



cvS south gloucestershire

supporting developing representing

Introduction to Business Planning

CVS South Gloucestershire 2009

Introduction to Business Planning

A Business Plan helps you think through all aspects of your organisation and plan for the future. It helps you get an overview of your organisation, and is a useful tool for presenting yourself to funders and supporters.

A Business Plan may be for your whole organisation, or for a particular project or part of your organisation (when it is sometimes called a Project Plan).

Below are the common points that are usually in a business plan - add sections that you think are appropriate. Always make sure it is clearly written, that you discuss it with appropriate people and that any costs are based on real costs.

1. Mission Statement

All organizations should have a mission statement. This statement should be brief and to the point and is a clearly sums up what you're about. It should be based on the aims and objectives set out in your governing document and summarise:

- ⇒ What your organization aims to do
- ⇒ Who is benefits
- ⇒ How you achive your aims
- ⇒ How you judge the quality of your work.

It may also state the geographical area where you carry out your work.

2. A Summary of the Business Plan

This should be no more than one or two pages, summing up the main points of the plan and introducing the project in an appealing way. You may find it's easier to write this last.

3. The Background/History of Your Organisation

Put details of when and why you were set up, your legal and charitable status, aims and objectives, and how you are managed. Talk about your track record and highlight achievements.

4. The Needs for the Services Offered

You have to show how you are meeting a clear need, and that your activities are in demand. All projects should be aimed at meeting a need and aiming to make a difference, or benefiting people, so there is change for the better. It may be obvious to you why the project is needed however you need to be able to explain this to others in your project, to those who support you and those whose support you want!

Considerations:

- ⇒ It is vital to make sure the need is based on what those who will benefit say needs to improve. In the past there has been a tendency for need to be what people perceive the need is for others.
- ⇒ When people are consulted about what their needs are they can tend to think about what they think is needed rather than what they actually would want to use themselves.
- ⇒ People have decided what they want to do without thinking through why this is the best approach, and so they gather needs to justify what they have decided rather than take an objective approach.
- ⇒ Sometimes it is useful to think it is a problem being experienced in another place in order to think about it more objectively.

Once you have identified the needs your project is trying to meet consider what concrete evidence there is that indicates or confirms what you know.

Include evidence - your own or any research or reports. Evidence can come from a range of sources:

- ⇒ The users or beneficiaries themselves
- ⇒ Statistics about the issue and about the number of people involved:
 - For example- anti-social behaviour, unemployed, health, numbers of beneficiaries - elderly, young people etc
- ⇒ Success stories from other communities that have developed a similar project.
- ⇒ Newspaper articles
- ⇒ Research

5. Aims and Objectives of the Project

This is the creative part, where you can think about what you would like to see happen in the next 3 years. This will depend on what you are set up to do, and the objects in your constitution, but goes into more detail.

i) Aims

They can be seen as the changes you want to make, through your organisation or project.

Use verbs that describe change: to improve, to reduce, to enable, to develop, to promote.

You could have an overall aim that is likely to be a broad statement that will allow you to plan your work. It is helpful to break the overall aim down into specific aims.

Don't have more than 6 aims. An example of an aim:

To provide a variety of ways for people to understand the lives of disabled people through the mediums of art, drama, training and education.

ii) Objectives

Objectives are the tasks needed to achieve the aims. Each aim will have several objectives.

An example of an objective for the above aim:

Produce performances based on the lives of and experiences of disabled people.

Objectives will have targets (sometimes called outputs) - realistic numbers that you expect to achieve.

For further information:

Your Project and its outcomes. Charities Evaluation Service. www.ces-vol.org.uk

6. A Workplan

The workplan gives details about each of the above tasks: when they will be done, and who will do them. A plan can be used by the management committee and staff to monitor progress.

An example of a format is:

Aim:					
Objectives	Tasks/ Activities	Time	Resources/ lead	Outputs	Outcomes

i) Outputs

They describe the work your group or organization generates. They describe the product or services you deliver as part of your work. Outputs should give an indication that you are working towards success of the project implementation.

They might be defined by :

- ⇒ Quantity - the number of posters distributed/ newsletters distributed, the number of support sessions/ workshops you run, the attendance at events, activities
- ⇒ Product for example information leaflets, activities run, building completed, equipment bought, film/DVD made
- ⇒ Activity or service provided for example drop in sessions,
- ⇒ Access - the type of people who use your service or product.

ii) Outcomes:

These are the specific **changes or benefits** that you will see as a result of the tasks and activities.

Your outcomes therefore relate to link to the aim. For the above aim an outcome might be:

Example:

- a) If the aim was to provide a variety of ways for people to understand the lives of disabled people through the mediums of art, drama, training and education.

The outcome could be:

Local people will gain a greater insight into the lives of disabled people, which will lead to less discrimination against them.

- b) If the aim is to increase young peoples self-esteem

The outcomes might be:

- *Young people organising and leading activities for other young people*
- *Young people able to work as a team with other adults and young people*

- *Young people comfortable to do things independently.*

To help you identify outcomes it is useful to consider :

“What changes do we want to see in our users and what signs will show us that the changes we hoped for has happened”.

Outputs are to objectives what outcomes are to aims:

Aims	Written in terms of changes you want to achieve
Outcomes	What your organisation actually achieved
Objectives	Written in terms of practical actions you plan to carry out
Outputs	What your organisation actually did

7. Resources Required

From the planning you have already done, you are now in a position to decide what resources you will need to carry out the work. Resources include:

i) Staff

Consider:

- ⇒ How many staff hours will this work need?
- ⇒ What staff will you need to deliver this work?
- ⇒ Full-time or part-time?
- ⇒ What skills do they need?
- ⇒ On what wage?
- ⇒ What extra costs will each worker have - recruitment, training etc.?

ii) Work space and equipment

- ⇒ Think about where you will carry out all your activities.
- ⇒ Do you need to buy a building or rent space?
- ⇒ What equipment do you need to run an office and your activities?
- ⇒ Is the space accessible to everyone?

iii) Office costs

Bills like phone and mail costs, heating and lighting. Then costs of consumables like paper and envelopes. A budget can be created when you have got costs and quotes for the above. A 3 year budget is usual, with all predicted outgoings and income. This should also be combined with a Cash Flow Forecast, which looks at the timing of money flows in and out of the organisation to make sure you always have enough cash when needed. To make a cashflow forecast you need a **Fundraising Plan**.

8. Promotion and Publicity Plan

- ⇒ How will you advertise what you do to everyone who could use your services?
- ⇒ How will you make sure no one is excluded?
- ⇒ How will you target the kinds of people you most want to reach?
- ⇒ How will you promote yourself to supporters, partners and potential funders?

9. Management

It is always a good idea to draw out your staffing structure. Make sure people are clear what their roles are.

- ⇒ Who will have responsibility for what?
- ⇒ Who will people report to, and get supervision from?

10. Financial information

A very important aspect of any Business Plan is the creation of a budget and a cash flow forecast.

A budget can be created when you have got costs and quotes covering all the organizations income and expenses. A 3 year budget is usual, with all predicted outgoings and income. This should also be combined with a Cash Flow Forecast, which looks at the timing of money flows in and out of the organisation to make sure you always have enough cash when needed.

Part of the financial planning is the development of a Funding Strategy for your organisation.

i) Cash flow forecast

Whenever your finances are complicated or the timing of income or expenditure is difficult to predict, you need a cash flow forecast instead of a simple budget to help you predict whether you will have enough money to pay your way each month. The key features of the cash flow are:

- ⇒ Income is identified when it is actually likely to be received, not when it is due.
- ⇒ Expenditure is identified when you pay it out (e.g. after a period of credit) not necessarily when it is incurred.
- ⇒ The forecast includes a running balance figure for each month to tell you how much you can expect to have in the bank at the end of the month.

This gives you advance warning of any likely dip in your bank balance which could cause problems – before you start spending on anything. If necessary you can readjust your plans to avoid or cope with any projected cash shortage.

If you use a computer spreadsheet programme (e.g. MS Excel) you can easily use the same approach if you suddenly find yourself on the verge of a possible cash flow crisis. Just bring all your actual income and expenditure up to date, and re-enter expected future receipts and outgoings as accurately as you can at the times they are likely to take place. (The result will tell you whether you need to start delaying non urgent expenditure, chasing debtors, asking the bank for an overdraft etc.)

11. Risk Analysis

To help ensure the success of your future plans it is useful to consider what problems could arise and how you could try and avoid them. Some funders ask in their applications for you to identify risk factors and what you would put in place to try and reduce the risk occurring.

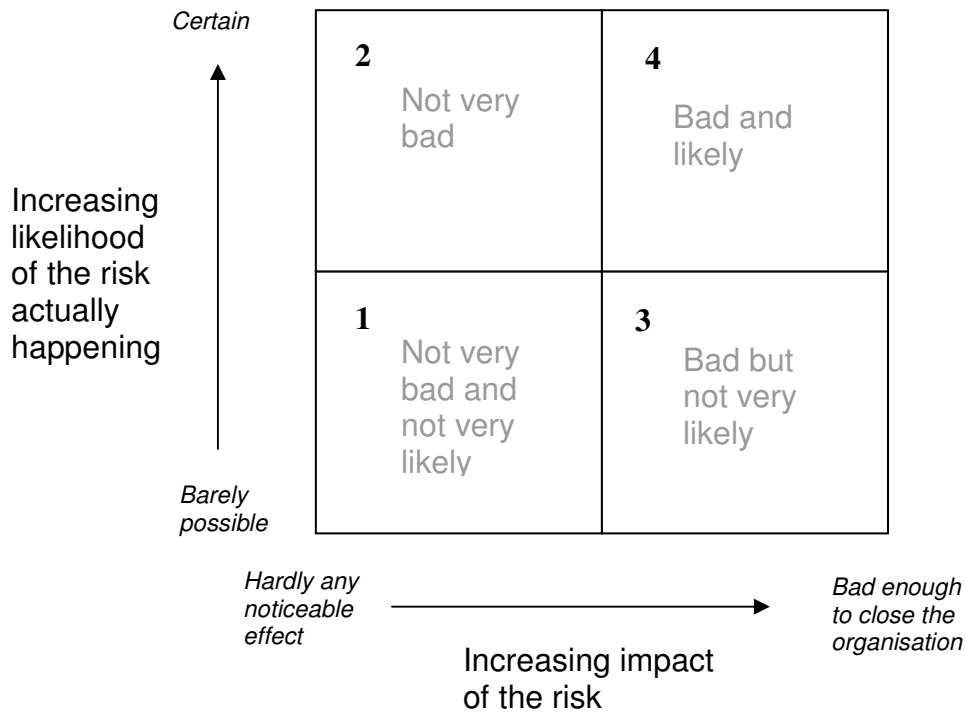
What risks do we have?	How bad are they on a scale of 1-4	What could we do about them?	Who?	By when?

1 Not very bad and not very likely

2 Not very bad

3 Bad and not very likely

4 Bad and likely



(From www.richmond cvs.org/planning.html Developing the Detail Plan: Risks and Risk management)

Strengths, Weakness, Opportunities and Threats SWOT

Risks can also be consider by using a SWOT analysis. This is another way to consider the potential problems that might affect the success of your future plans.

The SWOT analysis could consider both:

1. **internal factors** e.g. staff, volunteers, your service, location, premises, public profile...and external factors
2. **external factors** e.g new legislation, work with others, change in funding stream, competition etc.

	STRENGTHS	WEAKNESSES
Internal		
External		
	OPPORTUNITIES	THREATS
Internal		
External		

Incorporate the results of your SWOT analysis into your plan.

Make sure that your plan:

- compensates for every weakness
- makes the most of your strengths
- neutralises every threat
- takes maximum advantage of your Opportunities

PESTLE

The PESTLE model a series of headings under which you can brainstorm or research key factors:

- ⇒ **Political**: what is happening politically that may impact on your work e.g national or local government policy or strategic development.
- ⇒ **Economic**: what is happening within the economy that may affect you organisations for example; economic growth/ decline, interest rates, exchange rates and inflation rate, wage rates, minimum wage, working hours, unemployment (local and national), credit availability, cost of living, etc.
- ⇒ **Sociological**: what is occurring in the social environment of you're your beneficiary/ target groups that may affect the delivery of your services

e.g. changing cultural norms and expectations, health consciousness, population growth rate, age distribution, career attitudes, emphasis on safety, global warming.

- ⇒ **Technological**: what is happening technology-wise which can impact what you do? Technology is leaping every two years, how will this impact your products or services, things that were not possible five years ago are now mainstream, for example mobile phone technology, web 2.0, blogs, social networking websites? New technologies are continually being developed and the rate of change itself is increasing. There are also changes to barriers to entry in given markets, and changes to financial decisions like out-sourcing and in-sourcing.
- ⇒ **Legal**: what is happening with changes to legislation? This may impact on the way you deliver services.
- ⇒ **Environmental**: what is happening with respect to ecological and environmental aspects?

Example: This might result from a simpler PESTLE analysis of a children's charity and shows only items deemed strategically important.

Political

- *Level of government interest in children's based services.*
- *Big Lottery Fund priorities and objectives.*

Sociological

- *Concerns around child obesity/lack of physical activity.*
- *Perceived danger for children – restrictions on children's freedom of movement.*
- *Increase in organised activities.*

Technological

- *Negative impact of sedentary activities such as computer games.*
- *Impact of increased car use.*
- *Increased access to multi-media.*
- *Economic*
- *Costs of play schemes and including disabled children.*
- *Shift towards paid or subsidised childcare/extended schools.*
- *Competitive tendering.*

Legal

- *Legislation – Children's Act.*
- *DDA.*
- *OfSTED.*

Environment

- *Culture within the organisation.*
- *Culture in the community.*
- *Premises we have to use (buildings, layout and space).*
- *Impact on the environment – noise, etc.*

12. Monitoring and Evaluation

Monitoring is a checking process. You collect information that provides evidence that you are moving towards the outcomes you have planned. You can monitor your outputs and your outcomes. To do this you need to identify what information is needed and how you will collect it. It is important that this information is gathered in a routine way, as part of the work. The information will help you to evaluate.

Evaluation is about using monitoring and other information you collect assess how well the project is going, what is successful and what could be changed or improved.

Evaluation can

- ⇒ Identify if needs are being met and so the quality of life in individuals and the community are improved.
- ⇒ Enable learning and development to improve practice so the individual and community needs are met more effectively.
- ⇒ Increase understanding of what factors/ approaches/ expertise contributes to improving the quality of life of service users.
- ⇒ Provide accountability and evidence to prove quality of life is being improved to funders/ community/ all stakeholders.
- ⇒ Influencing decision-making.

You need to describe:

- How will you measure the success of the organisation or project?
- How will you make sure you reach the targets you have set?
- How will you collect information about the work that you are doing?
- On paper, in a database?
- Who will do this and when?
- How will this information feed into improving the project?
- Who will analyse this information and act on it to make changes?

There are two types of information to collect: statistics about the quantity of work you do, and feedback to measure the effectiveness of your work.

© See *First Steps in Monitoring and Evaluation. Charities Evaluation Service*

The best Business Plans are a joint effort, carried out in consultation with staff, management and other interested parties. A plan will work best with the input and support of the people who will be expected to make it happen!

(Adapted from Bath and North East Somerset CVS: www.banescvs.org.uk)

For further information see:

- ⇒ www.richmond cvs.org.uk/factsheets.html
- ⇒ The complete guide to Business and Strategic Planning for Voluntary Organisations: A Lawrie, Directory of Social Change

Disclaimer

The information provided in this sheet is intended for guidance only. It is not a substitute for professional advice and we cannot accept any responsibility for loss incurred as a result of any person acting on or refraining from acting upon it.