

## **Setting financial objectives is vital to business growth**

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The best of British businesses, large or small, are run on an excellent understanding of their unique market, good reporting systems and sound finances thereby maximising every opportunity presented. Perhaps over-riding all of these pointers will be a series of attainable objectives for which detailed action plans will be in place.

In all businesses, success is fundamentally determined by the profits achieved which, in turn, will be reflected in cash balances.

So, why is it so important to have such objectives? Any good business plan will include the identification of targets and any issue relating to their attainment including such factors as new product sales levels, productivity and key staff utilisation.

If progress is not checked regularly it will become unclear what additional resources are required. Major problems can occur without some sort of contingency plan. Without one, bad decision making can be a consequence.

Setting financial targets is paramount to running a good business either at corporate level or at department level, depending on the size of the company. However, to be effective it is important that aims be communicated to staff in order to underline the importance of teamwork. Attainment should be entrusted to key staff members so they can become responsible for the strategy. As a general rule of thumb, targets should be set for both the short and medium term.

The key to keeping to financial targets is regular measurement. Whilst some targets might well be monitored weekly, most are best reviewed monthly against budget. It is certainly not necessary to follow plans too slavishly as businesses must be able to adapt to a changing business environment. Financial objectives are an essential tool not only to stay in business but to overall profit enhancement.

Good planning to provide for all contingencies is essential but it should always be remembered that all businesses should concentrate on the profit line first and foremost.