



For the Voluntary and Community Sector

BUSINESS PLANNING

A business plan is a document that shows what your organisation will do to achieve its vision and contains the detailed plans and budgets to explain how it will be realised. In other words: where you are now, where you want to get to, and how you will get to your desired destination.

A business plan should address your key long-term objectives and be proactive and clear. The process of producing a business plan is very valuable and the more people you involve in the process the more useful it will be.

A Business Plan should cover 2-3 years at least. It does not need to be a complex document, and the length and work involved to produce it should be in proportion to the size and resources of your organisation.

The following is a suggested format that is aimed at funders in particular. It is not a prescriptive list but a guide, the details of which will vary according to each organisation and who the plan is aimed at. It should be used to help you think about how your organisation operates and to help you accumulate the essential information that needs to be understood and analysed by you to make decisions. This information is then presented in the plan to clearly show interested parties and people within your organisation who you are, how you operate, and what you intend to do.

Such a plan is very useful for funders, stakeholders and financial institutions, and of course your own organisation. The planning process allows managers and members of governing bodies to take time to stand back and assess their working environment, evaluate themselves and their organisation, and anticipate and plan for changes in the future.

Your business plan should lead to your funding strategy.

Do not make the business plan document too long – keep the body of it succinct and within approximately 25 pages. Have an executive summary at beginning, and add appendices to give the detailed information. A business plan should be easy and interesting to read so that people do actually read and understand it!

Remember that this is a plan for the next 2-3 years and therefore the majority of the body of the document should be about the future, related to the past and present.

The Plan

The body of the document should be kept brief and easy to digest, with reference to more detailed information supplied in appendices. A detailed one year plan could be an appendix that can be changed annually. Remember appendices can be changed for different recipients of the plan.

The box on the right indicates who will find each section particularly useful – note that all section are also useful for the organisation itself.

Business Plan	Who this is particularly useful for
Executive Summary	
<p>Aims & Objectives It is good to begin by stating the vision, purpose and mission of the organisation, to explain your overall strategy. (This may have changed since the organisation was initially formed. If necessary refer to your governing document.) Then imagine where the organisation sees itself in x years (where x is the number of years covered by the business plan), e.g. “providing high quality youth clubs to people aged 14-18 across the Norwich area.”</p>	All
<p>Overview of the organisation and the environment in which it operates Brief background and overview of organisation. This is important to give key information about your organisation, but only give sufficient detail to enable someone to understand the essential points. Include such things as: where the organisation is located; the area service users are drawn from; what need you are addressing; what the situation/ environment is in which you operates; how long the organisation has operated; whether it is a registered charity.</p>	All
<p>Project activities and services Summarise the activities and services you provide and intend to provide, and state how they currently and will in the future address the need. State how they will contribute to your long-term objectives. Emphasise the unique features of the organisation and its activities (‘unique selling point’), and explain how users are/will be engaged and involved (how it is a ‘user centred service’). What specifically is the project trying to achieve (these should contribute to aims and vision), what developments are planned and over what timescale? <i>State briefly what quality standards are operated to: PAQSSO, IIP</i></p>	All

<p>Monitoring How will success be measured? Are the outcome targets and indicators of success SMART (Specific, Measurable, Achievable, Relevant, Timebound)? What systems are in place to monitor the outputs and outcomes of the project activity and the reporting of these to the management and governing body? Give examples of previous achievements of activities.</p>	<p>Funders</p>
<p>Evaluation How will lessons be learned from the organisation's success / challenges? There should be a system in place to do so (this does not have to be complicated!) Does the organisation have periodic evaluations (annual or at end of projects)? What is the method of the evaluation and key learning points from previous evaluations (internal or external)? Is it a learning organisation that is moving forward?</p>	<p>Funders Stakeholders</p>
<p>Organisational information How is the organisation managed and governed? <i>This is very important to people who are thinking of giving or lending you money.</i> Show that your organisation has the capacity to effectively manage the projects/services. State the main resources it has and will bring in. An organisational chart showing management and governance infrastructure with roles of staff and volunteers is helpful. A summary of skills and experience of staff will be useful.</p>	<p>Funders Financial institutions</p>
<p>Links and partnership What links do you have with existing or planned activity taking place in your area / area of work? State how you are presently working with other organisations and how this is planned to develop. How do your services/activities fit in with regional and local strategies?</p>	<p>Funders Stakeholders</p>
<p>Risk management How will you ensure that objectives are met on time in a safe environment? What steps will be taken to ensure that risks are minimised, with reference to:</p> <ul style="list-style-type: none"> • Staff • Volunteers • Premises • Users/beneficiaries • Financial management • Targets to be achieved • Deadlines for delivery (particularly regarding contracts) <p>What policies and procedures are in place to minimise / manage risk?</p>	<p>Funders Financial institutions Others if things go wrong!</p>

<p>Marketing How do you communicate with the outside world - clients, public, and stakeholders? Do you present your desired image? Do people understand what you do? Is publicity easily understood by the target groups (e.g. people for whom English is not their first language, people with dyslexia)? Remember that word-of-mouth is an important marketing tool. (If your publicity is good quality you may like to enclose an example.)</p>	<p>All</p>
<p>Financial information <i>This is a very important part of the business plan.</i> It is advisable to link this section to the aims, objectives and projects outlined earlier. This should include the future predicted costs and income for projects and the organisation, and include the most recent income and expenditure sheet and balance sheet. It is useful to provide a breakdown of expenditure and income for future year/s, including sources of income. Include any earned income and if possible the unit cost per client/output. Consider any changes in project activity which might impact on the cash flow (this relates to financial risk management). How will longer-term financial viability be ensured? Does the organisation have the capacity to pursue this? (Relates to funding strategy which will detail this.)</p>	<p>Funders Financial institutions</p>
<p>Key to forward strategy <i>Your business plan is a working document</i> When and how will progress against this plan be evaluated? (minimum 6 monthly) Have the key long-term objectives of the organisation been addressed? Have you clearly identified the goals you want to achieve and by when? Are major changes anticipated and how the organisation will deal with them?</p>	<p>All; also essential for the organisation itself</p>

Appendices

These should include the key details to explain the information given in the body of the document and anything else of particular relevance. Do not enclose too many pages in the appendices!

They may include:

- One year Action plan / implementation plan
- Income and expenditure and balance sheet (most recent)
- List of your key policies (e.g. child protection, equal opportunities)

If you are making a business plan for an individual project you may wish to include:

- CVs and Job descriptions
- Breakdown of costs and unit costs

Questions to ask yourself...

- Are the aims tied to your mission?
- Are major opportunities identified?

- Have you prepared for threats?
- Have you identified your customers/users – present and future?
- Do you know what others working in your service area are doing?
- Do you know your organisation's strengths and weaknesses?
- Does the strategy make sense and does the business plan point to the strategy at all times?
- Is the business plan presenting a clear and positive image of the organisation?
- Is the plan clear, concise and up to date?
- Is the plan achievable and realistic for your organisation?
- Do the key people in the organisation have the necessary skills and knowledge?
- Do you have a timetable/action plan of clearly defined stages to work to?
- Are the numbers OK? Does the budget allow you to fulfil the plan?
- Can you change where necessary? Are you ready to change?

Definitions:

Vision defines what the organisation believes in and how it would like the world to be. It is a goal towards which everyone involved with the organisation can strive as it provides an inspirational picture. The NSPCC's vision, for example, 'is a society in which all children are loved, valued and able to fulfil their potential...'

Purpose is the specific part of the vision that the organisation is trying to make real. It states why the organisation was formed in the first place. The RNLI's purpose is 'to save lives at sea'.

Mission is the organisation's game plan for how it will achieve its purpose and vision. It sets the boundaries for the organisation's activities, which may change over time as new technology and ideas change the way we work. Cancer Research UK's mission is 'to carry out world-class research into the biology and causes of cancer, to develop effective treatments and improve the quality of life for cancer patients, to reduce the number of people getting cancer...'

Sources of further support and information

- The Sustainable Funding Project www.ncvo-sfp.org.uk is a very good site for organisational funding and other issues, run by the National Council for Voluntary Organisations. For information on strategic and business planning visit the webpage at www.ncvo-vol.org.uk/sfp/strategicplanning.
- The Big Lottery Fund has a short guide on what they are looking for in a business plan downloadable from their website at www.biglotteryfund.org.uk/prog_ypfnat_business_plan.pdf

- ProHelp is a network of professional firms run by Business in the Community, offering support free of charge to voluntary and community groups in their local area. They undertake one-off projects which can include marketing, management and business plans. For further information visit their website at www.prohelp.org.uk or telephone Gary Towers on 01603 508438.
- Business in the Community has a useful, short document called 'Preparing a Business Plan' downloadable from their website at www.professionals4free.org.uk.

Resources available at West Norfolk VCA

The following are available to borrow from the West Norfolk VCA Library at the 16 Tuesday Market Place, King's Lynn PE30 1JN. Please drop in or contact the West Norfolk VCA Reception on 01553 760568 to reserve a copy.

- The Complete Guide to Business & Strategic Planning for Voluntary Organisations (Directory of Social Change)
- Example Business Plans and formats

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This information sheet is one of a series produced by Norfolk Information, a partnership of second tier organisations supporting the voluntary and community sector in Norfolk.

We have taken all reasonable steps to make sure that this information is current and accurate. We cannot, however, guarantee its accuracy or completeness and therefore cannot accept liability for your acting, or failing to act, on the information given.

For resources, books, ideas and useful information please contact West Norfolk VCA on tel. 01553 760568 or email info@westnorfolkvca.org.