

ELVON

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**PREPARING
A
BUSINESS PLAN**

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Voluntary Organisations Network**

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SMART=

SPECIFIC
MEASURABLE
ATTAINABLE
REALISTIC
TIMEBOUND

Methods and means - statements of practices, procedures, schedules, programmes and tasks. They clarify 'why' tasks and activities have been adopted.

Many organisations choose to undertake what is referred to as a "SWOT analysis". Involve your staff and management committee and make lists under the following headings with regard to your organisation.

SWOT=

STRENGTHS
WEAKNESSES
OPPORTUNITIES
THREATS

Further Reading

The Complete Guide to Business and Strategic Planning for Voluntary Organisations
Alan Lawrie—Directory of Social Change 1994. ISBN 1 873860 617

Taking Part. A handbook for the voluntary arts in Scotland Scottish Arts Council,
(chapter on business planning)

PRESENTATION

A business plan needs to look professional —Appearances do matter!

It should not be hand written.

Check for spelling errors.

It is worth investing in a few sheets of superior quality paper.

It should not be over -long - around 10 pages in length.

It should be written in a formal style, in the third person (i.e. the project will...rather than I/we will...)

Lay out the headings clearly.

USING THE PLAN

If the business plan has been well thought out and well constructed you will find yourself returning to it frequently throughout the life of the project. If it is not well written, it is likely to gather dust on a shelf. It is useful to give everyone involved in the project a copy of the plan, to refer to in staff meetings and during training sessions etc. It will be particularly useful as a tool in the induction of new staff.

THE LANGUAGE OF PLANNING

Mission, Vision or Purpose - the "big picture"; statements of intention, which describe values and the overarching goals of the organisation. It is essential that the statements are clear about the nature of the work of the organisation.

Strategy - a plan for developing services in the long term based on finding better ways of doing things or exploring new ideas.

Goals - the results the organisation wishes to achieve, hence goals statements are framed in 'results' language, i.e. "to have increased/to have raised/to have assisted".

Objectives - measurable, detailed action plans listing the areas of work to be achieved to meet the goals. Use SMART objectives.

INTRODUCTION

Most voluntary organisations now have a strategic business plan covering the operations of the entire organisation. However, if you are planning to apply for funding for a project, potential funders may require you to present a business plan, which relates specifically to your project, in support of your application. The Community Fund, for example, requires organisations to submit a business plan for larger projects requiring between £100-200k (depending on which programme you are applying under).

This leaflet is presented as a general guide to the subject and it describes what funders will be looking for in a business plan.

What is a Project Business Plan?

It is written statement describing your project which shows why it is needed, what is proposed, how you will manage it, what will be achieved and how it will be financed; in particular it will show where the money will come from and when and how it will be spent. It should also contain information about your organisation, its aims, objectives, background and ability to carry out the work/activities. It is a means of demonstrating that you know what you are doing and can be trusted with the money you are asking for.

Why do we need business plans?

It can be of benefit to prepare and write a business plan even if you have not been asked for one by a potential funder. It may seem like a chore, but if you think about some of the advantages of having a business plan, described in the following paragraphs, it may help you to prepare a good one - for *your* project's rather than the funder's benefit.

BENEFITS OF PREPARING A BUSINESS PLAN

Purpose

In writing a business plan you will have to dedicate time to clarifying your purpose, which can often get lost in the everyday world of crisis management. This will help you to assess how and where the project fits in the overall future direction of your organisation. If it does not fit well, it may be that the project is the wrong one for you to undertake or, alternatively, it may cause you to rethink the aims of your organisation and the direction it is taking.

Competence

You will have to think carefully about your organisation's competence to carry out the project. If you are able to show that you have the necessary systems in place this will increase your confidence in your ability to carry out the project successfully. However if obvious gaps appear, these will clearly have to be addressed through training, acquiring new skills or employing qualified and experienced staff. It is much better that these weaknesses are identified at this stage rather than half way through the project when it may be too late to address them.

Feasibility

Having to set out details of why the project is needed, how this need has been identified, who will benefit and how this will be measured, will enable you to form a much clearer idea of the true value of the project. It will also involve you in undertaking research which is a useful and necessary exercise. The success of your project may depend on the co-operation of other organisations, your members, the local community and others, and it will be important to convince them of its value in order to obtain their full support. This exercise will help you to do that.

Targets

By having a work plan, target dates for different parts of the project and details of how targets and achievements will be monitored you will provide yourself with a useful framework within which you will operate. This degree of discipline is needed, particularly if your project aims to achieve a number of outcomes over a 2-3 year period. It can be very easy to fall behind, for all sorts of reasons.

Finance

This section must demonstrate that the organisation is financially viable; that you have made sensible assumptions about your likely financial future; that you have sound financial controls and policies. You will have to provide a budget and cash flow forecast for each year of the project. Remember to include an amount for inflation and for the project's share of core costs i.e. office space, rent, heat etc. This all sounds quite a tall order - but it is important to satisfy the funder that you have worked out the financial costs of the project and can demonstrate that you can manage the project with the amount of money you will have. If funding is coming from a variety of sources you will be required to indicate key dates when blocks of money will be released from funders.

Monitoring and Evaluation

This section should describe how the project will be monitored and evaluated on an on-going basis, i.e. what information will be collected to check progress, and who will be involved in this.

In addition funders may have their own monitoring procedures which you will have to comply with.

Track Record

Demonstrate that you have all the necessary management systems in place e.g. equal opportunities policy, quality standards and training. Include details of any national standards you have adopted, and membership of national organisations, whose standards you meet e.g. Telephone Helplines Association. Summarise any experience you have had in running similar projects.

Action plans

Include a timed action plan for the first steps in the plan.

Executive Statement(summary)

This is particularly important. It is unlikely that everyone will read every detail of your business plan but they will all read the summary. This should consist of a single page and should contain enough detail for readers to understand your project. It should highlight the main features of the organisation, the aims of the project and what it will achieve. Do not try to say everything on one page. Limit yourself to a maximum of five main points.

Mission Statement

This should convey the reason for the existence of your organisation, its sense of purpose and its values. It should tie in with your constitution. State clearly what makes your organisation unique or distinct either within your locality, or in its area of work - and all in no more than 40 words! If you do not already have a mission statement, it is worth while devoting staff and management committee time collectively to produce one as it will prove useful in conveying a clear message about yourselves to the outside world. Everything that follows in the business plan should relate back to the mission statement.

Background

A short history of the organisation, including its legal status, client group, staffing and the area of work you are involved in.

Review of the Organisation

An overview of your organisation's strengths, as well as any relevant issues and concerns.

Future Trends

Your understanding of the environment within which you operate and any external circumstances/ developments that are likely to affect your organisation.

Project Details

The results of your research into why your project is needed, how the need has been identified, what other work is being done in this field, what the project will achieve and what the beneficiaries will gain from it.

This is important as funders will want to know that their money will be 'making a difference' and 'having an effect'. They will want evidence that you can deliver what you promise and that they are getting good value for money. You will need to devise a work plan and a timetable within which your targets will be achieved, together with details of how the project will be managed. If you are not proposing a project, include a statement of your goals and objectives for the long and medium term, with some targets.

Staff

List any staff requirements, including training and skills, relevant qualifications and experience of existing staff members who will be involved in the project. State your understanding of how the project will impact/affect existing staff/volunteers.

Finance

Having to cost out a project in some detail can be difficult and time consuming, especially when you have little experience of doing it. However, it is essential for you, as well as for funders, to show that your organisation is financially viable and has realistically costed activities and has sound financial systems and controls in place.

PREPARING A BUSINESS PLAN

The process of producing a business plan may take some time, particularly if all the elements needed are not in place. Much of the information will already be available within the organisation but needs to be collated and prepared for presentation. A certain amount of research will, however, have to be undertaken to put your project into context and to determine what unique contribution it will make. Ideally a business plan for a project should involve some input from those who will be involved in implementing it. They will have a realistic idea of the practicalities of delivering the outcomes, especially if they are involved in the organisation.

What should be included?

Your potential funders may prescribe what they want you to include in the business plan. The Community Fund (formerly National Lottery Charities Board) will, for example, give guidance on this. The majority of funders however, will just ask for a business plan.

Unless funders have specific requirements it is suggested that a business plan might contain the following:-

Introduction

A brief overview of the purpose of the plan, the period it covers, who is involved, and who was consulted in its preparation.