

## Action plan



### Planning finances during periods of growth

Periods of growth can be tumultuous because of the gap between investing in additional capacity and receiving the income it generates. This puts pressure on cash flow and means financial planning is critical.

- **Effort:** Medium
- **Impact:** Medium

#### Actions:

##### Create and maintain financial forecasts.

- **Impact:** High
- **Suggested duration:** 7 days
- **Why this will help:** It's difficult to grow without effective forecasting. Financial modelling allows you to document and explain your growth plans, and understand the investment that's needed.

##### Plan for different scenarios.

- **Impact:** Medium
- **Suggested duration:** 7 days
- **Why this will help:** Growth creates uncertainty and it can be hard to understand the impact it will have. Scenario forecasting allows your management team to make evidence-based decisions.

##### Make a business case for investment.

- **Impact:** Medium
- **Suggested duration:** 5 days
- **Why this will help:** Creating a formal business case for any investment that's needed adds rigour and makes sure you've properly considered the implications. It's also a helpful tool to communicate with stakeholders such as shareholders and key team members.

##### Set cash flow KPIs and get buy-in from staff.

- **Impact:** Medium
- **Suggested duration:** 42 days
- **Why this will help:** Managing cash well frees up resources. Setting KPIs for metrics like cash runway and debtor days makes sure your team understands the impact they have and makes being careful with cash a priority.

## Action plan



### Create a financial one-pager to send out on a monthly or quarterly basis.

- **Impact:** Medium
- **Suggested duration:** 5 days
- **Why this will help:** Communicating effectively with stakeholders is critical during periods of growth. Developing a habit of regularly sharing a financial summary keeps them up to date, so buy-in is high and they can offer relevant support and advice.

### How will I know if my action plan is working?

#### Way to measure success

Board meeting performance.

#### Why this metric?

Navigating periods of growth requires business owners to have a comprehensive understanding of their finances. Board meetings are a great test of that.

#### How do I start tracking?

Reflect on your performance at board meetings. Did you feel confident about your assessment of company performance? Could you answer financial questions easily? Were there any gaps in your knowledge that better financial planning could help you answer more easily next time?