

McLean, Koehler, Sparks & Hammond

Certified Public Accountants/Business Consultants

Business Planning for 2005

With autumn setting in and the end of the year approaching, it's time to look at how your business fared over the last year and begin planning for the coming year. Here are five questions to ask as you reflect and plan. They have the potential to make 2005 your company's best year ever.

- **If you could change one thing about last year's performance, what would it be?** Asking this question will help you examine the most critical things that happened, rather than being overwhelmed by *all* the things that happened. Did you lose money in a particular product or service line? Did your volume decrease from a traditionally good customer? Did you lose more customers than expected? It will be helpful to gather the financial and operational data necessary to answer these questions. If you're not set up to obtain this type of management information, make that one of your first goals for 2005.
- **Were your top 25 customers this year different than last year? Did you experience high customer turnover? Did you keep your customers, but not add any new ones?** Either situation could signal a problem that needs to be addressed. Of course, you want to keep your good customers. But in business, you can't stand still. You're either moving forward, or you're going backward.
- **What was the biggest challenge your employees faced this year?** Employees on the front lines, out in the marketplace or working in the office are critical to your success. Do you know what their biggest challenges have been? Is the company doing what it can to make their work efficient and their jobs enjoyable? Do you offer training and development to help employees continually increase their skills and value to the company? Spend time talking with your employees regularly about their issues and concerns. Investments in this area will help you create a higher performing organization in 2005.
- **If your most important supplier went out of business tomorrow, how would that impact your business?** Even seemingly strong companies can go out of business for one reason or another. Are you keeping up with the viability of your major suppliers? Do you have backup suppliers who could fill the void if needed? It's a good idea to check the credit rating on your suppliers from time to time. If you see it slipping, that could be one sign that the company is in trouble and you need to secure a backup. Don't get caught short by ignoring early warning signs.
- **If you were to become disabled tomorrow, is there someone trained and ready to step into your role?** Succession planning is important at all levels of a company. From the CEO to first level managers, losing people without notice can seriously impair your ability to meet customer demands and keep your company running smoothly. Of course, even with the best preparation, some glitches will occur if the unthinkable happens. But your company will be stronger and better able to endure the hardship if a mechanism is in place early on.

There are many financial ratios, sales figures and other numbers you should review as you close out this year and plan for the next. However, financial information only points you to the results of a problem – dig deeper to uncover what's underneath. These questions will help.

McLean, Koehler, Sparks & Hammond helps owners and business leaders become more successful by providing innovative financial, technology and management solutions for every stage of their organizations' life cycle. MKS&H's organizational consulting division, Tandem Partners, specializes in people strategies that drive business results. For more information on this article or MKS&H, please contact Margaret Wilson at 410-296-6200 or via email: margaret@mksh.com.

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