The dictionary definition of a plan is “a detailed scheme, method, etc., for attaining an objective”. If we break that down into the two important parts we get the objective and the detailed scheme.

The objective
A business must determine what it expects of itself in the short and long-term, its size, location, products, market share, customer base, ranking with competitors, etc, so this is what we might consider our objective or goals—let’s call the long-term goals our “10-year plan”. (Timescale depends on the objective.)

Along the way to this 10-year plan, we need shorter time periods so that we can see if we are on target to achieve our objectives—let’s call these “yearly budgets”, which we will produce for each year and with monthly splits so that we have a check against our actual performance.

We have now set up how we will monitor our performance, but how detailed should our objective be? As a rule, we make the overall objectives brief and simple to understand. In this way we can be sure that our employees know our objective, i.e. to be the biggest telecoms company worldwide.

The detailed scheme
First, take the objective statement and break it down into defined parts. In the telecoms example, we may say the 10-year plan is to be the biggest in the world—that could mean:

- operating in every major country
- having a turnover of £££m
- employing ? employees, and
- having a customer base of ? people.

This is the point at which the detailed planning can now start.

Working backwards from our 10-year objective, we need to set our targets for each year so that we can monitor our actual performance to see if we are on schedule to achieve our goal. The first (and sometimes also the second) of these years will be set as very detailed budgets. Most companies are used to producing these short-term budgets which usually do not require major changes from the current workings of the company as the timescale forward is so short.

Success from planning comes from looking through the objective and noting the turning points or major changes throughout the plan and ensuring that the company starts to act in time and in every business respect for these events to happen.

Taking the telecoms company as an example, there may be many key changes depending on the size of the company and the objective set. The timings of actions needed to achieve each key point on time could look something like Table 1.
Table 1: example of a telecoms company's 10-year plan

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
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<tbody>
<tr>
<td>Goal: to increase European customer base by 10m</td>
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<tr>
<td>Action: appoint advertising agency and set up telemarketing team</td>
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<td>Goal: take over or joint venture in America—15m customers, increasing by two million pa</td>
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<tr>
<td>Action: appoint an agent in America and/or England to create a list of suitable companies which could be approached for this action</td>
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<tr>
<td>Goal: take over or joint venture in the Far East of a company with a minimum of 20m customers</td>
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<tr>
<td>Action: appoint an agent in the Far East, and/or Singapore, to create a list of suitable companies which could be approached for this expansion</td>
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<tr>
<td>Goal: build a new head office and major communications networking plant in Germany or France to house world operation</td>
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<tr>
<td>Action: appoint a property development company, site project, find suitable land, design the building, seek building permission, look into grants available, appoint building contractors, etc.</td>
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</table>

The planning process is already showing that although we set our first key point of increasing our customers by 10 million by year four, our first task is that of appointing an agent to look for an American take over or joint venture opportunity as this is expected to take up to four years to complete and so must be started soon if it is to be completed on time.

So far we have looked at the timing of the projects needed to meet our objective, but this is only part of the planning process. We must now look at the other corporate functions and assets to see if we have the necessary skills and finances available within the company, or do we need additional “lead times” to gain these as well?

- Some of the additional considerations could be:
  - Skill based—do we have the trained technical personnel to take on the work of designing the world network? If not, where do we recruit them? What will they cost? How long before we can get them? Can we train them from our existing staff?
  - Looking at our management team, do we have a sufficiently large and experienced accounting, computing, and administration base or do we need to enlarge any or all of these before we can even start any of the projects, and how long would this take?
  - Asset based—the main consideration here is to the amount of finance needed not only for the key points, but also for any other expenditure such as recruitment, surveys, market research or agent retainers, etc. How are we going to raise the necessary finance? How long will that take? A bank overdraft for very large sums could take many months to arrange and necessitate the use of complicated modelling programs in support of the proposals. Do we have such programs and the staff to use them?
  - The total objective could require finance to the extent that a company “float” or increase in share capital is required. This could take a year to complete and be expensive in itself.
  - We must plan for all these processes and allow for the time taken to complete each of them so that our objective can be met in the timescale required.

**But things do not always go according to plan**

We must be prepared to amend our plans, look at alternatives and re-schedule the whole operation if necessary. Events will nearly always cause us to rethink even the most rigid or fundamental ideas, so we must be flexible and always bear in mind that we must protect the company we already have and not put it at risk by forcing through an objective that is now proving to be too much of a strain on the resources that are available.

Detailed planning gives us goals which are achievable because we have allowed the time to think them through, to implement them and arrange for the technical manpower and financial requirement before any problems arise.

Stuart Skinner FCMA
FCMA is financial consultant and business trainer at Elite Training
European Ltd.