planning for acquisitions early, and having up front discussions with funders, will give you the best chance of securing the finance required.

You may want to consider alternatives to acquisition such as strategic partnerships or more formal joint ventures if you are uncertain about completing an acquisition. Such partnerships and joint ventures can act as a good way to trial closer working relationships before potentially acquiring at a future date.

PLANNING FOR AN EXIT

Getting the maximum value for your business when it comes to a sale will be dependent on a number of factors, such as the wider economy or the uniqueness of your product, but careful planning will give you the best chance of achieving the best price for your business. You should start planning for exit once your business has matured past its early stages and discussions with corporate finance advisers can help you with this.

There is a lot to consider when planning for a sale and it will take at least 12 months in the current climate to prepare the business. Planning may be focused on raising the profile of the business in the press, the robustness of information, preparing second tier management to take over, or it could be more structural. Careful planning will also allow you to keep your eye on the business during the sale. The earlier you start to think about an exit, the better prepared your business will be.

SUCCESSFUL EXIT

Setting up and running your business will take a lot of hard work and at the end of your journey you should be rewarded for that work. It is important to maximise the value of your business to ensure you get what your hard work deserves.

A successful exit will be reliant on a number of factors, which must all come together seamlessly to deliver a transaction. Financial and legal advisers will work with you to ensure your tax and legal positions are optimised for exit and to help guide you through the process with limited stress. However, there are a number of steps that you can take to help prepare for a successful exit, including:

Investing a sensible level of profit back into your business to fund future growth.

Using the tax regime to both maximise profit of the business (such as R&D tax credits) and to minimise your tax bill on exit (such as Entrepreneurs' Relief).

Protecting future income by securing long term, signed contracts and registering any IP.

Taking time to develop your people so that there is a leadership team ready to take over when you transition away from the business.

Creating a positive public image by attending trade shows and being active in industry marketing.

Keeping on top of your strategic plan – demonstrating progress against this will indicate the business has the ability to keep achieving.

It is vital to think about the exit event early and the more planning you do, the better positioned your business will be.

STRATEGIC PLAN CHECKLIST

An outline of what your business does that articulates how it does it. It is useful to be clear in your mind exactly how the business generates value.

A strength analysis, such as a SWOT (strengths, weaknesses, opportunities, threats), to identify where effort is required.

Outline future goals at different future points. These can be financial, or driven by other means such as number of clients or developing a new technology or sales channel. These should be challenging and ambitious, but realistic.

Strategic objectives and projects that will help you achieve your goals. Assign working groups and responsibilities and make sure those responsible are named in the plan and contribute towards it.

What is required to achieve these goals? If you need to raise finance or recruit specialist staff, identifying the requirement early will allow you to plan more efficiently.

Detailed financial forecasts to measure progress against.

Try to be as comprehensive as you can as the strategic plan can be a useful tool for the business.

Exit Planning
Acquisitions
Planning For The Future
Strategic Plan

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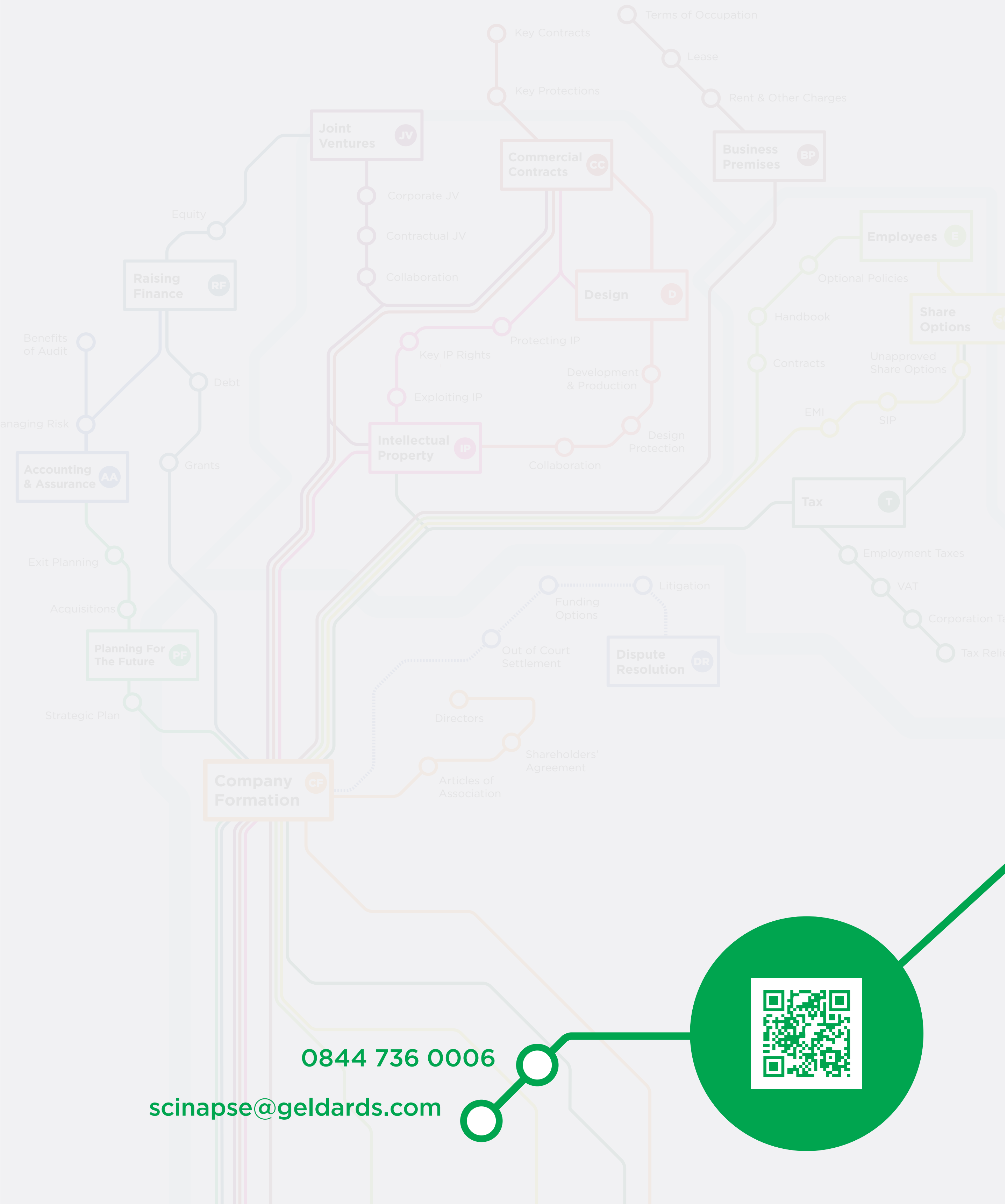

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