Business Financial Planning

4 Steps to Reach Your Financial Goals

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Where do you see your business in five years? What does the future hold ten years from now? Most business owners aren't satisfied with stagnant growth, declining profitability, and an uncertain future. Can you relate?

If so, business financial planning will play a crucial role in achieving your goals. In this eBook, we'll explore the fundamentals of business financial planning and outline the steps you can take to create your own plan.

What is Business Financial Planning?

A financial plan is a document that outlines your current financial position, your expectations for the future, and how you will deploy your resources. Everything from setting prices to how you will scale your business is included in your financial plan.

Business financial planning is a crucial component of reaching your business goals, as it outlines the steps you need to take. Outside investors and lenders might also request a financial plan before contributing capital to your company.

The Benefits of Business Financial Planning

Business financial planning sets the foundation for your expectations and helps you stay on track to reach your short-term and long-term goals. Here are some key advantages:

Clarifies Goals and Objectives

A business financial plan sets clear goals for everyone on your team to work toward.

Expands Funding Opportunities

Lenders and investors want to see growth estimates and past performance before investing. A plan boosts their confidence.

Monitors Performance

Financial planning consistently tracks your progress toward goals, so you can adapt quickly to changing conditions.

Makes Budgeting Simple

When you have defined goals, budgeting becomes easier — you know how to deploy resources to reach them.

Business financial planning isn't reserved for large enterprises — it's key for small businesses too, even with limited resources. The process forces you to think about the impact each decision has on your goals, aligning your vision of the future with today's decision-making.

4 Steps to Creating Your Business Financial Plan

Creating your business financial plan can be done in four main steps. Your plan will be unique based on your strategic goals — there's no one-size-fits-all approach.

#1: Create a Strategic Plan

Before you get into the numbers, pinpoint your goals. Set both qualitative goals (like employee sentiment or customer reviews) and quantitative goals (like growing sales by 5% per year).

Using the SMART method helps: goals should be **Specific**, **Measurable**, **Achievable**, **Relevant**, and **Time-Bound**. Set three short-term (within 12 months) and long-term (beyond 12 months) goals to start.

#2: Generate Financial Projections

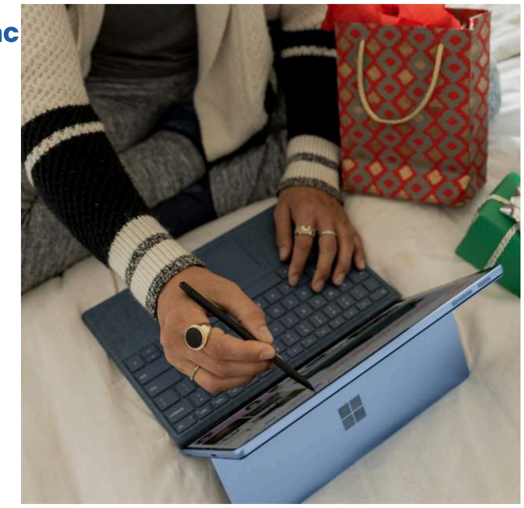
Pull your income statement for the past year or two as the base for projections. How much do you expect sales to grow, and how does that affect cost of goods sold?

Using a spreadsheet or projection app helps, and working with an accountant can pinpoint where your financials need to land.

#3: Plan Resources and Contingencies

Break your projection into digestible pieces, like a monthly budget. If you want to grow sales 20% this year, what needs to happen each month — two new customers, a 10% up-sell?

Plan for contingencies too. Build a buffer into your budget for unexpected expenses, so overconfidence doesn't derail your goals.



#4: Monitor and Adjust

Once you complete the first three steps, your job isn't done. Monitoring and adjusting your goals is critical to keep your business moving forward.

KPIs
Key Performance Indicators track your progress through simple ratios — sales growth, employee turnover, profitability.

Update Forecasts
After each period, update your forecasts from Step #2. Are you on the right path? If not, what needs to change?

Explore Budget Differences
Evaluate expected versus actual performance. What happened, and how do you prevent significant variances going forward?

Enlist Expert Help
Accountants can give an unbiased opinion on your plan and how you might need to adjust it.

Getting Started

Are you ready to create your business financial plan? Financial planning is crucial for a thriving business. If you're unsure where to begin, we'll help you define your goals, develop an action plan, and track your progress.

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