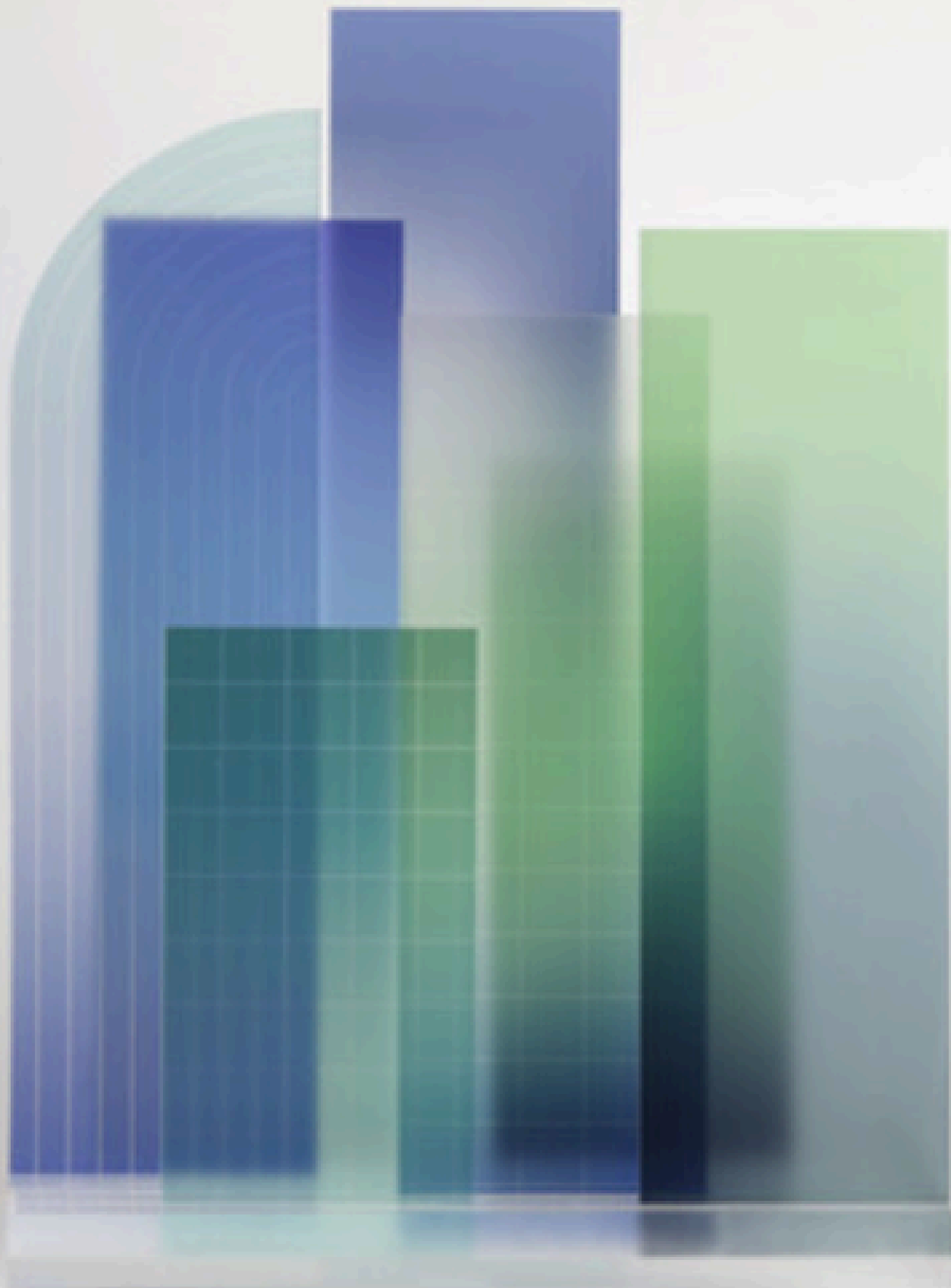


FINANCIAL PLANNING FOR BUSINESS



TRANSCEND SOLUTIONS

REVIEW YOUR STRATEGIC PLAN

Financial planning should begin with your company's strategic plan. At the start of a new year, consider what you aim to achieve and ask yourself several key questions:

- Is expansion necessary?
- Do I require additional equipment?
- Is there a need to hire more staff?
- Are other new resources needed?
- How will this plan influence my cash flow?
- Will I need financing? If so, how much?

Next, assess the financial impact over the next 12 months, including expenditures on major projects.



DEVELOP FINANCIAL PROJECTIONS

Create monthly financial projections by estimating your expected income based on sales forecasts and anticipated expenses for labor, supplies, overhead, and other costs.

For businesses with very tight cash flow, weekly projections may be more appropriate. Incorporate the costs for the projects identified in the previous step.

You can use simple spreadsheet software or tools available in your accounting software for this task. Do not assume sales will immediately convert to cash; instead, record them as cash only when you expect to receive payment, based on past experience. Additionally, prepare a projected income statement (profit and loss) and a balance sheet projection. Including various scenarios—most likely, optimistic, and pessimistic—can help you anticipate the potential impacts of each situation.

We recommend seeking professional advice when developing your financial projections. Ensure you review the plan together with your expert, as you will be the one seeking financing and explaining the plan to your banker and investors.



FOR

ARRANGE FINANCING

Utilize your financial projections to identify your financing requirements. Engage with your financial partners early to explore your options. Thoroughly prepared projections will help assure bankers that your financial management is reliable.

BOOK

PLAN FOR CONTINGENCIES

What would you do if your financial situation suddenly deteriorated? It's wise to have emergency funding sources ready before you actually need them. Options include maintaining a cash reserve or ensuring ample availability on your line of credit.



MONITOR AND SEEK PROFESSIONAL GUIDANCE

Through the year, compare actual results with your projections to see if you're on target or need to adjust. Monitoring helps you spot financial problems before they get out of hand. If you lack the expertise or confidence to manage your financial planning and forecasting, consider hiring a professional, like the experienced team at Transcend Solutions, to guide you.