

Making your business a success in 2021

Developing a business recovery plan



2020 was an incredibly challenging year for the private sector. The COVID-19 pandemic impacted almost every business and brought many to a standstill.

This coupled with the impact of Brexit created a uniquely uncertain environment where survival was often the only real target on the agenda.

2021 will hopefully see a significant change in the business climate. The vaccine has created a light at the end of the COVID-19 tunnel and the Brexit position has now stabilised. Businesses must now focus on ensuring their recovery is as quick and effective as possible.

In order to optimise the recovery of your business you should seriously consider putting a business recovery plan in place.

Points to Consider when Creating a Business Recovery Plan

1. Identify the areas where your business was negatively impacted by the business environment in 2020
2. Develop strategies to overcome each of these impacts and targets to measure the success of those strategies
3. Ensure your business has the information and resources it needs to implement and evaluate the strategies you have identified
4. Measure the success of your strategies against your KPIs at set time points. If a strategy is not working change it
5. Make sure the targets you have set are SMART and stay focused on them
6. Review and Re-evaluate your strategies and targets at regular intervals

Improving your Cashflow as part of your Business Recovery Plan

From a finance perspective the biggest challenges many businesses will face will be linked to **liquidity**. These businesses will identify increasing working capital and improving cashflow as key targets for their recovery.

- » Ensuring your Invoicing and Credit Control functions are as slick and effective as possible
- » Having in place a regularly updated Cashflow Forecast so you can identify potential problems in time to put in place measures to deal with them
- » Having an Overdraft Facility in place
- » If your Business has been impacted by COVID-19 consider taking out a BBL or CBILS Loan before these expire even if you do not need the funds immediately
- » The security of having these funds may well be worth the cost in interest
- » Don't be afraid to try to negotiate payment plans with suppliers and HMRC if you need to
- » Make sure you are taking advantage of any Grants and Government and Council Support Schemes your business is eligible for

Rebuilding your Profit Levels as part of your Business Recovery Plan

The other finance target that businesses will obviously be focusing on is **profit**. To maximise the profitability of your business you should consider measures including:

- » A review of all the costs within your business to ensure you are getting value for money and spending your funds on costs that will help you deliver your business recovery plan
- » Putting in place job or product costing to ensure you are billing effectively and maintaining profit margins
- » Reviewing your pricing to ensure it is in line with the market and set at the optimal level to maximise profit
- » Ensuring you have a management accounting process so you can see how your business is performing on a monthly basis. This management information will be essential when reviewing your business performance and the success of your plan
- » Trying to identify additional revenue streams that can be easily and profitably be incorporated into your business model

Have no doubt, 2021 will be another challenging year but it will also be a year of opportunity. A Business Recovery Plan will be essential if you want your business to make the most of those opportunities.



For further help with your business recovery

If you would like any help producing a business recovery plan, managing your liquidity or putting in place processes that will give you the management information you need to make the right business decisions please feel free to contact David Edmonds, the Owner and Managing Director of Edmonds Accountancy

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