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WHAT ARE THE 6 STEPS IN THE FINANCIAL PLANNING PROCESS - INFORMATION FOR CLIENTS

Walsh West Certified Chartered Accountants 2021

Financial planning is the process of understanding your current financial situation as well as helping to plan for future spending. It's an important part of starting and maintaining a successful business – it helps to predict earnings, plan budgets for marketing, payroll, and other business expenses, and also helps a business understand what investments, internal or external, are smart, worthwhile decisions. Ultimately, financial planning helps you ensure that you're tracking every dollar and making the most of each one along the way.

The steps to a successful financial planning process.

1. Establish your goals

To get going, you need to know your destination. What do your finances need to support? You can shape your policies and create a plan when you know what the plan needs to accomplish.

2. Gather data

After deciding on your goals – which can range from hiring new staff to growing sales to increase revenue to be able to sell the business to be able to buy another business – it's time to start gathering data relevant to your goals.

That data includes all current monetary assets, including debt, savings, projected income and revenue, and investments. Having this information gives your financial advisors and business leaders a solid starting point towards what process needs to be made and what guidelines need to be in place.



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3. Analyse data

Much of the data will be related to your current financial standing, past debts, and investments. What does the data tell you? What answers does it offer? What questions does it raise? It's important to interpret the data in light of how it will affect your goals.

4. Create a plan

Now is the time to translate the data into actionable items. If you know the goal and you know the data that supports your decision, it's important to start building the infrastructure that will help you meet your goals. Who will need to be involved in the planning and who will need to be involved in the execution.

These are not often the same teams of people and sometimes don't involve the people who gather and interpret the data. You'll only know who needs to be involved in the plan creation based on your business and your goals.

5. Execute the plan

Make sure everyone knows what the goals are. The only way to work on a plan together is to make sure that everyone understands what the plan is trying to accomplish and what's at stake. Make sure everyone involved knows what their role is and knows where to go with questions.

6. Assess the plan

Setting things in motion is important, but it's important to have regular check-ins to see if you will need to adjust any part of the plan to meet your goals on time. You may need to adjust your timeline or make tweaks to your process to aggressively ramp up efforts in one area or pull back in others. Assessment is key to keeping your plan on track.

Financial planning is an ongoing process for every business at every size. Even Etsy shop owners need to have an understanding of how much raw material they'll need to invest in to create their items or how much they will need to spend on finding antiques to list and balance that against what they'll have to base prices on to turn a profit.

Following a financial planning process is beneficial for anyone looking to understand the upfront cost, managing debt acquisition, and gain knowledge on break-even and profitability to continue the life of their company or brand. No matter what size business or industry, the financial planning process is an important one.



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