

Business Plans

The Purpose of the Plan

The purpose of a business plan is 2 fold; it provides people outside your organisation, funders, supporters, and others,

- with a definition of what your organisation does,
- establishes the need for the service you want to provide,
- and shows you are competent in providing it.

Secondly, it helps staff, volunteers and management committee members to keep the organisation on track to achieve it's aims and objectives. Some organisations call the plan a business plan others call it an action or strategic plan. Whatever you call it, it should be a clear statement of;

- what you are proposing to do over 2 to 3 years,
- how much money is needed in order to do it; and
- where the money will come from

This can include details about activities, fundraising, marketing etc. You should try and keep it concise and short and avoid using jargon, wherever possible. It should be simple, easy to read and easy to implement so don't worry too much about the format of it or what to include in it; the important thing is that it works for you. It sometimes helps to write an action plan at the start of the business planning process, so that you and other people involved in writing the plan are aware of the timescales and when things need to be done by. Actions on the list might include things like 'brainstorming' or 'write first draft,' with a date by when each item should be completed. This will help you to keep on track and it will mean that the plan will be finished in a reasonable amount of time.

Who should write the plan?

The plan should be owned, understood and followed by the whole organisation but it can be quite difficult and time consuming trying to have everybody involved in every step. What works well is to involve a small group of people in the planning stages but elect one person to take the results of the discussions and put them into a draft a business plan. Once it has been drafted, you should circulate it to the others in the organisation for comments and suggestions, then go back and amend the first draft. It is likely that there will be several re-drafts of the plan by the elected person but it is essential that your whole groups approves the final version. The process is likely to take months rather than weeks.

Contents of a Business Plan

What goes into a plan varies between organisations. There are no hard and fast rules as to what it should contain. Some plans focus a lot more on finance, while others focus more on planning activities; it really doesn't matter much what your plan includes as long as it is useful to the organisation and that it includes all the future plans for the organisation so that everyone is clear what they are delivering over the next couple of years without having to re-negotiate all the time; they can simply refer to the plan if necessary and know exactly what needs to be done and at what time.

However, the following information gives an indication of the types of sections that are usually included.

History and Background of the organisation

This section should be used to tell the readers about

- when and how the organisation came into existence;
- why the service was needed when you set it up,
- how it has changed and developed since then and
- it's achievements

It should state what the legal status of the organisation is, for example, company limited by guarantee or charitable company, the regulatory body that you comply to and whether you have charitable objects. This section should also include the

- current aims and objectives of the organisation,
- including a mission statement,
- details of your management structure

Current Activities

This section should give details about

- what activities your group are currently involved in,
- what services you are providing,
- products that you are selling; and
- any projects you are running.

It is also an opportunity to say what makes your particular services good and distinctive from other similar services; what your unique selling point and a discussion of the 'competition'.

This section should also include information on where your money currently comes from under general headings and broad amounts. For example:

Earned Income

- Subscriptions and donations
- Fundraising events
- Hiring out premises or equipment
- Sales

Public Funding

- Grants from local authority
- Grants from lottery

Non-public funding

- Grants from trusts and foundations
- Donations from individuals
- Sponsorship from businesses

In this section you should also cover your relationships with outside bodies; what support you get from other agencies, any network that you are a part of and any partnership work you do with others.

Changes and Development

This section is all about what activities that you hope to do over the next 2 or 3 years. These could be brand new projects that you are planning or specific extensions or developments of existing services. This section should show how you are hoping to develop the organisation by running projects that aim to achieve the objectives of the organisation. The information you give on this section should be clear, precise and detailed. Your readers are likely to be expecting increased and/or better services. For example, if you are an organisation primarily set up for the advancement of education, you may already run a homework club for 11 – 16 year olds but, over the coming year you may want to provide an additional service to parents to teach them how to help their children with their homework. The level of detail in this section can vary depending on the size of the proposed activity and possibly the amount of money needed in order to do it. So you could include details of the number of staff and volunteers that will be needed, some indication of the sort of equipment or other capital purchases needed etc. There should also be an opportunity, written in to the plan, whereby you can monitor the progress of the project or activity and make adjustments to the plan in relation to the findings.

Organisational Management

How your projects operate and who run the? The focus will be on:

- Board of trustees and their experience
- Staff
- Decision making process
- Organisational chart

Finance

This section should focus on the income needed in order to run the proposed activities as detailed in the previous section as well as details of how current project will continue to be funded; whether this will just be a request to the current funder for continuation funding or whether you will need to identify new funders to support the project. It is important to be accurate in your projections for the income needed so that once the fundraising is done for each project you don't find that you actually needed more money to cover unprecedented costs or that you have over budgeted and end up having to pay money back to the funder. CASH online have some useful factsheets on most financial management issues, including budgeting for projects – www.cash-online.org.uk/content/1/9/, which could be helpful when planning your activities. What may also help at this stage is to produce a spreadsheet that indicates the unit costs for the organisation and all the activities it runs. Again, CASH have some very clear guidance on calculating unit costs and this will help you to, not only accurately estimate the total running cost for each project and the whole organisation, but also to decide whether each project is financially viable and costs effective - www.cash-online.org.uk/content/1/6/

It is a good idea to try and produce financial forecasts for at least 2-3 years. This way you will have a good idea about the amount that you will need to raise and when you need to start fundraising for it. It may be that these figures will have to be adjusted from time to time as the plans for the projects change and other outside influences effect the activities that you're doing but it is helpful to have a starting point. You may want to split this section into years and work out the activities and expenditure for each year.

Year one –

- detailed analysis or list of things your organisation is going to do
- the cost and income of each activity
- any new activities connected with the development such as marketing or other ways of attracting members/participants/users

Year two –

- a less detailed analysis or list of main activities planned for year two; these may be made possible by ground-building carried out in year one

Year three –

- a description of developments which either repeat or build on the developments in years one and two.

Executive Summary

This is a term more commonly used in corporate business plans but can also be used in community groups' plans but is more often called something like 'Chair's Report.' This should be written once your plan is complete **but usually goes at the beginning of the plan.** This is sometimes the only part of the business plan that is read by outsiders so it is important that it shows potential funders and sponsors what your organisation does, why it is important and why they should support you and to entice them to find out more about the organisation. It should be direct and organised as a series of bulleted paragraphs, each deals with one key area and ideally should only be one page long.

It should contain the following information:

- Introduce the organisation in terms of what area it is concerned with and what it is trying to do.
- Describe the development of the organisation in terms of it's services
- Highlight the main beneficiaries of the services being specific about the need for the organisation to exist
- State the competitive advantages of your group as opposed to any other similar organisations that, people may argue, are delivering a similar service
- Summarise the objectives of the organisation in the short and long term, and try to quantify these with specific numbers.

- Include any evidence of success – this may be comments made by service users or previous supporters, funders or partners.

Sources

www.innovation-dynamics.co.uk

<http://www.voluntaryarts.org/uploaded/map384.pdf>

www.cash-online.org.uk