

## Fact sheet 6

### Business Planning

Business planning is all about preparing your organisation for the future and ensuring that it continues to achieve its purpose. Your business plan helps to guide your organisation by providing an overall statement of your work and future plans.

#### **Your business plan should:**

- State the aims of your organisation, the needs you try to meet, and the outcomes you try to achieve;
- Set out the activities that your organisation plans to do in order to achieve those aims, how it will do them, and by when;
- Describe the resources needed to complete those activities and how you plan to get them.

Your plan will be a document that you produce with input from everyone involved in your organisation – staff, volunteers and Management Committee members.

#### **Why have a business plan?**

The term business plan may still sound unusual or irrelevant to voluntary and community organisations, but it's the process and product that are important – spending time planning your work now will help save you time to deliver your activities in the future.

There are practical reasons for producing business plans too – many funders or commissioners will want to see your business plan when you apply for support. For them, a business plan helps to give an overview of your purpose and the needs you meet, as well as establishing you as a competent organisation that will manage grants or contracts well. But overall, you should produce a business plan because it helps you to:

- Focus on what you are doing and whether you are meeting your aims
- Stimulate creative thinking by involving lots of people
- Establish a list of priorities
- Challenge assumptions that you are, or are not, meeting your aims and objectives
- Identify areas of strength and weakness
- Identify what is holding you back – whether it is a shortage of people, time or funding
- Develop action plans
- Spot new opportunities
- Provide a means of monitoring and evaluating your progress
- Avoid crisis.

#### **What does a business plan look like?**

Your business plan should be a concise and easy to read document that includes the following:

- A brief summary of the purpose of your organisation – including your overall aims, and your mission statement if you have one
- A review of your services – including descriptions of your activities, your key achievements, and financial situation

- A summary of the needs your organisation helps to meet, and the outcomes you try to achieve;
- A description of your strategic direction for the duration of the plan (anything from 1 to 5 years) – setting out the activities you plan to carry out during the time period covered by the plan, and the outcomes these will contribute towards;
- An operational plan that describes those activities in more details, outlining the tasks involved, who will complete them, and when they need to be completed. This sort of work planning is absolutely vital for making the link between your strategic level business planning, and the actual day-to-day work of your organisation. The operational work plans don't necessarily need to be produced as part of your business plan, but they should be produced;
- A financial plan outlining the resources you have in place, as well as the money and other resources you will need to carry out your activities, plus information on how you plan to raise the resources;
- A list of expected future trends that will impact on your organisation, and the implications of these.

### **The business planning process**

It should help you to be clear about what you do and how you want to develop.

Before you start, ask yourself why you are doing it, and who you think will read it.

1. Get people involved. Although it is easier for a small group of people to work on drafting a business plan, it is essential that your whole group is involved and everyone approves the final version. It can take quite a while to do – months rather than weeks.
2. Collect information. You will already have a lot of information available to help put together a business plan. Your constitution, annual reports, and especially your past funding bids, will all have descriptions of your work, your aims, and your plans.
3. Work out what else you need to produce – where are the gaps in information? For example, do you have a clear summary of your organisation's purpose?
4. Provide opportunities for everyone in your organisation to have input to the plan – you could have 'away day' meetings, use existing meetings, or ask for individual comments. However you include people, it's always helpful to ask for contributions to specific questions, or by working on specific exercises.
5. Write the plan. Your business plan doesn't need lots of detailed descriptions, or beautifully constructed sentences. It's better to have a short, snappy plan, that uses bullet point lists, and tables to set out what you plan to do. A business plan is an internal tool for your organisation first and foremost, so it should be easy to use. You can always make it look prettier later if you have to send it to a funder.
6. Agreement. Get your Management Committee to agree the plan and 'sign it off'.
7. Review. Ideally, your business plan will be a working document that gets updated every year as part of your organisation's regular planning. Business plans are useful tools for Management Committees to ensure that work is on the right track and you are achieving what you set out to do.

Adapted from SYFAB 'Business Plans' pdf

## **Business Plan – Suggested Content**

### **Front Sheet**

- Name of Organisation
- Title (Business Plan, Project Plan, Development Plan)
- Dates (Month/Year)
- Contact Details

### **Contents Page**

#### **Executive/Management Summary**

- Summarise the main plan to capture the readers' attention
- If your plan has been written to support a fund raising application this section must explain in a couple of paragraphs:
  - what you are doing
  - who uses your services and
  - why you should be funded

### **Organisation**

- Mission
- Aims
- Objectives
- Values

### **Structure**

- Management
- Staff; Volunteers; Members
- Main strengths, weaknesses, opportunities, threats
- Organisation's capacity and limits

### **Stakeholders**

- Service users
- Partner organisations (contracts, agreements, collaborations)
- External recognition (awards, commendations, etc.)

### **Context**

- Area of operation – geographical and specialism
- Relevant political, economic, social, technological points
- Relevant evidence, e.g. indices of deprivation, needs analysis, etc.
- Reference to feasibility study or other exploratory activity

### **The Market**

- Market needs – why do people need what you are going to provide
- Users/customers
- Competition

### **Products/Services if you are running more than one project list them separately to match you objectives**

- Description of service
- What will you be providing
- How and where will the activity(ies), project(s), service(s) run
- How does this address the needs identified
- How does this match your objectives
- Who is involved in each project
- Benefits/impacts
- Premises (specification, description, cost, needs, etc.)
- Equipment (requirements, cost, lifespan)

- Suppliers (research into prices, can items be sourced locally, etc.)
- Risk analysis
- Monitoring
- Evaluation

#### **Legal Issues**

- Permissions required
- Health and safety
- Risk assessment
- Insurance
- Safeguarding/CRB checks

#### **Marketing**

- How you will let people know what you do

#### **Budget**

- Highlights from previous year and/or pilot activity
- Forecasts including income, expenditure, cash flow
- Profit and loss
- Sources of funding including applied for/secured funding, trading forecast etc.
- Funding needs (e.g. the shortfall being sought)

#### **Possible Appendices**

- Action Plans
- Organisational chart
- Legal certificates
- Insurances
- List of the organisation's policies and procedures
- Latest audited accounts plus Accounts for previous years
- Detailed financial projections
- Map of relevant area
- Key milestones

#### **Have you seen our other useful fact sheets?**

- Fact sheet 1: Starting Up
- Fact sheet 2: Management Committee Roles and Responsibilities
- Fact sheet 3: Committee Meetings
- Fact sheet 4: Legal Structures
- Fact sheet 5: Constitution
- Fact sheet 7: Are you fit for funding?
- Fact sheet 8: Charities and VAT

#### **For further information and advice contact the CVS Development Team:**

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