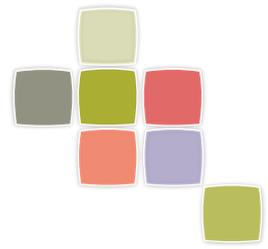


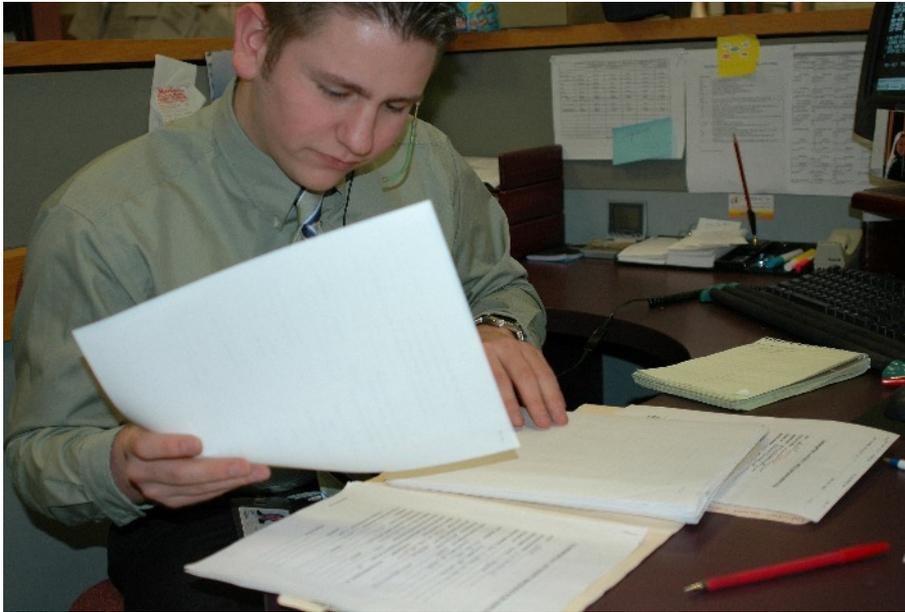
FINANCIAL DYNAMICS

Chartered Certified Accountants & Business Advisers



Business Insights

MARCH 2012



Capitalise on your strengths

The most important element in strategic planning for a business is the concept of return on equity. All business planning is aimed at both organising and re-organising the business resources in such a way as to increase the financial returns to the business owners. Businesses that do this effectively in a rapidly changing environment are the ones that survive and prosper. Those that fail to do this form of strategic analysis are those that fall behind and eventually disappear over the horizon.

EXPLOITING THE EARNING CAPACITY

The most valuable financial asset in life is the ability to earn money and by exploiting this earning capacity and applying the right business strategy is the foundation to a successful business.

MARKETABLE SKILLS

One of the greatest responsibilities in life is to identify, develop and maintain an important marketable skill. It is to become very good at doing something for which there is a strong market demand thus creating a competitive advantage. The ability to identify and develop this competitive advantage is the foundation of financial success.

BUSINESS STRENGTHS AND WEAKNESSES

Business strengths encompass everything that an organisation does well whilst, conversely, business weaknesses encompass all those things that are holding the company back from achieving core objectives.

It is worth noting that it is equally important to assess strengths and weaknesses from the point of view of the business customers. It is highly likely that the company could be conducting more business with existing customers by looking at operations through their perspective and acting accordingly.

REVIEWING THE STRATEGIC POSITION

Along with the internal assessments of an organisation's strengths and weaknesses, reviewing the strategic position also includes evaluating external opportunities and threats in the marketplace. There are issues, trends, and events that can conspire to positively or negatively impact a business, and reacting proactively will better help determine the overall strategic position.

WHAT ABOUT THE THREATS?

Competition is a major source of many of the threats that any business is likely to face. Indeed, a competitor may take a loss in order to bring a cheaper product to consumers, for example. This is something not much can be done about. However, by making a plan of action is a step in the right direction.

CONTINGENCY PLANNING

Of course, as you write out your contingency plans to deal with your competitor threats comes the realisation that there are factors that might come up to thwart those as well.

DRAWING THE LINE

As with any planning and preparation scenario, there will come a time when it is necessary to draw the line and rest easily in the plans that have been made.

For a SWOT threat process, it is highly recommended to stick to the original business threats as there is really nothing that really can be done about threats to a small business, except be prepared.

MAKING FORECASTS COME TRUE

Honest analysis and planning ahead can take some of the sting out of the bite should all the worst business forecasts start to come true.

For further information contact:

Financial Dynamics Consultants Ltd.

Tel: 0121 321 1700