

PRACTICAL TIPS FOR AN EFFECTIVE BUSINESS PLAN



JDC – THE ART OF CORPORATE FINANCE

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In our discussions with clients over the years, we have often been asked what our top tips are for preparing an effective business plan. We thought it would be helpful to summarise some of them here.

With regards to content and structure, there are many excellent guides available on the market. Don't reinvent the wheel – use them! Your advisors should be able to direct you to the best of the published sources.

While making the most of the published sources, make the plan your own and try to avoid generic, packaged products.

Make the plan readable – use plain English, be direct, avoid jargon and hype.

Tailor the plan to the audience. While based on the same underlying business, the focus of the plan should differ depending on whether it is directed towards a banker, investor, purchaser or internal user.

Ensure that input from all members of the management team has been obtained and critically evaluated.

Remember the executive summary is the most important part of the plan. It should be concise, focused and capable of standing alone. It needs to capture the essence of the plan. Remember if it doesn't excite or interest you, it won't excite or interest others.

When preparing the plan, constantly cross-examine yourself. Anticipate the unanswered questions, identify the weaknesses in the business or the strategy and address them positively in the plan.

Avoid overselling. Let the facts and business case speak for themselves.

Make sure the financial models stand up to scrutiny. Anticipate the likely "what if" analysis and show you have planned for both upside and downside variables.

Always get a number of "outsiders" opinions on the draft document. Listen to their observations and try to identify common input. Although you may not agree, remember that perception is all.

Don't forget the detail. Make sure appendices, cross-references and summaries are all checked and re-checked. Shoddy workmanship will be recognised and can sow the seeds of doubt in the mind of the recipient.

Allow yourself time to improve the plan. When the document is complete put it to one side and come back to it two weeks later. You will always make final amendments before signing it off.

Prepare a presentation based on the plan and make sure you can capture its essence and your message in 15 minutes. Compare the presentation to your executive summary – they should be very similar!

Revisit and rework the plan as the business evolves and continue to use the discipline of updating the plan as a helpful mechanism for focusing on the business going forward.

Call **01603 703177**
for further information

CONTACT DETAILS

JDC Corporate Finance operates from fully equipped modern offices in Norwich with further office facilities in London.

Norwich Office:

Dencora Court | 2 Meridian Way | Norwich | NR7 0TA

Tel: 01603 703177 | Fax: 01603 434588

Email: jon.dodge@jdc-corpfin.co.uk

www.jdccorporatefinance.co.uk

ABOUT JDC CORPORATE FINANCE

JDC Corporate Finance specialises in providing transaction and related corporate advisory and tax planning services to owner managed businesses.

Our team is led by Jon Dodge, who has over 15 years corporate finance experience and has acted as lead advisor in over 40 successfully completed sale or purchase transactions in the last five years ranging in value from less than £75,000 to in excess of £50 million. In addition, we have extensive valuation, due diligence and general transaction "hand holding" experience.

Alongside our transaction work, we also provide a range of corporate advisory services.

Our general practice arm is the perfect partner for developing and enterprising businesses that require a bit more from their accountants.

We are a service-led business run by experienced hands. We pride ourselves on understanding our clients' objectives and on having the necessary experience to deliver the results they require.

Find out more about JDC at www.jdccorporatefinance.co.uk or

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