



**Student Number: 180054406**

**New legislation for businesses**

**In light of COVID-19, should company law be reformed to require the filing of a business plan at incorporation?  
A critical analysis.**

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## **1. LIST OF ABBREVIATIONS**

COVID-19	CORONA VIRUS DISEASE ('CO' STANDS FOR CORONA, 'VI' FOR VIRUS, AND 'D' FOR DISEASE.)
CA 2006	COMPANIES ACT 2006
ACCA	THE ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS
CFN	THE CORPORATE FINANCE NETWORK
SME	SMALL AND MEDIUM-SIZED ENTERPRISES
CIPD	CHARTERED INSTITUTE OF PERSONNEL AND DEVELOPMENT

## 2. INTRODUCTION

The scale and speed of the 2020 Coronavirus pandemic were like nothing else the world has experienced. For tens of millions of business owners, the pandemic has been a life-changing event. For many businesses, the recent pandemic has perhaps shown some organizations having a structure in place are vital at this time. When the virus spread and lockdown became commonplace across the world, many businesses had to think fast and act quickly to ensure the business had what it needed. Many collapsed due to the lack of structure within their businesses.

What is outdated and serving little purpose when it comes to structuring a business to weather a pandemic storm? Perhaps it takes a pandemic for businesses to understand the need to be more structured, agile and adaptive within their business when they start it.

Presently, there is no firm legislation on implementing a written business plan when registering a business with Companies House in the UK (paying £12.00 and one receives a limited company). Without an enforced legislation in place, new start-up and business owners may continue to create limited companies without a good business structure in place, in turn, continue to generate unstructured business and further a suffering driven to debt economy as we have experienced with the COVID-19.

The world as we know is shifting, it is also important to know governments can change the rules and regulations concerning structured businesses and engages to this shift. Implementing a good structure to businesses via written business plans, changes in how businesses are being registered and the legislation behind this implementation means greater changes in the way businesses operate which may benefit all in society.

The aim of this dissertation is to assess the effects, the changes in the business structure in light of COVID-19 within businesses paying particular attention to whether the traditional ways of Company Law and Companies House are benefiting business or rather sacrificing business because of a lack of attention in whereby businesses are required to file a business plan at the time of incorporation with Companies House.

### **3. AIMS**

This dissertation on “*In light of COVID-19, should company law be reformed to require the filing of a business plan at incorporation? A critical analysis.*” aims at providing an overview on the importance written business plans have on business owners and ensuring businesses are structured when registering a business with Companies House.

Combined with insights of numerous research papers, and other research sources in the spectrum of Company Law and business structures, thus providing theoretical and practical viewpoints.

The aim is to encourage the reader gain insight and a broader understanding on the importance of implementing written business plans when structuring a business and how the government and laws themselves may play a conscious and act role in ensuring when registering a business.

This dissertation aims to offer a overview of the importance of written business plan itself, how Companies House accepts businesses to set up in this day and age, the present day Company Law and how the business world is shifting. The need for governments to evolve with the times, in turn, upgrade the rules and regulations concerning structured businesses adapting into society and engage in this shift.

The reader should realise the fact that it is a concept, which may contain several layers and captures numerous facets, which were choses to keep a clear oversight during the research and writing process.

#### **4. OBJECTIVES AND LAYOUT**

The evolution of business practises and planning and how they are put in place is a core facet of this dissertation, thus the focus is on the relevant, frequently quoted, trends in business practises and business planning and recent developments with COVID-19. The Company Law, which is mentioned in this dissertation, is to back up and support some statements, which have been made.

Regarding the number of cases and the depth of them, only a certain amount was presented. Some are addressed at length, while only are brief in explanation, which far from undermines the significance of the cases presented.

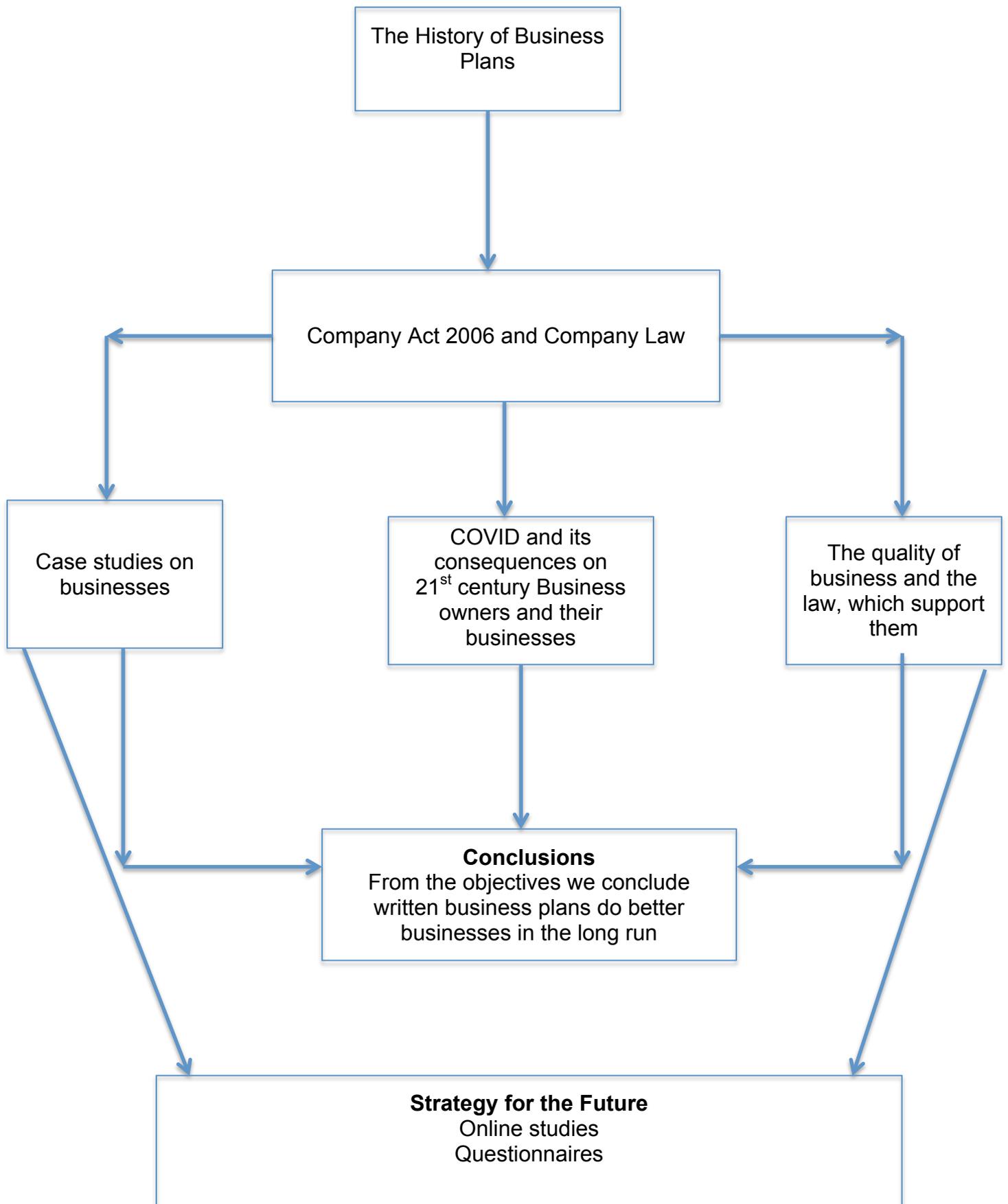
Some objectives, which will be covered in this dissertation, are:

- History of business planning
- Company Law and Company House Policies
- How COVID-19 has impacted businesses
- To identify the need for more business structure.
- To identify the gains from implementing a business plan and the requirement the filing of the plan at incorporation
- To ascertain the prospects of the business sector in future years time with adequate structure in place.

This dissertation is structured into free flowing sections, between which there are no strict borders. After the introduction and understanding of business structure and setup, then discussing the understanding of business planning and why they are imperative in setting up a business, will follow.

Discussions on the present position within the realms in reference to the Company Act 2006 and Company Law and how both play an important role in how business is structured within this dissertation. Company Act 2006 may need to be updated to where businesses are today. Then, an explanation is provided how Company Law should shift their legislation to help business setup and structure correctly. Highlighting the concerns the way business is dealing with the impact of COVID-19 to their businesses. The dissertation then concludes with a final summary, this author's intention is to have shed some light on the points of the discussion surrounding the importance of how Companies House may be reformed to require the filing of a business plan at incorporation in the present challenges.

## 5. METHODOLOGY



The relevant research has come from the following resources:

- 1) An extensive online study
- 2) Online Interviews (due to COVID-19 face-to-face interview were unable to be performed )
- 3) Questionnaire sent to individuals whose businesses were effected, and start-up business owners (copy of the interview attached)

### **5.1 Online study**

Extensive research through numerous resources composed my online study. Background reading over such wide subjects is essential with this being the current business challenges; such a reading can only conclude the aims of this dissertation. The use of articles, research papers and journals also broaden this dissertation with an overall view of business planning, company law and companies house within the business industry.

### **5.2 Interviews**

By using two methods of communication (with COVID-19, it has restricted in person face to face) it is possible to obtain the exact information required.

First, face-to-face interviews by several different platforms such as Skype, Zoom and Facebook Video calls. The interviewee can be honest and open into questions from different angles. As the interview progress will also gain answers to more in-depth challenges and conclude with opinions of a broader audience. Methods such as this are an advantage over information sources such as questionnaires as they do not guarantee a significant number of replies or to give the information required. The personal approach has gained more emphasis of daily challenges with the information gained.

Second, a broader approach by an email questionnaire has been administered to gain more background information.

### **5.3 Limitations of scope**

The information and research of this dissertation had to be confined due to the scope and time limitations, so the reader must understand not all considerations of constraints neither Company Law nor in-depth written business plans along with the structure of business itself may be discussed in detail.

This dissertation does not attempt to be all embracing, it is obvious accounts of written business planning cannot be contained within this essay without sacrificing essential discussion and analysis; instead my approach has been a selective one.

As the main theme in the change of legislation and policies within Company Law and be reformed to require the filing of a business plan at incorporation and the importance between these two parties. This focus provides a framework on which to build a good and healthy understanding of how to bridge these two themes to unite together for change to occur.

## 6. HISTORY BEHIND BUSINESS PLANNING

Writing a business plan seems to have had quite a background history. In the *Rising and Fall of Strategic Planning*, Henry Mintzberg, he explained in his book written business planning was “*being practiced in the mining industry in France in the 19<sup>th</sup> century.*”<sup>1</sup>

The more present day outline of written business plans was evolving in the United States around the 1950s as an addition to the financials. From information like this, it seems to become a ritual in a sense, for corporate organisation implementing business plans to carry on their businesses or gain investment.

In Peter Drucker’s article “*Planning for Uncertainty*” *Wall Street Journal* 22 July 1992.<sup>2</sup> he states;

*“Uncertainty—in the economy, society, politics—has become so great as to render futile, if not counterproductive, the kind of planning most companies still practice: forecasting based on probabilities. Since then uncertainty has increased (terrorism, potential problems of global warming, a looming shortage of hydrocarbon fuels, and waves of epidemics); the electronics age has vastly increased the speed of communications and the Internet has created a vast, global theater of activity. The chorus of critics has also grown louder. Despite these signs of a changing “planning culture,” formal planning is still practiced in many if not all major corporations.”*

So, what exactly is a written business plan and how can business benefit from them? A written business plan in its simplest form is a roadmap for one’s business. It outlines the business goals and maps how the business is going to achieve them. In addition, in to be effective, a business plan must be written down and must include timelines wherever possible in sense is a live document, which must be reviewed periodically.

When business planning is done correctly, it may connect the dots of the business so then it gets clearer and fuller picture of the whole structure of the business. Business owners, which start companies should concentrate on business identities, target markets, strategies, exit strategies and the overall full understanding of the structure, along with their services and products to be tailored to match. All this comes when a written business plan is implemented.

Truman noted:

*“You can always amend a big plan, but you can never expand a little one. I don’t believe in little plans. I believe in plans big enough to meet a situation which we can’t possibly foresee now.”*

Harry S. Truman, former U.S. President

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<sup>1</sup> Mintzberg, Henry. *The Rise and Fall of Strategic Planning*. The Free Press, 1994.

<sup>2</sup> Drucker, Peter. “*Planning for Uncertainty.*” *Wall Street Journal* 22 July 1992.

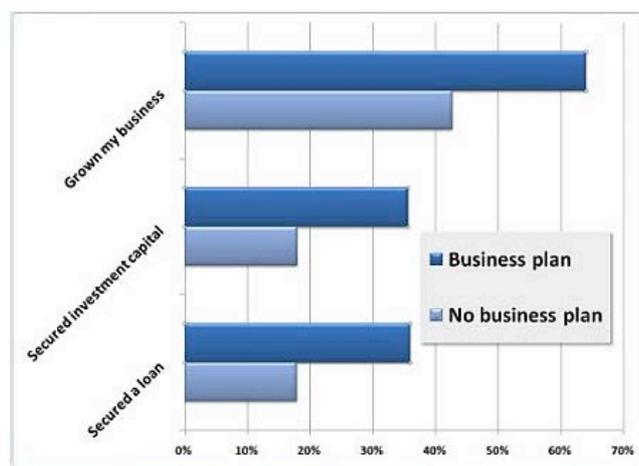
Written business plans aim to help business owners to keep track of how they have structured their businesses. With good planning process business owners may be able to regularly track the progress of the business, follow and analyse assumptions, adaptations to the model in a evolving present market notices new developments in their business and amend them accord lying. With good planning processes in place this allows the business to track results and set goals to be achieved. Regular monthly reviews of a written business plan prompts a business owner the understanding on what tasks and accomplishments have been achieved.

Another intention of a written business plan is to understand and connect the dots together in the companies' cash flows. A cash flow plan helps when funds are slowly coming in or too much inventory constipated cash flows. Having a detailed cash flow may offer the understanding of availability of cash available to purchase assets, repaying debts, the sales on account. Cash flow takes planning and management. Written business plans along with cash flows allows the business to see what the business is able to achieve, set milestones to be able to work towards it. The business plan ensures that key objectives are listed as to what the business should achieve, such as reaching and defining a level of sales, hiring staff or maybe even opening a new location.

It may be challenging to remember the business's priorities and what the business should focus during the daily routine and growth of the business, however with a written business plan in place, a document to review, becoming a tangible reminder to be done regularly.

As outlined in the statistics and figures by Tim Berry, Palo Alto Software founder, below, new data prove the value of written business plans.

Palo Alto Software founder Tim Berry (a contributor here at *Small Business Trends*) recently reported on some [new data showing the value of business plans](#). Palo Alto did a survey that asked thousands of its [Business Plan Pro](#) software users questions about their businesses, goals and business planning. The responses showed that those who completed business plans were nearly twice as likely to successfully grow their businesses or obtain capital as those who didn't write a plan.



2,877 people completed the survey. Of those, 995 had completed a plan.

- 297 of them (36%) secured a loan
- 280 of them (36%) secured investment capital
- 499 of them (64%) had grown their business

1,556 of the 2,877 had not yet completed their plan.

- 222 of them (18%) secured a loan
- 219 of them (18%) secured investment capital
- 501 of them (43%) had grown their business

As Confucius states:

*“A man who does not plan long ahead will find trouble at his door.”*

Confucius

A key assumption for the field of business is written business plan work to improve strong performance. (Lumpkin, Shrader & Hills, 1998).<sup>3</sup> Numerous studies have addressed and acknowledge the positive link between written business plan and results.

In a longitudinal study, Delmar and Shane (2004)<sup>4</sup> examine emerging business. They noted writing a business plan would support the owner of the business more since it would minimise the chance the owner of the business abandon the idea of starting a business because there was a written business plan in place.

Many articles, journals, organisations and books reinforce the importance of business plan writing and also the importance of implementing business plans in a company. Reviews by Castrogiovanni (1996)<sup>5</sup> find studies on the relationship between performance and written business plans are conclusive. Essentially, it seems positive effects are often gained from written business plans.

In a research paper from Cranfield University of School of Management “Multiple Effects Of Business Plans On New Ventures”<sup>6</sup> “*they found an empirical methodology and apply it to UK data where they found written business plans promote health and stable employment growth. In this research paper, studies point to a positive relationship between business*

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<sup>3</sup> Lumpkin, T. G., Shrader, R. C. and Hills, G. E. 1998. “Does formal business planning enhance the performance of new ventures?” in P. D. Reynolds (ed) *Frontiers of entrepreneurship research*, Babson Park: P&R Publications.

<sup>4</sup> Delmar, F. and S. Shane (2003) ‘Does Business Planning Facilitate the Development of New Ventures?’, *Strategic Management Journal*, 24, 1165–1185.

<sup>5</sup> Castrogiovanni G. (1996) ‘Pre-startup planning and the survival of new small businesses: theoretical linkages’, *Journal of Management*, 22(6), 801–822.

<sup>6</sup> Andrew Burke, Stuart Fraser And Francis Green (2009) “Multiple Effects Of Business Plans On New Ventures” *Cranfield University School Of Management*; 1-41

*plans and the positive survival of a business which structure well with a business plan.”*<sup>7</sup>

The conclusions of this study pointed to the significance of business plans.

*“The key result is ventures with written business plans grew faster than those without written plans (by, on average, 33.4% points per annum), having controlled for selection effects.”*<sup>8</sup> This supports business plans, which helps increase business owner’s skills, thus improving performance for businesses. What are more, written business plans provide a reference source for evaluating and supporting company’s performances. (Block and MacMillan, 1992).<sup>9</sup> Written business plans may be particularly helpful at increasing the growth performance. It shows business owners the importance of writing a business plan to support their particular venture’s success and in what positive circumstances might be it also be most advantageous to write a business plan as mentioned above.

Alexander Graham Bell quotes:

*“Before anything else, preparation is the key to success.”*

Alexander Graham Bell

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<sup>7</sup> Andrew Burke, Stuart Fraser And Francis Green (2009) “ *Multiple Effects Of Business Plans On New Ventures*” *Cranfield University School Of Management*; 1-41

<sup>8</sup> Andrew Burke, Stuart Fraser And Francis Green (2009) “ *Multiple Effects Of Business Plans On New Ventures*” *Cranfield University School Of Management*; 1-41

<sup>9</sup> Block Z, MacMillan I. & Sahlman. W, Stevenson. H (eds.). (1992) ‘*Milestones for successful venture planning*’. In *The Entrepreneurial Venture*, Harvard Business School Press: Boston, MA; 138–148.

## 7. COMPANY LAW AND COMPANIES ACT 2006

“The Companies Act 2006 is the main piece of legislation, which governs Company Law in the UK.”<sup>10</sup> Company Law regulates the incorporation of a company, how a company may conduct its business, what compliances or filings are to be made by company with the respective governments for maintaining transparency.

### 7.1 Why was Companies Act introduced?

With the long anticipated overhaul of Company Law, Companies Act of 1985 and 1989, which was “overdue and outdated”, a new version 2006 was introduced.<sup>11</sup> The thought process for the Act was to implement a “Think Small First Approach”<sup>12</sup> so it would provide an easier platform for businesses to set up and maintain their companies.”<sup>13</sup> Previous laws, which had been implemented, made it challenging for companies to manage their business, and this led to business becoming hesitant to set up as a limited company.<sup>14</sup> With evidence that there was adamant need of reform, hence the implementation of the Companies Act 2006.

### 7.2 What was the main goal of Companies Act?

The purpose of the Act was to improve and amend Company Law by adding important key clause and consolidating Company Law into one Act.<sup>15</sup> It has been said the CA 2006 is *‘the most all-encompassing piece of corporate legalisation which has ever come out of Parliament’*<sup>16</sup> and *‘which embodies the many attempt have been made since the 1800’s to re-examine and re-modernise the whole of the existing laws relating to commercial companies.’*<sup>17</sup> As stated by Reisberg: *‘it holds the somewhat dubious record of being the largest Act of Parliament ever enacted.’*<sup>18</sup>

### 7.3 What key changes were made to the Companies Act 2006?

Company Act 2006 created new Articles of Association to amend the vague provisions of exciting legislation and define new provisions restricted by guarantee for such businesses.<sup>19</sup> Company Act 2006 also eliminated the company's requirement for a company secretary and enabled companies to waive the requirements to hold an Annual General Meeting.

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<sup>10</sup> Company Bug *What is the Companies Act 2006* <https://www.companybug.com/what-is-the-companies-act-2006/> (Feb 2015)

<sup>11</sup> The Institute of Legal Secretary's and Pas. *‘Reform of Company Law’* (2007) *The Legal Secretary Journal Dedicated*

<sup>12</sup> Ibid

<sup>13</sup> Ibid

<sup>14</sup> The Institute of Legal Secretary's and Pas. *‘Reform of Company Law’* (2007) *The Legal Secretary Journal Dedicated*

<sup>15</sup> Frank Shackleton, Madeline Cordes and Geraldine Caulfield. *Shackleton on the Law and Practice* (Sweet & Maxwell, 2011) 51

<sup>16</sup> Arad Reisberg. *‘Corporate Law in the UK after Recent Reforms: The Good, the Bad and the Ugly’* (2010) 63 *CLP* 315, 374

<sup>17</sup> Arad Reisberg. *‘Corporate Law in the UK after Recent Reforms: The Good, the Bad and the Ugly’* (2010) 63 *CLP* 315, 374

<sup>18</sup> Ibid

<sup>19</sup> The Institute of Legal Secretary's and Pas. *‘Reform of Company Law’* (2007) *The Legal Secretary Journal Dedicated*

The far more crucial change to the law under the Company Act was the governance of the responsibilities of the directors. “Before, director’s responsibility was part of the common law, which seems to offer a vast deal of confusion regarding what responsibility were imposed on them.”<sup>20</sup> However, Company’s Act offers more detailed understand now as to what director’s duties, which are contained as statutory code by Company Act 2006 within sections 171-177<sup>21</sup>. This is provided in section 170 (3) of Company Act 2006 and director’s duties are still based on “certain common law rules and equitable principles.” Section 170 (4) states “these general duties shall be interpreted and applied in the same way as common law rules or equitable principles.”

In light of these provisions, the clarity of the duties of a direction based on Common Law rules and the principle of fairness under previous law, yet the restrictions on the duties of a director are now clearer. Before the Company Act 2006 being implemented, it was stated, “ the law on the duties of a director was in places “contradictory, anachronistic and uncertain”.<sup>22</sup> As such, changes made by Company Act 2006 seem to be generally welcoming and provide a slightly better direction.

It was recognised in *Thermoscan Limited v. Norman*<sup>23</sup> “when the court declared it was still to be guaranteed by the same common law rules and common law principles were taken into account when interpreting the new provisions of the Company Act 2006.”<sup>24</sup>

The key change to the law under the Company Act was the governance of the responsibilities of the directors. The clarity of the duties of a director based on Common Law rules and the principle of fairness under previous law, yet the restrictions on the duties of a director are now clearer.

### **Does Company Law need new reform again?**

The principle of separate legal personality is somewhat vague, especially when considering the exceptions associated with the principle. Therefore, something must be done to reduce, if possible, eliminate this uncertainty. While Company Act focused on key director roles in a business, however, the Act itself lacks greatly on the focus of the “business entity” a business owner steps into – the structured vessel of the business itself. A business is a separate entity from the business owner and this should acknowledge in Company Law.

While we have seen in the case *Salmon v Salmon*<sup>25</sup> with the doctrine of the lifting of the veil, Company Law does acknowledge the separate legal

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<sup>20</sup> All Answers Ltd. (November 2018). Companies Act 2006. Retrieved from <https://www.lawteacher.net/acts/companies-act-2006.php?vref=1>

<sup>21</sup> Andreas Cahn and David C Donald. *Comparative Company Law: Text and Cases on the Laws Governing Corporations in Germany, the UK and the USA*, (Cambridge University Press, 2010) 342

<sup>22</sup> Institute of Directors. *The Director’s Handbook: Your Duties Responsibilities and Liabilities*, (Kogan Page Publishers, 2010) 26

<sup>23</sup> [2009] EWHC 3694 (Ch)

<sup>24</sup> All Answers Ltd. (November 2018). Companies Act 2006. Retrieved from <https://www.lawteacher.net/acts/companies-act-2006.php?vref=1>

<sup>25</sup> *Salomon v Salomon and Co Ltd*. [1897] AC22 Case Summary

personal to a limited company indirectly of the owner itself. It is great to have the key players to row the business, however, if the business “entity” itself does not offer the correct structure when stepped into, this is where the business may collapse in the long haul. New reform on acknowledging the business “entity”, “vessel”, or “vehicle” needs to be addressed.

*“If you want good laws, burn those you have and make new ones.”* Voltaire

## **8. BUSINESSES IN 21ST CENTURY**

Business we have seen has had a massive change over the past decade since Companies Act in 2006 was updated. Business, as seen, radically becomes different. Businesses are marketed differently to their audiences and they engage in different business methods, which has taken on a new shift of its own. The shift in how businesses are executed today comes from changes of technology.

It seems people tend to setup businesses quicker and on a whim.

With the Internet playing a strong role in the 21<sup>st</sup> century, it seems website, social media platform are the direction of conducting business. With this speed in place, it seems the structure part of the business is put on the back burner. Search engine optimisation, social media and other forms of digital traffic generation have been brought to the forefront. Still the need to mile and leverage the Internet to produce new ways of securing business seems to be the focus rather than taking a moment before the rush to structure the business model correctly.

### **8.1 BUSINESS PLANNING SUCCESS**

“According to research by SCORE/Counselors to America’s Small Business, the reason small businesses fail overwhelmingly include cash flow issues. This includes poor cash flow management and poor understanding of cash flow, starting out with little money, and *lack of a developed business plan.*<sup>26</sup>”

- 82% – Poor cash flow management skills/poor understanding of cash flow
- 79% – Starting out with very little money
- 78% – *Lack of well-developed business plan, including insufficient research on the business before starting it*
- 77% – Not pricing properly or failure to include all necessary items when setting prices
- 73% – Being overly optimistic about achievable sales, money required, and about what needs to be done to be successful

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<sup>26</sup> *Cash Flow: The Reason 82% of Small Businesses Fail* by Michael Flint | Jun 8, 2020 | Financial Strategy Preferred CFO

- 70% – Not recognizing or ignoring what they do not do well and not seeking help from those who do”<sup>27</sup>

A survey released in 2010<sup>28</sup> conducted an overall survey of 11,046 companies’ business growth and found their performance improved with business planning. Significantly, the same research from the study showed that planning benefits existing business, even more so than start-up businesses. Further research showed that businesses grow 30% faster<sup>29</sup> than businesses, which chooses not to plan.

This study did also demonstrated many businesses may succeed without a business plan; however, those who did have a business plan in place grew faster and are more successful than those who did not. To strengthen the link between business planning and scalability, it showed in another study<sup>30</sup> fast growing business – companies with revenue grew more than 92 percent each year simply by having a written business plan. “In fact, 71 percent of fast-growing companies have plans.”<sup>31</sup>

Business owners who had developed a written business plan were able to have the drive and understanding to talk to future potential audience, customers, create a healthy working relationship with business partners, and have a clearer understanding on how to start looking for funds along with gather other information such as understanding their marketing strategies, set sales goals and financial budgets, which was able to document their sale, in turn, which offered them the confidence needed to start their own business.

In this research it showed, business owners who created a written business plan to "establish legitimacy"<sup>32</sup> could achieve future success for their businesses. Reducing the chances of a business failing by implementing the business planning process before starting a business means the business may have a better success rate.<sup>33</sup>

*Small Business Economic* conducted a study where they established business owners with written business plan are 152% inclined and more confident to start their business.<sup>34</sup> It also showed in the study, 129 percent of business owners with business plans are more inclined to drive their

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<sup>27</sup> *Cash Flow: The Reason 82% of Small Businesses Fail* by Michael Flint | Jun 8, 2020 | Financial Strategy Preferred CFO

<sup>28</sup> Brinckmann, J., Grichnik, D., & Kapsa, D. (2010). Should entrepreneurs plan or just storm the castle? A meta-analysis on contextual factors impacting the business planning–performance relationship in small firms. *Journal of Business Venturing*, 25(1), 24-40. doi: 10.1016/j.jbusvent.2008.10.007

<sup>29</sup> Burke, A., Fraser, S., & Greene, F. J. (2010). *The multiple effects of business planning on new venture performance*. *Journal of Management Studies*, 47(3), 391-415.

<sup>30</sup> Upton, N., Teal, E. J., & Felan, J. T. (2001). *Strategic and business planning practices of fast growth family firms*. *Journal of Small Business Management*, 39(1), 60-72.

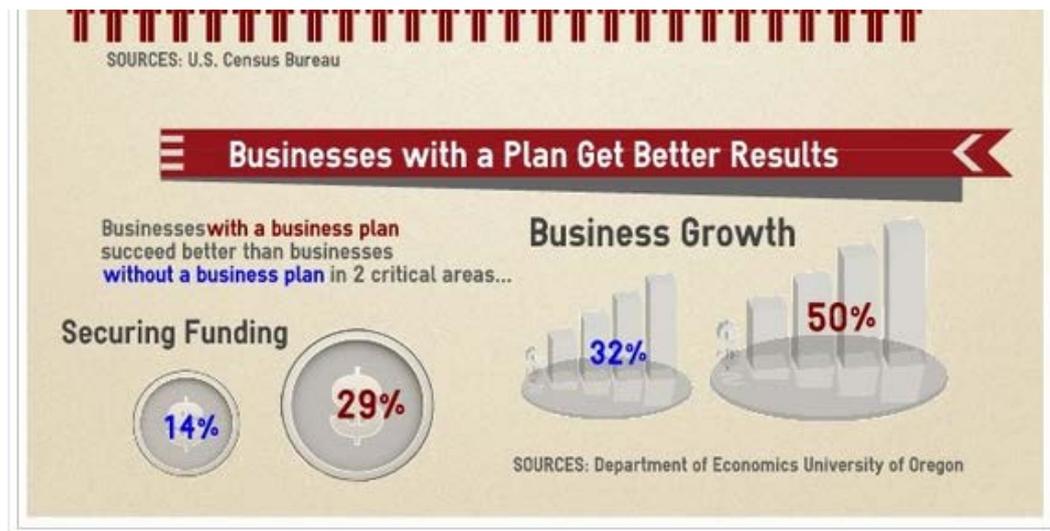
<sup>31</sup> Upton, N., Teal, E. J., & Felan, J. T. (2001). *Strategic and business planning practices of fast growth family firms*. *Journal of Small Business Management*, 39(1), 60-72.

<sup>32</sup> Delmar, F., & Shane, S. (2004). *Legitimizing first: Organizing activities and the survival of new ventures*. *Journal of Business Venturing*, 19(3), 385-410. doi: 10.1016/s0883-9026(03)00037-5

<sup>33</sup> Shane, S., & Delmar, F. (2004). *Planning for the market: Business planning before marketing and the continuation of organizing efforts*. *Journal of Business Venturing*, 19(6), 767-785. doi: 10.1016/j.jbusvent.2003.11.001

<sup>34</sup> Hechavarria, D. M., Renko, M., & Matthews, C. H. (2011). *The nascent entrepreneurship hub: Goals, entrepreneurial self-efficacy and start-up outcomes*. *Small Business Economics*, 39(3), 685-701. doi: 10.1007/s11187-011-9355-2

businesses past the initial start-up phase along with keep growing it. In a study of 223 businesses, it showed that the probability of a company failing would be minimised by implemented a written business plan. However, implementing a written business plan did not automatically secure a successful business, yet, the business with a written business plan though would have a greater opportunity than businesses who missed the planning stage.



According to the New York Times article "Why don't all Entrepreneur Write business Plan?" the consensus was strongly beneficial on reasoning of business plans and their relationship with business owners as understood below:<sup>35</sup>

*"Despite having gone through an entrepreneurship program, when I started my web design business this past August I fell into category two: just do it. But, it wasn't so much that writing a biz plan would make it feel that I was going too slowly. I had just lost my job and was looking for a way to pay the rent. Spending a few weeks laying out a detailed plan didn't feel like an option. I certainly think I'm paying for it now, as I try to organize my marketing and logistics in a logical way. A little planning would have probably saved me a good amount of time. Taking everything I've learned I'm going to write a business plan as I restart in a new location." - David M*

*"It's never a good idea to not write a business plan. Solid entrepreneurs have the big picture vision for their business in mind and writing what we visualize and expect greatly assists the manifestation of that. Don't be lazy about this. Your business (and life) is certainly worth it." - Jim Campbell*

<sup>35</sup> Scott A. Shane, *Why Don't All Entrepreneurs Write Business Plans?* The New York Times (9<sup>th</sup> November 2009)

*This is a personal feedback from a newly formed startup business in 2020:*

## NAOMI GIEVA

The Business Mission has enabled me to understand why building a solid structure for a business has been a fundamental step towards achieving a successful business. I was able to build steady foundations as we worked on each part of the business plan while also gaining knowledge in areas, where I needed more information and direction on. The business plan became a guide to work along reminding me of the strategies, which were needed, and how to implement them correctly. Before creating a business plan, it was confusing for me where to begin and felt like I was beginning blindly into creating a business.

As I began to work with The Business Mission, it became clear how important implementing structure to a business is instrumental to the success of a business. My vision became more aligned, as we would work on the plan each week. Weekly Skype meetings on the progress of the business plan taught me how to be accountable and motivated me to keep working. Being guided and shown empathy throughout as I learn about business, which was testing at times, yet Nancy reminded me of my strengths. Once we completed the business plan, the written information of the business plan was extracted and put into action.

The Business Mission's mentoring was a pivotal aspect to the success of building my business because outside my creative duties, there was much more to uncover. Social Media and Branding were a challenge for me to understand. However, Nancy was able to share her knowledge and guide me to implement these both which enriched my business understanding of Social Media and Branding immensely. The overall mindset of business and how to approach it was the area I grew the most. Building a business is testing and having the right mindset to think/act a certain way was something I had limited understanding in the beginning. I have become a confident and mentally strong person through the mentorship, and am forever grateful for the powerful knowledge Nancy has shared with me.

The Business Mission conducted itself with the utmost professionalism. I felt respected and heard at all times. The Business Mission created a legal contract from the beginning of how we would work together. Everything stated in the contract was at all times completed and exceeded my expectations. The Business Mission created legal documents catered to my business as well, to make sure my business is safeguarded for future work I may partner with other organisations. A huge thank you to The Business Mission for what it has done for me business-wise and personally. I truly felt the success of my business is as important to them as it is to me. I have been on an amazing journey of knowledge, personal growth and achieving a successful and promising business thanks to the The Business Mission.

*Naomi Omorogieva  
Founder of Naomi Gieva*

## 9. COVID-19 AND ITS CONSEQUENCES TO BUSINESSES

All areas and sectors of business seem to have been greatly affected by the pandemic itself. Based on a study from [smallbusinesses.co.uk](http://smallbusinesses.co.uk), 48 percent said, “COVID-19 has had a ‘severe impact’.”<sup>36</sup>

COVID-19 has dealt out a vast number of consequences. “Many business owners worry about adapting their business to these changing times (27 percent). This was followed by the stress of supporting employees (18 percent) and confusion over the help available (17 percent).”<sup>37</sup>



“A fifth of organisations still have no business contingency plan in place to deal with the coronavirus outbreak”, a survey of Human Resources professionals has found.<sup>38</sup> “Polled more than 390 employers, found that 21 per cent of employers did not yet have a business contingency plan in place to deal with the coronavirus.”<sup>39</sup>

Speaking to *People Management*, Guy Pink, portfolio careerist and former HR director at Addaction, said, “it was irresponsible not to have a business continuity plan as the situation could worsen still further as the UK approaches a potential European-style complete lockdown. “There are still organisations that have yet to be fully grasp the severity of the situation or indeed follow the government advice,” Pink said.

<sup>36</sup> Anna Jordan *Small Business Owners Reveal How They've Handled Mental Health And Covid-19* [www.smallbusiness.co.uk](http://www.smallbusiness.co.uk) (21 Sep 2020)

<sup>37</sup> Anna Jordan *Small Business Owners Reveal How They've Handled Mental Health And Covid-19* [www.smallbusiness.co.uk](http://www.smallbusiness.co.uk) (21 Sep 2020)

<sup>38</sup> Maggie Baska *Fifth of employers still do not have a coronavirus business contingency plan, survey finds* *People Management* (23 Mar 2020)

<sup>39</sup> Maggie Baska *Fifth of employers still do not have a coronavirus business contingency plan, survey finds* *People Management* (23 Mar 2020)

“Those organizations which have initially a good business plan in place will have already thought through the consequences of what may be coming down the track, which will include the next phase of complete lockdown,” he said.

Abby Ghobadian, professor of management at Henley Business School, said “organisations should have already had a ‘pandemic plan’ in place. He said he had seen some UK businesses planning for the eventual coronavirus outbreak, and running stress tests, as early as February. “I feel any responsible business should have had some planning before all this transpired because we have been hearing about coronavirus since January,” Ghobadian said. “But why some businesses did and why some businesses still don’t is all to do with management and how they structured the business.”

“The only thing I can put this down to is the ability of top management to read the environment to see the signals and react to those signals in an appropriate fashion.”

The *People Management* and CIPD poll also found improvement in the number of employers, which a business had a plan in place for if one of their employees tested positive for coronavirus. While 16 per cent of employers responding to the second survey still did not have a plan in place, this was down from 33 percent.



Source: Institute for Business & Home Safety

## 9.1 HEALTH-RELATED CONSEQUENCES TO FAILED PLANNING

For those who chose no structure to their business from the onset, they may experience the highs and lows of dealing with mental challenges and stress of business. The depression one deals with when in business, which fails, may fall in place as well. There may also be the possibility of the business failing due to no structure, which would leave the business owner out of a job, or any source of income, leading them to head to unemployment benefits, which may take a toll on the taxpayer as well.

We are also witnessing recently how many businesses are collapsing during this pandemic we are enduring.

It has proven the importance of a structured written business plan and how this may stabilise businesses through any situation out of their control. A fleet of successful and structured businesses is so much healthier for the economy.

*“One in 10 small business owners in Britain are considering suicide”,* according to their accountants. Eleven percent<sup>40</sup> of small business owners are thinking of ending it all, overwhelmed by the coronavirus pandemic, while 78 per cent of SME owners have worse mental health, according to research from chartered accountants’ group ACCA<sup>41</sup> and The Corporate Finance Network (CFN). And 89 percent of accountants say that their small business clients are generally under more stress.

The ACCA survey shows how the coronavirus pandemic has affected small business owners’ mental health, driving many of them to consider suicide. On top of spiralling debt and a cratered economy, many independent retailers have the prospect of the next quarter day commercial property rental payment looming on June 24, despite their shops not having been open for the past three months.

Thousands of small businesses say they are fire fighting immediate concerns such as cash flow pressures and resuming operations safely ahead of lockdown lift. Nearly a quarter (23 percent) of small businesses say they are going to run out of money within two weeks if the lockdown continues unchanged. Fourteen per cent said they are going to run out of money if lockdown goes unchanged for another four weeks. And 5 percent of small businesses say they plan to go out of business.<sup>42</sup>

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<sup>40</sup> ACCA, The global body for professional accountants *Coronavirus information and resources*  
<https://www.accaglobal.com/gb/en/cam/coronavirus.html>

<sup>41</sup> ACCA, The global body for professional accountants *Coronavirus information and resources*  
<https://www.accaglobal.com/gb/en/cam/coronavirus.html>

<sup>42</sup> ACCA, The global body for professional accountants *Coronavirus information and resources*  
<https://www.accaglobal.com/gb/en/cam/coronavirus.html>

## 9.2 FINANCIAL COST OF COVID-19

Meanwhile, a separate report by small business insurer *Simply Business*, estimates the financial cost of coronavirus to SMEs in the UK will exceed £69bn.

COVID-19 has cost the average small business £11,779 in lost work and earnings. With more than 5.8 million SMEs in the UK, accounting for over 99 percent of all businesses, putting the cost of coronavirus at over £69 billion. Not only that, but “*two fifths (41 percent) of small business owners fear their business is at risk of permanently closing due to the pandemic*”.<sup>43</sup> Four per cent of those surveyed said they have permanently ceased trading – suggesting that over 234,000 small businesses has closed as a direct result of the pandemic.<sup>44</sup> A comprehensive business plan is a key instrument for a business to maintain a successful direction.

We have witnessed, during COVID-19, even the most stable companies should review their business plans and strategies to ensure healthy financial outcomes.

## 9.3 CASE STUDIES OF BUSINESSES COLLAPSING WITHIN THE COVID-19 CLIMATE

Based on a recent article in Business Live “*List of shops that have collapsed into administration in 2020 as UK lockdown hits high street*” many businesses were under pressure before the pandemic- and many are now struggling to survive.<sup>45</sup> “Britain's non-essential shops are set to temporarily close again on Thursday as England goes into a national lockdown for the second time this year. According to Bristol-based chambers of commerce Business West, the restrictions could be “ruinous” for businesses, which are forced to shut. *Business Live* looked at data gathered by the Centre for Retail Research (CRR), which reveals the retailers that have called in administrators this year.”<sup>46</sup>

**Peter Jones (China)** “*The gifts and homeware retailer went into administration in mid-July. The 50-year-old company had stores in Barnsley, Doncaster, Batley, Huddersfield, Castleford, Pontefract, Wakefield and Wetherby, and had been closed for business since lockdown, with its 70 staff on furlough. KPMG was appointed as administrator and the business is expected to be liquidated, according to the CRR.*”

**TM Lewin** “*The retailer of shirts and ties went into pre-pack administration in June, according to the CRR. Stonebridge Private Equity through its subsidiary Torque Brands had recently bought the firm, with the new owner saying that the future of the entire retail sector was facing a “very real threat.” The retailer is to close all its UK stores and around 600 workers will lose their jobs after*

<sup>43</sup> The Corporate Finance Network (CFN).

<sup>44</sup> ACCA, The global body for professional accountants *Coronavirus information and resources* <https://www.accaglobal.com/gb/en/cam/coronavirus.html>

<sup>45</sup> Hannah Baker, Bristol Post Business Editor *List of shops that have collapsed into administration in 2020 as UK lockdown hits high street* Business Live (2 Nov 2020)

<sup>46</sup> Hannah Baker, Bristol Post Business Editor *List of shops that have collapsed into administration in 2020 as UK lockdown hits high street* Business Live (2 Nov 2020)

*the firm said it was going online-only in a bid to save the 120-year-old brand. "The Torque team has worked to assess all available avenues for the business model going forwards, but having done so, has formed the view that TM Lewin is no longer a viable going concern in its current format," it said.*

#### **9.4 SUMMARY**

It is clear and obvious, it is not COVID-19 itself, which has lead these businesses to collapse, rather than the initial problem within the structure of the business itself. From my own experience of helping business owners structure and startup businesses, the onset of building a business is always the foundation and structure. If the foundation of the business is too weak the impact is to be felt in the long term. Without planning and laying down clear foundations and structure from the onset, there is a great chance for the business to collapse. While adequate foundations may be costly, the investment is key to have the solidity of the base to ensure the heaviness of the business will eventually hold. Foundations need to be strong enough to hold the growth of a business.

#### **10. CONCLUSION**

With written business plans implemented and business owners taking the time to place the correct structure and foundations to their business idea from the very onset, we may have more successful and fewer businesses, which fail. With businesses itself functioning properly, long term, in turn, this may even make the economy stronger.

While the appreciation the filing requirements for company incorporate are set in the Companies Act 2006 and a written business plan is not a requirement of the Act and Companies House cannot ask companies to file documents which are not required by legislation, this is where exactly where we should see reform on this legislation of registering/incorporating a business with Companies House.

While it is appreciated Companies House is obliged to accept applications for incorporation provided it meets the current criteria for proper deliveries, how can Companies House accept an application based on surface information about directors and key individuals only rather than actual overall structure of the business entity itself?

The ironic part is when one decides to build a house in the UK, they must draft up the blueprints for the house and the written material of what they want to implement and *then* submit to the Council for approval to start building the house.

We have witnessed many businesses are collapsing during this pandemic we are enduring. In most, or in all cases, written business plans or some sort of structure were not implemented or drafted up when they went to register/incorporate the business.

Company Law itself needs a much need reform now. As we have seen companies collapse such as *BHS in 2016* and *Carillion in 2018*, there is so much more to the business than only the directors themselves. Company Law right now only emphasises key players, which run the business itself. The business entity only because it is “intangible” indirect may lead one to think it is not an entity; the business itself is an entity in its own right, “a vehicle”, “a vessel”, which moves with the help of the directors or shareholders.

Presently, the system with Companies House is simply too open-ended. When one has an idea to start a business, they simply head to Companies House register their business name for £12.00 and in turn, they “think” they have a business. While this is a good starting step to ensure the government understand who is involved in their business this still opposes the challenges we have whereby many business owners simply register/incorporate a business, without any structure and continue to try trading as a business.

The vast amount of businesses fail because people who only understand the core of what the business does- not HOW to structure a business, in turn, this may be the reason the business collapses or fails – lack of structure.

To bring forth mental health-related topics with concerning business owners, for those who chose no structure to their business from the onset, they may experience the highs and lows of dealing with mental challenges and stress of business. The depression one deals with when in business, which fails, may fall in place as well. There may also be the possibility of the business failing due to no structure, which would leave the business owner out of a job, or any source of income, leading them to head to unemployment benefits, which may take a toll on the taxpayer as well. We are experience plenty of this right now with the government needing to furlough businesses merely to allow them to survive through the Coronavirus Job Retention Scheme.<sup>47</sup>

Strengthening a business is more than involving cash flows and financials. It also includes strategies to broaden and retain the foundation of what the business is built on and all this comes from planning and outlining. Written business planning entails creating a practical “ blueprint” for how the company should manage itself before a global downfall, sail through it and continue to make business work after the crisis.

From the responses of the questionnaire in Appendix A conducted many business owners were unaware of any business-planning material made available by Companies House and any understanding of Company Law. Many also agreed that most of UK based businesses were not well structured and businesses, which have well-defined structure enables, steady growth for business owners and the economy. Many had also wished when they had started their business there had been more government backed written business planning resources available to for business planning. More information needs be readily available to help new businesses decide on how to structure their business from the outset.

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<sup>47</sup> Daniel Ferguson, *Coronavirus Job Retention Scheme: How will it fit with employment law?* House of Commons Library (March 2020)

Most or all agreed a written business plan should ideally be a prerequisite for any business about to register with Companies House and making it essential to have a plan while registering would create more successful businesses and that companies house need to evolve into this. They also felt a business plan being required before registering heighten the chances of more successful business and filter the business owners who want to build a business from business owners who only want to see 'Director' next to their name with no real business. All mentioned, even believed, which business owners were successful, could be more successful if they had planned their business better.

All questioners acknowledged planning done in advance may only be a good thing for businesses, business owners and the whole economy. If a business has a greater chance of success with a plan and structure in advance, it is highly advantageous for the economy.

More reform on the actual structure of a business entity is what is crucial more than ever now. We must come to understand a business structure itself is an entity, which needs to be acknowledged before it may be registered.

## 11. FUTURE STRATEGY

In a recent article from the Law Society Gazette "*ID checks on directors in Companies House reforms*" this is an excellent, yet only small step towards an effective and responsible direction of structuring business correctly from the onset.<sup>48</sup>

Supporter for corporate transparency has encouraged plan to request verification on business directors and their roles. Along with the crack down on fraudulent activities and money laundering issues by directors, the government announced, "*it will give Companies House new powers to query and reject information and bar directors from being appointed until their identity has been verified.*"<sup>49</sup>

All these changes are presented in the *Corporate Transparency and Register Reform consultation*.<sup>50</sup> Lord Callanan, minister for corporate responsibility, said: '*Mandatory identity verification will mean criminals have no place to hide – allowing us to clamp down on fraud and money laundering and ensure people cannot manipulate the UK market for their own financial gain.*'<sup>51</sup> "He said the government would consult on further changes to make Companies

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<sup>48</sup> Michael Cross, *ID checks on directors in Companies House reforms*, Law Society Gazette (September 2020)

<sup>49</sup> Michael Cross, *ID checks on directors in Companies House reforms*, Law Society Gazette (September 2020)

<sup>50</sup> Lord Callanan Minister for Climate Change and Corporate Responsibility

*"Corporate Transparency and Register Reform Government response to the consultation on options to enhance the role of Companies House and increase the transparency of UK corporate entities"* Department of Business, Energy & Industrial Strategy (Sept 2020)

<sup>51</sup> Lord Callanan Minister for Climate Change and Corporate Responsibility

*"Corporate Transparency and Register Reform Government response to the consultation on options to enhance the role of Companies House and increase the transparency of UK corporate entities"* Department of Business, Energy & Industrial Strategy (Sept 2020)

(Sept 2020) *"Corporate Transparency and Register Reform Government response to the consultation on options to enhance the role of Companies House and increase the transparency of UK corporate entities"* Department of Business, Energy & Industrial Strategy

House more useful and usable, including reforms to the filing of company accounts.”

Steve Goodrich, research manager at pressure group Transparency International UK, said: *'These welcome changes are a significant step forward in tackling Britain's role as a global hub for dirty money.'* He called for the *'long overdue' reforms to be brought forward at the earliest possible opportunity.*<sup>52</sup>

While it is good news campaigners are keen to get a greater understanding of the key individuals who will run the company, what about the business itself they step foot into? It's like saying we should know the people who live in the house yet who cares about the house itself, how exactly is the house structure to avoid it to collapse? We should also look into the structure of the business entity itself. Companies House should acknowledge businesses are separate entities from business owners.

From my own personal journey of pushing for reform on the way companies are setup with written business plans, my letters to my MP Felicity Buchan, the Chief Executive of Companies House, Louis Smyth and Lord Callan (July 2020) have not gone unnoticed. Lord Callan response to my recent letter for reform quoted *"The proposals that Ms Steidl has outlined are very interesting and I appreciate the sharing of her views, which are very passionate. Having a business plan can very much help a business owner prepare for the ups and downs that it may be faced with."* (Letter from Lord Callan attached in Appendix 2)

Controlling and managing corporate entities, understand who is setting up the business and is involved with the business, improving the usability of date and the accuracy of it on the companies register, sharing intelligence, protecting personal information, insuring compliance, and other methods to curb the mistreatment of corporate entities are key reforms needed to understand who is running the business. Bring more in-depth understanding of key business individual is an important aspect to a business.

However, there is a need to incorporate legal aspects of acknowledging businesses as separate entities from their business owners and offering safeguarding to these "business entity" before they are started and registered. When one has an idea to start a business, Companies House must play an integrated part to ensure a good structure is in place for the business itself to enter the business world.

Some future tactics are for the government to implement a good strategy where by government may offer incentives for the optional completion of a business plan when registration a business.

When registering a business, the government may offer further help and information about how to start a business, such as the essentials to begin while registering. Requiring a written business plan may offer further structure to the economy because the more structured successful businesses, the more jobs provided and the stronger the economy becomes.

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<sup>52</sup> Michael Cross *ID checks on directors in Companies House reforms*, Law Society Gazette (September 2020)

With Companies House implementing the requirement for a written business plan, this shows the business owner registering has conducted their research and has understood the importance of structure. Requiring submitting a business plan when registering may have a positive effect because the businesses, owners and economy may all be enriched with structure and have a better chance of excelling.

Greater encouragement must be given to businesses concerning written business planning and the question of whether a written business plan is in place when a register a company. Those, which are able to demonstrate a business plan perhaps, are incentivised over those that cannot, but even by asking the question as part of the registration process would highlight the importance of having a business plan.

How would Companies House have the capacity to read every single business plan? A outsource company or another sector in the government is formed to handle this matter.

Since the Small Business, Enterprise and Employment Act 2015<sup>53</sup> was implemented, a new method for getting rid of the director or company secretary who has not been able to act accordingly to the correct capacity of the business.<sup>54</sup>

However, why even get to this stage? Changing Company Law to be more reflective on viewing the business intangible entity as a vessel in its own right needs to be seen. In the case of *Salomon v A Salomon and Co Ltd [1897] AC 22 Case Summary*<sup>55</sup> this was a benchmark case to show how the change is able to occur with businesses to better them and it did express understanding a business is separate entity from the business owner.

With more properly planned and structured businesses from the onset of this may result in increased stability and fewer negative statistics, which affects business confidence in general and gained financial success in businesses in eventually and build a prosperity economy as a whole.

*“I am not an advocate for frequent changes in laws and Constitutions. But laws and institutions must go hand in hand with the progress of the human mind. As that becomes more developed, more enlightened, as new discoveries are made, new truths discovered and manners and opinions change, with the change of circumstances, institutions must advance also to keep pace with the times. We might as well require a man to wear still the coat which fitted him when a boy as civilized society to remain ever under the regimen of their barbarous ancestors.”* Thomas Jefferson

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<sup>53</sup> Small Business, Enterprise and Employment Act 2015

<sup>54</sup> Ashfords LLP *Recent changes to company law* (June 2016)

<sup>55</sup> All Answers ltd, '*Salomon v Salomon - Case Summary*' (LawTeacher.net, November 2020) <https://www.lawteacher.net/cases/salomon-v-salomon.php?> (accessed 20 November 2020)

### 13. APPENDIX A (EXAMPLE OF QUESTIONNAIRE)

This questionnaire was given to business owners to gain the benefits of written business plans and understanding of Companies House

Nancy Steidl  
Suite 394  
22 Notting Hill Gate  
London  
W11 3JE

Email: [info@thebusinessmission.com](mailto:info@thebusinessmission.com)

Dear Sir or Madam,

01 November 2020

At present, I am studying for the final year of my Master's Degree in International Business Law. One of the requirements is to produce a 10,000 word dissertation to enable me to do this I require you to complete the enclosed questionnaire.

I would be grateful if you would complete and return the questionnaire by 9<sup>th</sup> November 2020.

Your questionnaire will be treated with the utmost confidentiality.

Many thanks for your assistance with this matter.

Yours faithfully

Ms. N Steidl

## Questionnaire

### Question 1

Generally, which of the following elements of business planning does the government provide you are aware of?

(Please tick one box in each line)

Elements	Agree	Disagree
1) Structured written tactics for starting up a business		
2) Information on Company Law		
3) Support helping you write a written business plan		
4) Understanding how the business may fail without good structure in place		
5) Clear understanding on how to start and structure a business correctly		

### Question 2

How long have you had your business:

Under 1 Year

1-6 years

7-15 years

**Question 3**

In general do you agree with the following statements regarding key elements of business planning:

Elements	Agree	Disagree
1) There is a wide variety of written business planning supplied by the government to new businesses		
2) The government offers good maintenance to businesses		
3) Current business are value for money		
4) There is a choice available from the government to help business strongly structure their businesses with written business plans		
5) It is easy to set-up a successful business		

**Question 4**

Do you feel the current system of registering a business through Companies House is beneficial to business owners?

Yes

No

Please justify your answer below:

**Question 5**

Do you feel the current Companies House gives you confidence your business will succeed once you register it?

Yes

No

What changes would you like to implement within this system? Please justify your answer below.

**Question 6**

Do you feel adequate business-planning material is available to business owners when starting a business?

Yes

No

Please justify your answer.

**Question 7**

Do you feel that today's businesses are structured well overall from the business you see or hear about?

Yes

No

Please justify your answer.

**Question 8**

Do you feel the traditional way such as simply registering a business at Companies without a written business has a place in today's business climate?

Yes

No

Please justify your answer

**Question 9**

Do you think the introduction of written business plan from Companies House before you register a business would be a good method to improve the quality of business in today's climate?

Yes

No

Please justify your answer.

**Question 10**

Do you think submitting a written business plan before Companies House is able to register a business, may bring more structure to the economy and has a future in an area businesses have a chance of success plays a major factor?

Yes

No

Please justify your answer

**Question 11**

Have you completed a business plan yourself? If so, what you have benefited from it as a business owner and for your business overall

Yes

No

Please justify your answer

**Question 12**

Do you feel Companies House should be implementing the needs for business owners to submit written business plans when registering a business?

Yes

No

Please justify your answer

**Question 13**

Do you think a change in submitting a written business plan when registering a business with Companies House will have a major positive effect on businesses and business owner?

Yes

No

Please justify your answer

**Question 14**

When one decides to build a house, they must submit drawn plans on the way the house will be built and ensure that it has a solid structure before the council would agree to accept the homeowner to build. Do you think the same sort of method would benefit the business landscape, whereby a business owner would submit a written business plan to Companies House to ensure a good structure to the business is in place before the business would start to trade and would this benefit business eventually?

Yes

No

Please justify your answer

**Question 15**

Do you have any other comments regarding the questions you feel would be a benefit to this study?

## 14. APPENDIX B (LETTER TO LORD CALLAN)



Department for  
Business, Energy  
& Industrial Strategy

Felicity Buchan MP  
House of Commons  
London  
SW1A 0AA

**Lord Callanan**  
Minister for Climate Change and  
Corporate Responsibility

**Department for Business,  
Energy & Industrial Strategy**  
1 Victoria Street  
London  
SW1H 0ET

T +44 (0) 20 7215 5000  
E [enquiries@beis.gov.uk](mailto:enquiries@beis.gov.uk)  
W [www.gov.uk](http://www.gov.uk)

Our ref: MCB2020/19251

27<sup>th</sup> July 2020

Dear Felicity,

Thank you for your email dated 8 June, enclosing correspondence from your constituent, Ms Nancy Steidl of 22 Notting Hill Gate, London W11 3JE, regarding incorporating a company. I am responding as this matter falls within my ministerial portfolio.

You have requested comments on the issues that Ms Steidl has raised in her letter. The proposals that Ms Steidl has outlined are very interesting and I appreciate the sharing of her views, which are very passionate. Having a business plan can very much help a business owner prepare for the ups and downs that it may be faced with.

However, the Government is currently not minded to mandate the submission of a business plan at the point of company incorporation, due to the importance of having a light touch approach to allow businesses to concentrate on running their operations, not complying with disproportionate regulations. The Government does, however, see the importance of mandating that directors have responsibility with regard to the financial success of the company.

Section 172 of the Companies Act 2006 obligates all company directors to act in a way most likely to promote the success of the company for all its members. This includes, but is not limited to, the interests of the employees, business relationships with customers, the impact of operations on the community, the interests of creditors and the consequences of a decision in the long term for the company.

Thank you once again for taking the time to raise Ms Steidl's concerns. I appreciate that this may not be the answer that she was hoping for, however I hope that I have managed to set out the Government's position on this matter and that the information above is helpful to you when responding to Ms Steidl.

**Lord Callanan**

## 15. REFERENCES

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