

HOW?

Business Planning

What is a Business Plan?

A Business Plan is a central planning document, which should be at the heart of every organisation. It provides a reference point for the organisation's activities and shows everyone there is some kind of structured planning process going on:

- It can resolve differences of opinion ("should we be doing this – it's not in our plan?")
- It can show potential funders the organisation knows where it's going (and has at least some idea of how it's going to get there!)
- It can provide advance warning if things are starting to drift away from what was originally intended.
- It projects where the organisation will be in the future. (Business plans normally cover a time period from one to five years ahead).

Why Plan?

The word "Business" can make voluntary organisations feel a little uncomfortable – after all, we're not in business, are we? We're here to help our target group, not to make money. But there lies the point – once you start dealing with money, whether from donations, grants or any other source, you have to run your organisation in a businesslike way or things get out of control and before you know it, you've got a crisis. So think of the Business Plan as a way to get *businesslike* – rather than a way of *doing* business. It helps focus the minds of management and trustees on the key issues to be addressed. It can also remove the temptation to wander off pursuing someone's personal hobby-horse or other minor issues at the expense of achieving the main goals. Learn to use the business plan as a bit of self-discipline – if it's not in the plan, should we really be doing it?

The mere fact of having a business plan can put you in a more favourable light with funding organisations. Most big funders, such as the Community Fund, ask to see a business plan if the organisation has one. They are far more likely to fund a group which has clear goals and evidence of forward planning than a well-intentioned but disorganised outfit which operates on the principle of "something will turn up – it usually does." - **but what if it doesn't?!**

What next?

Once you've got a plan, it can be used as a way of checking that you're on course to achieve your objectives, whatever they may be. It may be number of clients helped, amount of money raised, or moving into new premises by the end of next year. The management and trustees can review the plan from time to time and check that it still meets their requirements. A business plan is a living document - it needn't be cast in stone. If circumstances change or an opportunity presents itself and your objectives need altering, change them to meet the new conditions. Prevention is better than cure – don't wait for something to go wrong before you plan how to deal with it.

Blow your own trumpet a bit as well. Outline your big successes to date. You may surprise yourself at how much you've achieved, as well as impressing funders.

Ideally, a business plan should be assembled by a small group of people, who, in the course of their work, will have to involve others as necessary. Remember, though, that too many cooks can spoil the broth!

What goes in it?

The key elements of a Business Plan can be boiled down to three sections:

- Who are we and why are we here?
- Where do we want to go?
- How are we going to get there?

Depending on the size of the organisation, a basic plan can be as little as three pages, one for each of the above headings. This might suit a small informal group but in practice, most organisations would need a little more than this to outline their achievements and objectives, as well as a bit of financial information to back them up. On the other hand, you don't need to produce a mammoth tome more suited to a multinational corporation! For a medium-sized voluntary group, ten to fifteen pages would suffice, rising to twenty to thirty for a larger charity.



HOW? Guides are written by High Peak CVS, for use by voluntary and community groups across the High Peak.

© High Peak CVS 2004. Not to be reproduced without permission

Business Planning

A typical business plan would contain the following elements:

1. **Executive Summary**
2. **Introduction & Background**
3. **The product and Market**
4. **Management**
5. **Strategy for the Future**
6. **Financial Summary**
7. **Conclusion**
8. **Appendices**

We will look at each of these in a moment. But first, a little SWOT is necessary.

What's a SWOT?

A very useful tool in business planning is the so-called SWOT analysis. SWOT stands for:

Strengths	what are we good at?
Weaknesses	what are we not so good at?
Opportunities	where can we take this organisation?
Threats	what might stop us getting there?

It's a good idea to carry out a SWOT analysis of your organisation before you do anything else towards the plan. Write each of the above four headings on a separate piece of paper and jot down anything that occurs to you. Get your staff and/or trustees together for a brainstorming session. Talk to some of your "customers" - service users and funders - find out their views of the organisation and what they are looking for it to achieve. What are the key objectives over the next few years? What might get in the way of achieving those objectives: - what if our key funder decides to stop funding us? Is another local organisation doing the same job as us but better? The results of the SWOT may surprise you - or even depress you - but the point is to be honest about where your organisation *really* is, so you can plan effectively.

This should give you a few starting points.

In the course of your discussions, some solutions may already have occurred to you or been suggested by others. Write those down too. Get a ring binder and put a clear file pocket in it for each of the following sections. Start assembling bits of paper with notes for each section from different people - before you know it, you'll have much of what you need to write the plan!

SECTIONS OF A BUSINESS PLAN

1) The Executive Summary

This is really a brief overall summary of the whole business plan, but is not just a way of saving your reader the trouble of wading through the entire document! It sets out the key points the plan is intended to address, along with brief conclusions. The detail behind each of the issues is contained in the sections of the plan that follow. For obvious reasons, it has to be written last, even though it's at the beginning of the final document. Keep this to under a page.

2) Introduction and Background

This sets the scene for the reader and you will probably find it helpful yourself to focus your mind on the development of your plan. The main purpose of this section is to address the questions of "who are we, what do we do and how do we do it?" This should include:

- A brief history of the organisation - how and when it was founded.
- What are its main activities?
- Who are the key personnel involved in it?
- What other organisations/partners do we work with?
- How is it funded?

(If you are starting a new organisation, of course most of this will be concerned with what you *plan* to do, rather than what has been done already). One or two pages should be plenty for this section. Talk about your trustees and management, how they operate and how the group is governed. Mention your premises and key policies. Include a list of trustees and staff in the appendices.

3) The Product and Market

It is useful to regard what your organisation does as a product and its target clientele as a market - that way you can decide how best to tailor what you offer to the needs of the people you are trying to help. Describe your product or service in simple terms, which any reader can understand. How was it developed? Perhaps it was based on a similar model elsewhere in the country. What are its strengths or "unique selling points?" How could it be improved? Will this have any resource implications (e.g. will it require more money, more people, bigger premises or whatever)?

Next, look at the "market" for your "product." What

Business Planning

work have you done to establish the need for your services locally? Who are your “customers?” Which other organisations do you work with to provide the service? How do they value your activities? Are there any “competitor” organisations and how does your product differ from theirs? How do you promote your services? Are all relevant groups aware of your existence? If not, how will you change this? Here is where the results of your SWOT analysis come in. It may be useful to include a promotional leaflet in the appendices, if you have one. A couple of pages should be adequate.

4) Management

Any organisation depends on its people for success. What skills do those people bring to the group? A skills audit simply means asking your staff and trustees what particular qualifications or talents they have and can provide the basis for this section. If any trustees or managers have a CV which demonstrates skills vital to the success of the organisation, then these can also be put in as appendices (an edited version – funders aren’t interested in what primary school your chair attended!).

Consider your management committee – are any skills lacking? If there is nobody with real financial or management experience, for example, how are you going to strengthen this area? An organisation like REACH, Business In The Community or High Peak CVS may be able to put you in touch with a professional person willing to give you some time or serve on the committee.

5) Strategy for the future

This is probably the most difficult section to write. It deals with where the organisation wants to get to in the future but to get there, it first has to survive the present! Again this will come out of talking to your trustees, members and clients. The results can be in the form of targets, number of clients helped year by year, plans for expansion, new premises, sub-offices or planned additions to services or products in the future. You also need to deal with the issue of sustainability – how are you going to ensure the organisation will have enough funds or people to keep going? The precise length and detail of this section will vary according to the group concerned and how it is funded or staffed. The most important point about this part is setting out your plans and how you are going to monitor progress on a regular basis.

6) Financial Summary

In this section, you need to talk about the general nature of your finances, including how you plan to monitor the group’s financial health and budgets. Any group will need to produce financial reports, if only for internal use. A basic income and expenditure account can form the basis for your budget over the period of the plan. This can be projected forward, to give income and expenditure in subsequent years. Take account of changes, such as employing extra staff, replacing vehicles and equipment or the impact of a grant scheme coming to an end. Whoever does your accounts should be able to help with this section and the amount of detail required again depends on the size and complexity of your organisation. The more detailed tables should be included as an appendix.

7) Conclusion

At this point it is always worth drawing together the strands of the sections above and summarising them in a few lines. Something like, “In the two years since its launch, the group has become well-established in (SECTOR), thanks to support from (A). It is now well-placed to build on its success, subject to a successful bid to (B) which will enable us to move into larger premises and increase our service by more than (X%).”

8) Appendices

As mentioned earlier, this is where you put things like CV’s of key management and trustees, information leaflets and more detailed financial tables, a summary copy of your last accounts, etc. You might also put here any reference to your organisation in literature put out by the local authority, local voluntary forums, etc. which shows the group in a good light, even a letter from a client or funder, praising the work you are doing. A full list of trustees and a staff structure if you have one are also useful here.

Useful contacts

REACH (Retired Executives Action Clearing House)
www.volwork.org.uk Tel: 020 7582 6543
BITC (Business in the Community) www.bitc.org.uk
East Midlands Office Tel: 0115 911 6666

Originally written by Derby CVS and reproduced here with their kind permission.

Business Planning



Who are we?

High Peak CVS works to ensure that local voluntary and community groups can access as much support, advice and information as possible. We help groups in many different areas, such as funding, charity registration, practical services including printing, training and links to training and with legal issues. We have resources, including a meeting room, computers and OHP for use by groups.

To find out how we can help you, please contact us on 01663 735 350 or email hello@highpeakcvs.org.uk