

Plan For Financial Success

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In today's fast changing world people ask why do we need a plan because as soon as it's made things seem to change? A good question and one that does have some merit but not a lot.

You want to plan for several reasons, the main one is to have a map of where you want to go and how will you get there. Whether it is boosting revenues and profits to a certain level, or getting ready to sell and retire. We all need a plan to get there.

The business plan is only one component of the overall strategy. You should strategize with your financial planner so you know what you need to retire and at what age. A good financial planner will be able to help you with this.

From this starting point you then can look at how your business financial goals have to fit into your personal financial goals. As your business financial goals will be a big contributor to your overall goals. Your business plan will include a very detailed spectrum of everything from market share, demographics to competition and more. One of the most important items will be the budget and break even analysis.

The budget is the starting place to track key performance indicators and where you will end up if certain revenue numbers are targeted. Once you put the budget together based on past performance of the previous year and the goals we want to achieve, you will get a glimpse of what can be predicted for profits if everything aligns properly. In the budget we recommend keeping track of your key performance indicators and see if you hit the so called "Sweet Spot", where revenue increases put a larger percentage to the bottom line. Every lab has a sweet spot it's just a matter of finding it.

When the budget is done we then find the break even spot for covering operations and the break even for profit. This helps you monitor the sales and know where you stand on a daily and weekly basis, allowing you to make adjustments before the end of the month sneaks up on you.

The business plan helps you to determine the ROI or Return On Investment you require to purchase a new piece of technology or implement a new sales and marketing program. It helps you to know your competition better and also the profile of the dentists in the market you serve or want to expand to. It also addresses your capital needs such as how much cash flow is available for debt servicing, and do you have the proper amount of revolving line of credit. A lot of businesses are under capitalized and that has many different effects on operations.

There are many aspects to why you should plan and also that once a plan is written it's not written in stone. You must re-evaluate the assumptions and projections on a quarterly and annual basis. People tend to spend more time planning a vacation than they do their financial success.