



Now is the Time for Year-End Business Planning

Michael K. Menerey, Partner, CFO Edge, LLC

You've undoubtedly heard the old saying that some people are so focused on the trees that they can't see the forest. Unfortunately, many Los Angeles and Southern California business owners and entrepreneurs are so focused on the day-to-day tasks and challenges involved in running their businesses that they seldom step back and look at the big picture. A big part of looking at the big picture is taking the time for business and strategic planning. Right now is a great time to get ready to do some year-end planning that will help you finish 2014 on a high note and enter 2015 with momentum and a plan for success.

10 Areas to Focus On As You Plan

Proper year-end planning will help support sound decision-making in 2015, which will lead to improved operations, increased cash flow and higher profits. Here are 10 areas to focus on as you prepare your year-end planning:

- 1. Wrapping up 2014** — Your first priority should be to identify things you can do now to finish 2014 strong. For example, is there a way to boost revenue by taking on special orders or special engagements that will cover variable costs and an additional portion of fixed costs? Are there expenses that can be managed before year-end to improve the bottom line?
- 2. Rewarding your employees (and yourself)** — If you had a good year, how will you reward your employees who were responsible for making it happen? You could make an additional contribution to their 401(k) plan or contribute to a bonus or profit-sharing plan. Also think about whether you should shelter some of the profits for yourself.
- 3. Prompt accounting closings** — For example, is your physical inventory planned, including an effort in advance of the count date to minimize obsolete and slow-moving items? Has your accounts receivable aging been reviewed to determine if increases in the reserve for uncollectible accounts require adjustment? Are collection efforts being focused on as a priority?
- 4. Year-end tax planning** — There may be opportunities for significant tax savings by making some year-end tax moves before December 31. Talk to your CPA now so you can be prepared to implement strategies before year-end.
- 5. Risk management** — Now is also a good time to review your business risks and your corresponding insurance coverages with your insurance broker. Keep in mind that your needs may go beyond basic insurance coverages to include business interruption, flood, earthquake, and directors and officers (or D&O) policies, to name just a few.
- 6. Cash position vs. cash needs** — Are you planning growth or expansion initiatives next year that will require a capital infusion? If so, will you need to arrange for new financing, or modify existing financing, in order to make your growth plans a reality?

7. Mission statement — Many companies write a mission statement early on and then forget about it. Take a fresh look at your mission statement and make sure it still reflects your company's core beliefs and reason for existence. Then make sure it is clearly communicated to all employees so everyone's pulling in the same direction.

8. Goals — First, you and your management team should analyze how successful the company was in achieving the goals you set for 2014. Based on this, set new goals for 2015 in the most critical areas of your business. These typically include sales, revenue, profits, growth, marketing and advertising, new customer acquisition, customer service, employee retention, technology, and innovation, to name a few areas.

9. Business plan — Now would also be a good time to dust off your business plan and make updates to it based on the new goals you have set for the new year. Your business plan should be a living, breathing document — not just something you create when you first start your company and then forget about.

10. Forecasting and budgeting — These are among the most important year-end planning tasks for any business. In particular, consider using a rolling quarterly forecast instead of the traditional annual budgeting process. This approach will give you an 18 month look into the future, providing the basis for projections looking further out to support strategic planning *before* 2015 actually arrives. It will also provide much of the required information if your business plan needs to be updated.

Concluding Thoughts

Now is a great time to get ready to do year-end planning that will help you finish 2014 on a high note and enter 2015 with momentum and a plan for success. Proper year-end planning will help support sound decision-making in 2015, which will lead to improved operations, increased cash flow and higher profits. Set aside time now to work with your management team and advisors on some year-end planning over the next couple of months. Also consider bringing in an outsourced CFO services provider to get the perspective of a trained and experienced financial and operational expert as you conduct your year-end planning.

You're invited to click here to download our complimentary brief on year-end planning:

[Year-End Strategic Planning & Forecasting: Now Is the Time for a New Approach](#)

About CFO Edge

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