



Your Guide to

Business Planning



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Table of Contents

What is a business plan?	4
Why you need a business plan	4
How to use this guide	5
Planning	6
How to develop a Business Plan	7
Different Types of Plans	8
Template Business Plan	9
Planning Tools	16
Balanced Score Card	16
SWOT Analysis	18
Risk Analysis	19
Example	19
Cash Flow	20
Further Information and Links	21
More Online Resource Centre Guides	22



What is a business plan?

A business plan is a document that describes where your organisation is now, where it wants to be in the future, and the strategy for how it is going to get there.

Why you need a business plan

National policy and local statutory funders are calling for the Third Sector to become more business like. You need a business plan to make your organisation effective, sustainable and organised.

When you have gone through a business planning process you will be able to:

- Lead your organisation confidently into the future
- Complete funding applications and tendering exercises more quickly
- Convince funders you are worth funding
- Convince partners you are worth working with



How to use this guide

This guide contains a template for a business plan and a range of business planning tools. Not all the headings from the template will apply to your organisation, and you may need to add sections which apply to your organisation and its work.

No two organisations will have the same plan. Smaller organisations may produce a shorter document, while others may write a very detailed longer plan. It is important that a plan contains enough detail for it to be a useful tool to the organisation, and have enough information to be a workable document that leads to action.

This guide provides a series of headings that could be used in a business plan, and demonstrates how to structure your plan.

Suggested headings have been provided in this guide for your information, but you may find it useful to include additional sections in relation to the specific activities that your organisation delivers.



Planning

The process of planning is more important than the final plan:

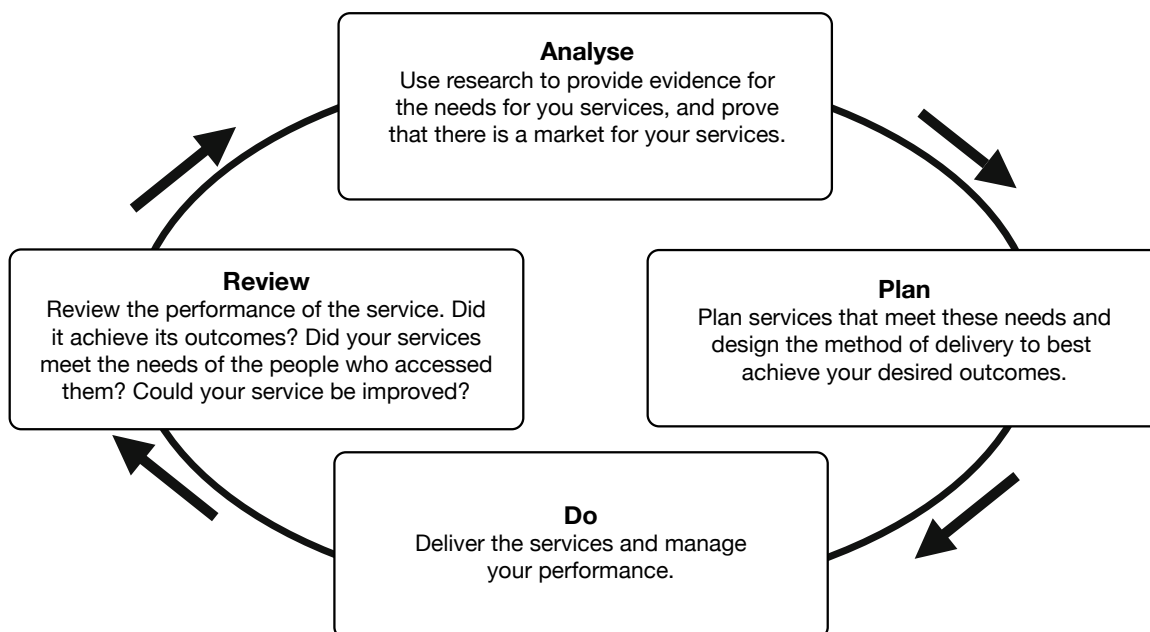
“ Plans are useless, but planning is indispensable.”
- Dwight D Eisenhower

A plan is not meant to be stuck to rigidly, or to be written and then forgotten, nor should it stop an organisation from responding to funding opportunities that come up unexpectedly. Plans should be actively changed as the organisation, and the environment it operates in, change.

Planning Cycle

A planning cycle approach ensures that all your activity is informed by evidence and evaluated afterwards. As the cycle moves forward, new activity will always be informed by how well things went last time. This approach is used by large business and public sector organisations that move through a planning cycle through the year. By adopting this approach you can prove that you are always reviewing how you do things to ensure you achieve the best outcomes. You can also use this approach to ensure that projects are delivered as efficiently and effectively as possible.

The stages of the planning cycle.





How to develop a Business Plan

Use the planning process to bring your team together and reward good ideas. 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.

Some sections of your plan can be written straight away such as the background of your organisation. Other sections require planning sessions where the management committee and staff may help with the contents. We suggest that you set up a working group to lead on creating the business plan but that you also use whole staff team sessions to create content for the plan. The working group should reflect the composition of your organisation including committee members, volunteers, staff, service users and stakeholders. You may want to set up specific working groups for particular sections of the plan which include the most suitable and capable people.

At the back of this pack we have provided a couple of development tools that you may find useful when writing your plans.

You may want to start with a visioning exercise where you clarify the purpose of your organisation, so that you can ensure that the whole plan is consistent with your vision.

Ultimately it is the committee, management or trustee board who will formally adopt the plan, and who will monitor the organisation's progress against it.



Different Types of Plans

Business planning can lead to the development of a range of plans; some organisations may have a combination of plans, smaller organisations may incorporate a few plans into the business plan. This would be dependent on the size of the organisation, and how you would like your plan to look.

The types of plans organisations can have can include:

Strategic plan

This is the plan that covers your long-term mission and the vision of the organisation including why you exist, and contains information on the changes you hope to achieve. This plan should contain an analysis of the internal and external environment, taking into account opportunities and potential threats, which will help the organisation plan more effectively for the future.

Operational plan

This would outline the activities and targets, which the organisation will carry out in order to work towards achieving the aims and objectives. It provides the framework for an organisation's day-to-day operations. An operational plan covers a one-year period.

Development plans

Development plans are similar to a strategic plan although more often used when starting up a new organisation. Some organisations refer to a strategic plan as a development plan.

Project plan

A project plan outlines the objectives and key activities to be achieved within a specified timeframe, often for a period of 1-3 years. A project is a time limited piece of work, not to be confused with an organisation, which is an ongoing entity that carries out projects (for more details see our project planning guide).

Business plan

A business plan can be written for 3-5 years, and should show how you will work towards your organisation's strategic aims. It is a formal plan that will cover the operation of the entire organisation, including timetables, and methods for the organisation's work. A business plan can also be used to present the feasibility of a particular new initiative.

Fundraising strategy

A fundraising strategy is a written statement of how an organisation intends to fund its work. It should be closely related to the organisation's business plan. It will support the business plan and enable the organisation to reach its stated goals. It can be a record of what has been successful in the past as well as recommendations for the future. Each fundraising strategy is different according to the needs of the organisation; it can range from two pages to twenty pages long.



Template Business Plan

Below are the common areas usually covered in a business plan. Add sections that you think are appropriate to the size of your organisation, and make sure it is clearly written.

Think about who needs to complete each section: management committee, staff, volunteers, service users, stakeholders, funders.

Front Page

Which years the plan will cover:

- Image - this should ideally be a positive representation of your organisation and the work that it does.
- Logo - having a clear corporate identity and consistent imagery helps people to recognise and identify your organisation.

Contact details including:

- Name of organisation
- Address
- Contact telephone number
- Website
- E-mail
- Charity registration number / Limited Company number (if applicable)

Contents Page

A clear list of page numbers and contents to enable the reader to find the sections they are interested in.

Executive Summary

Introduction of the plan, and summary of the main points the document covers. You could include your organisation's Mission Statement.

This should also show the viability of your organisation for the years your plan covers

Legal Status

What is your legal structure? (for example, are you a registered charity, limited company, unincorporated association)



Background and History of your organisation

Add information here on when your organisation was set up, your aims and objectives, how you are run, track record, what services you deliver and highlight your key achievements.

You may want to include some key facts here including:

- The number of staff you employ
- The number of volunteers you involve
- Key financial data
- Unique factors about your organisation

Mission Statement

Every organisation has a mission, which is the purpose and reason you were established.

Aims and objectives

This section should describe the aims and objectives of the organisation as detailed in its governing document, but in more detail i.e. what you have been set up to do, and what you are delivering at the moment.

Aims:

The changes or benefits that you are trying to achieve, and want to make, through your organisation.

Objectives:

The practical activities that you plan to carry out to bring about changes within the community or your service users.

The need for the services of your organisation

- You have to show how you are meeting a clear need.
- What services / activities you provide at this time.
- The government and local authorities have specific targets and outcomes that your organisation may be meeting - this can be included here.

(for more information on where to find local statistics and local priorities see appendix page)



Market Assessment

A market assessment should be based on research, any needs analysis / evidence you have, who your potential service users are, and who uses your services now.

Information included in this part can include:

- Ward data
- Census information
- Research of need
- Knowledge of the needs of your community / area you are based in
- Information on other organisations that are in your area.

(for more information on where to find statistics and data see 'further information and links' page)

Social Purpose and Impact

In this section consider:

- What are the issues in your area? For example unemployment, crime, income deprivation, lack of health services.
- Any gaps in services that are not being met at this time.
- What impact do the services you provide have on your community?
- What is the social return of your activities - for more information see www.sroi-uk.org

Organisation Chart

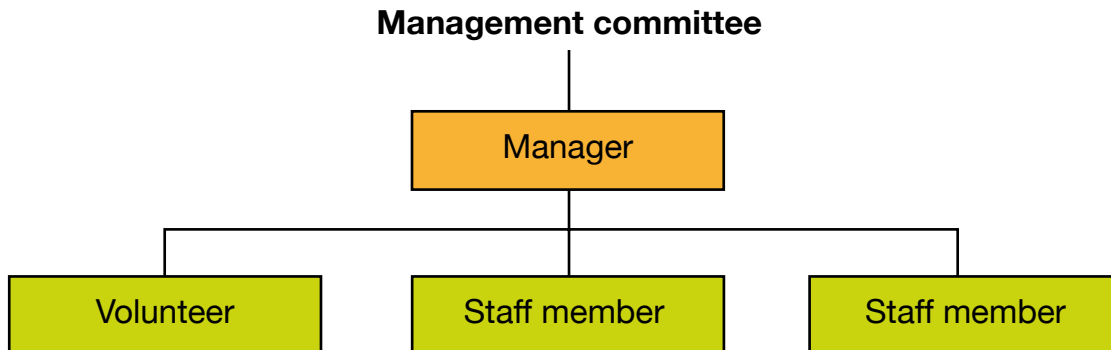
It is a good idea to include a diagram of your organisation's structure in your business plan. This will help to clarify the roles of the people within the organisation and how different parts of the organisation relate to each other.

This can include your management committee, any staff you employ (including different staff teams if applicable) and volunteers.

Line management arrangements can be illustrated by connecting lines between different individuals.



Example organisation chart



Management Committee

It is important to provide a short overview of the committee members, and any relevant skills they have that support the organisation.

Staffing

Referring to the organisation chart, detail the skills and knowledge of your staff team, including any relevant accreditation or qualifications held by staff. This is an opportunity to sell your team including professional CV's in the appendix can be useful.

Physical Resources and Personnel

From the planning you have now done, you are ready to review the resources you have, and what resources you need in the future. If possible, you should also identify areas where you need to increase staffing capacity to meet demands from service users or funders.

Resources can include:

Staff

- What staff you have, and how many you will need to recruit to carry out the work.
- What key skills / experience do they have?

Building

- Where you are based
- Do you have premises, hold a lease, or rent space in a building?
- Is it accessible?



Equipment

- Any equipment, for example computers, that you own and use to deliver your services

Insurances

- Types of insurance you hold for example:
Public Liability, Employers Liability, Professional Indemnity, Building Insurance.

Policies & Procedures

- Which policies and procedures you have adopted and use.

Previous Success / Track record

- If you have delivered previously, or are currently delivering good projects, or activities, you could showcase them here. This can show funders the types of projects you have successfully delivered. Mini case studies on people you have helped can be included in boxes throughout your plan to add interest and demonstrate outcomes.

Marketing, Promotion & Publicity

- How will you promote your organisation, its activities, and the services you provide?
- How will you make sure your organisation is promoted in the community so that people know what services you provide?
- How will you target the kinds of people you most want to reach? How will you promote yourself to stakeholders and potential funders?
- How will you market your organisation? This can include developing a website & leaflets



Monitoring and Evaluation

Organisations need to show that the delivery of their services is of the highest quality. Here you can show how this will be measured.

- How will you measure the success of the organisation or projects?
- How will you make sure you reach the targets you have set?
- How will you collect information about the work that you are doing?
- 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?

Project Plans

This will set out what projects you hope to deliver in the future. This section can hold information on various projects you are looking for funding for, with a detailed budget on how much each will cost based on a full cost recovery approach.

Project plans can then be used once funding has been identified to complete funding applications.

For more information see our packs on, 'Your guide to project planning in the Voluntary & Community Sector' & 'Your guide to funding in the Voluntary and Community Sector', (which has a section on Full Cost Recovery).

Potential funders identified

Following on from your project plans you could include information here on who you have identified as possible future funders, with timescales on when you are looking at applying and methods of how you are going to get these funders on board.

Detailed Action Plan

Completing a balanced score card exercise (which can be found in the planning tools section of this pack) will inform the organisation of what needs to be done and help to develop an action plan with timescales. Your action plan should include:

- Information on Actions or Projects the organisation has decided it wants to deliver
- What resources will be needed
- Who will be the lead / responsible
- Timescales for when you are looking to deliver the projects
- Costs



SWOT Analysis

This will help the organisation review its:

- Strengths
- Weaknesses
- Opportunities
- Threats

(Information on how to complete a SWOT analysis is provided in the planning tools section).

Risk Analysis

In this section you would review all the risks and the potential impact they will have to your organisation, including what steps you would take to minimise risk.

(See Risk Analysis template in their planning tools section).

Financial Analysis

In this section you can include the following:

- **Annual Accounts**

This will show the previous year's income and expenditure in a summary table.

- **Cash flow forecast**

Poor cash flow can be a reason for the failure and ultimately liquidation of organisations. It is important to plan ahead and have a good forecast that shows that you have researched and estimated to predict how much money your organisation needs.

This section should contain cash flow forecasts for each year covered by the plan, which should show the timing of money flows in and out of the organisation, based on previous year's trends.

Appendix

Here we would recommend you add any other relevant information you feel would help to give a more detailed picture of your organisation.

- Charts e.g. analysis of services delivered/customer feedback
- References list- list of source documents for any quotes or references

Review

Once a year the Business Plan should be reviewed by the committee. This will monitor the organisations progress. By reviewing the plan you should understand:

- Where you were aiming to be at the end of the year, and whether you have managed to do everything you were hoping to do.
- What went well, what was not achieved, and why.
- What changes need to be made to the plan, considering any changes within the organisation, the needs of the service users, and the community. Also be aware of new initiatives coming out of local, regional and national strategies and how any changes may affect the work your organisation does.



Planning Tools

Planning tools can help you think through your strategy and the obstacles you need to overcome. Use planning tools as an exercise for your organisation, the management committee or working group can help you explore the best way forward for your organisation.

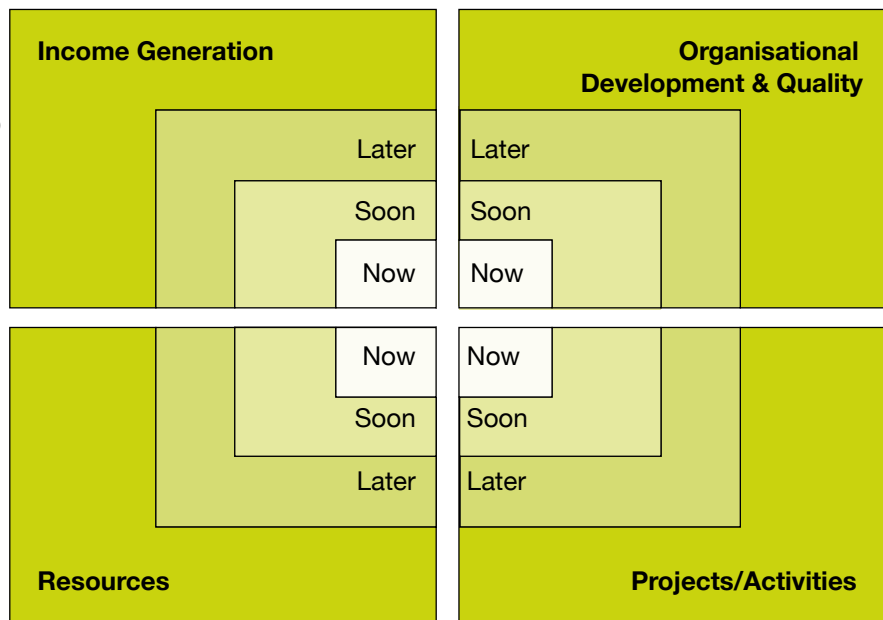
Here are a couple of the most widely used planning tools: the Balanced Scorecard and the SWOT analysis, and Risk Analysis

Balanced Score Card

The balanced score card is an effective planning tool to show where your organisation is now and where it's going. It splits up business development into four key areas:

- Organisational development / Quality
- Projects/Activities
- Funding
- Resources

There are three time frames for recording where you are with each of these areas: now, soon and later.



The now is where you are now, and the timeframes of 'soon', and 'later', can be defined by your organisation. 'Soon' may be the end of the year or in six month's time, or a key date when a particular tender is to be issued – it depends on the circumstances for your organisation. Similarly the 'later' may be anywhere from one to three or five years away.

It is best to do the balanced score card for your whole organisation. It is recommended that you complete your score card in a planning session with all key parts of your organisation represented such as committee members, managers, staff and beneficiaries (service users). Working together the task of completing the score card will provide many opportunities to discuss your vision and how you are going to get there.



What to write in each section.

You should ideally input around 4-8 bullet points in each category. Please see below some ideas of what to include in each section.

Organisational development

Describe your organisation, staff, volunteers, board/committee, partners.

Developing your services, training your board, staff development, quality standards being put into place (e.g. PQASSO, Investors in People), reviewing your legal structure.

Projects/activities

Describe your primary activities, services you are delivering and the ones you are hoping to deliver in the future.

Resources

What resources have you got at the moment and which ones will your organisation need in the future to develop your organisation?

Income generation

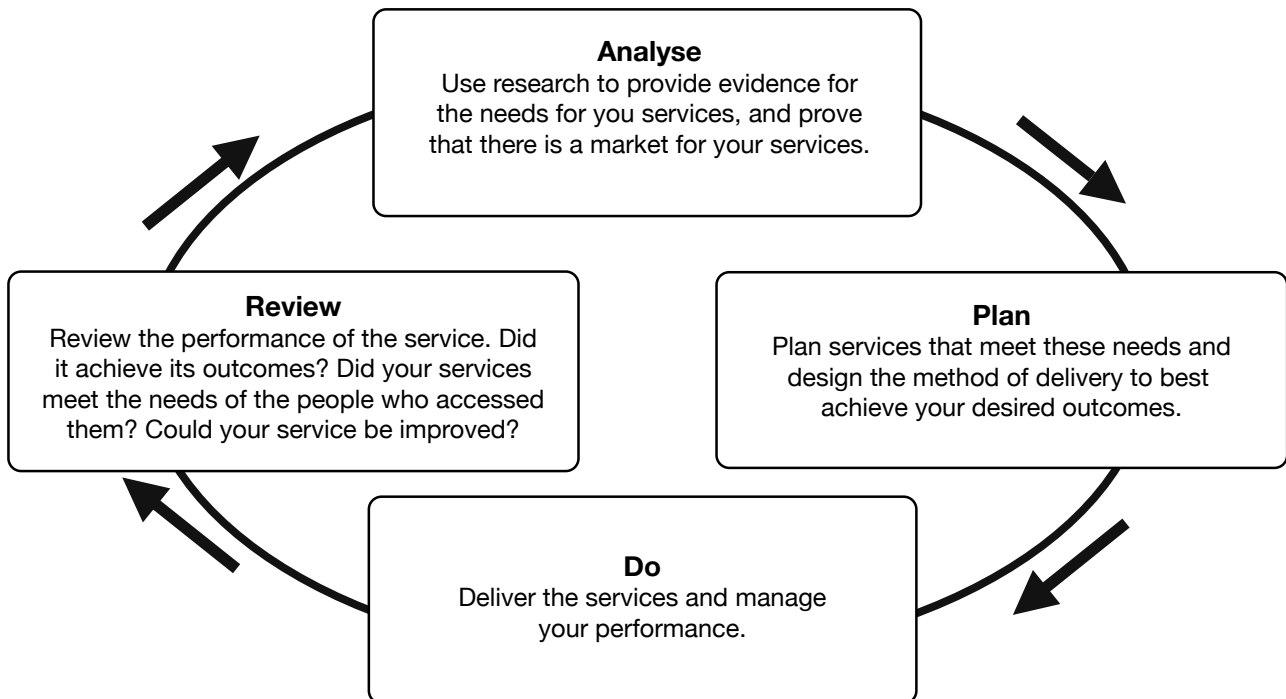
Income from grants, fundraising, contracts, trading and loans.



SWOT Analysis

A strategic analysis of the organisation, and the external environment will enable the organisation to plan more effectively for the future. Taking into account strengths, weaknesses, opportunity, and threats. Organisations may recognise a weakness and turn it into an opportunity.

Strengths



These might include:

- ability to secure resources
- effective planning, delivering projects to hit targets for funders
- creating a supportive environment for staff / volunteers / service users
- achieving positive outcomes for service users
- creativity or innovation

Weaknesses

- Consider all the areas you could improve
- What areas are you currently weak in

Opportunities

- Some weaknesses could become opportunities in the future
- Are there areas of your activity or staffing that you could expand?
- Are there central or local government plans or strategies that you could play a part in delivering?
- Are there new opportunities to grow your revenue through trading or new funding streams?



Threats

- Lack of funding or financial sustainability
- Competition for funding
- Changing priorities of funders / statutory organisations

Risk Analysis

Organisations need to assess the risk they might face and the potential impact it can have and put into place plans for managing the risk.

We would recommend the management committee look at the areas we have suggested in the risk column and at what level they consider the risk. You can also add additional risks specific to your organisation.

Risk	Level	Potential Impact	Action to prevent risk
	Low Medium High		
Financial			
Operational			
Political			

Example

Risks can include:

Financial

- Lack of income
- Cash flow
- Funding not being secured

Operational

- Not being able to retain suitable staff
- Building not being accessible for people with disabilities
- Not meeting targets set by funders

Political

- Change in priorities and strategies



Cash Flow

Please see below an example of a cash flow table.

Cash Flow Forecast - 12 Months		Name: <input type="text"/>												
		Year: <input type="text"/>												
A cash flow budget will show the total expected outflows (payments) and inflows (receipts) over a year, on a month-by-month basis.														
The difference between the actual outflow and inflow are called the 'variances', which will flag up times where you may need to monitor costs more closely.														
Cash flows are important to make sure that organisations are aware of when you will have shortages and surpluses of money. If you are aware of any shortages these can be planned for in advance, and adjustments can be made and short term arrangements can be implemented.														
Month:	c/fwd	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
Receipts														
Grant														0
Income														0
Bank interest														0
														0
Total Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payments														
Salaries and wages														0
Volunteer Expenses														0
Rent														0
Utilities														0
Repairs and maintenance														0
Insurance														0
Travel														0
Telephone														0
Postage														0
Office supplies														0
Professional fees														0
Training and development														0
Bank charges														0
														0
Total Payments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cashflow Surplus/Deficit (-)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Opening Cash Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing Cash Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0



Further Information and Links

For information / statistics:

- www.neighbourhood.statistics.gov.uk
- www.lsr-online.org
- www.communities.gov.uk
- www.oneleicester.com

For worksheets:

- Conducting a SWOT analysis
- Writing a vision statement
- Writing a mission statement

<http://www.diycommitteeguide.org>

Funding

To do searches for funders, register free on www.fundingtoolkit.org which has a funding database for the voluntary and community sector.

Financial Management

www.cash-online.org.uk

Community accountancy website, Cash-online, that provides financial advice and training for small charities and voluntary groups.



More Online Resource Centre Guides

Voluntary Action LeicesterShire has produced a number of guides on all aspects of running a voluntary or community organisation. These guides can be downloaded from the Online Resource Centre at www.valonline.org.uk/orc.

Guides available include:

- Your Guide to Setting up Voluntary and Community Groups
- Your Guide to Funding in the Voluntary and Community Sector
- Your Guide to Business Planning
- Your Guide to Employing Staff
- Your Guide to Managing Community Group Accounts
- Your Guide to Project Planning in the Voluntary & Community Sector
- Your Guide to Voluntary and Community Sector Legal Structures
- Your Guide to Commissioning and Procurement
- Good Practice Guide to Involving Volunteers

This guide was written by Amarjit Dhaliwal, Group Support Development Officer at Voluntary Action LeicesterShire





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