

Plan B?

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Many of life's failures are people who did not realise how close they were to success when they gave up" (Thomas A. Edison 1847-1931)

In order to get a business off the ground good business practice says we need a business plan. Indeed if venture capital funding was required the plan probably took many, many hours of toil to craft and now resembles a sculptured 'work of art' being unwaveringly implemented as we speak.

But the market conditions that prevailed at the plan's conception will always change. Sometimes as we have seen with the tumultuous economy of 2009 and now also 2010 these conditions will change quickly and beyond all recognition. What then? Many business leaders will leave their plan in their desk draw and continue regardless. Sadly these businesses will not have grown or prospered and may even have failed.

The more astute among you however will realise the plan needs continual tweaking, in real time, and will already have a 'Plan B' just in case.

'Plan B' encompasses many things for example: better cash management; better debtor management; identification of alternative sources of funding; cost reduction; labour force reduction. In a 'nut shell' it identifies the creative ways of achieving more with less.

Here are 10 things to consider when developing 'Plan B'

1. Honestly and rationally assess where your product or service is in its lifecycle. Is it really a product fit for mass production and marketing or is it an early stage prototype requiring more investment? This will help prioritise resources.
2. Define the core skills and processes required for the business at this stage. Do you need an expensive business development director if the product is still only a prototype. Likewise, do we need a fat development department if we have with a mature product? Do I need a full time FD when a [part time FD](#) will suffice?
3. Identify which members of the management team are appropriate for the business at this stage? Who are the fighters? Who can roll their sleeves up? Which members of the management team can perform multiple roles?
4. Determine which one or two key markets have the lowest barrier to entry – i.e. where are you likely to get the easiest and earliest success? Investors often take more confidence from a small and growing pipeline rather than one or two big deals.
5. Swift and decisive communication with staff is paramount. Staff usually know exactly what is going on within their company. They know sales are down, suppliers are complaining. They see the investors in the office. They will take confidence from knowing management understand the situation, are taking decisive action and are truthfully keeping everyone in the picture.
6. Identify areas for cost cutting and cut costs as early as you can. Try to do it so deep that you do not need to repeat the activity. Don't forget that management

also need to be seen to make sacrifices not just the staff. Avoid extravagant demonstrations of spending in order to buy staff goodwill.

7. Change the shape of sales deals. Get some cash up front or agree staged payments. Consider software rental, maintenance holidays, trade reduced maintenance for longer terms - be as light footed and as flexible as you can.
8. Pay very special attention to cash flow and debt. Work hard to reduce your aged debt – incentivise your credit controller and sales people. Renegotiate with suppliers and debt providers for example agree staged payments with HMRC for PAYE. Get all allowances in early, e.g. R&D tax credit.
9. Now may be a good time to collaborate. It takes a brave management team to actively seek out potentially competitor companies and strike up a relationship. Yes you may have to give up a little margin. But in times of crisis more imaginative ways of getting your product to market are required. Few companies are truly identical. Few have the same technical strengths, the same scale and geography of operation.
10. Develop Plan B before you need it. Be clear on your KPIs (key performance indicators) and how you measure performance. Agree the point at which you will execute Plan B and stick to it.

Invariably the development and execution of 'Plan B' is easier (less painful?) with expert help. Isosceles have guided many small and medium companies through difficult times. It's not without its challenges but with positive action at the right time, it is possible to shape your future!