

BUSINESS PLANNING FOR VOLUNTARY ORGANISATIONS

WHY HAVE A BUSINESS PLAN?

You may not think that business planning is relevant to your organisation, but charities are increasingly having to become more businesslike. Even very small charities and projects are planned, whether consciously or not. All a business plan does is provide in written form a normal thinking and planning process in a way that others can understand and hopefully support.

Business planning is also very useful for the organisation because:

- The process of preparing a plan provides opportunities for strengthening commitment to an organisation's mission and values;
- Preparing a business plan allows you to examine all aspects of an organisation (finance, marketing, budgeting, staffing, objectives and so on) and how best to succeed; and
- Most funding bodies will need to see a business plan before they will consider funding you.

WHAT IS A BUSINESS PLAN?

A business plan is a complete description of a project or the organisation and its plans for the next one to five years. It explains:

- what the charity does (or will do if it is a new organisation)
- why a project is needed
- how it will be managed
- what the beneficiaries will gain
- how achievements will be measured
- indicates what funding is needed
- includes financial forecasts; and
- why your organisation is the best one to do the project

The ideal business plan can be thought of like a road map - you define your destination (in other words, your aims) and the business plan acts as your route for getting there. So each year you should, revise your business plan, set new targets and prepare financial forecasts. You should do this regardless of whether your funding needs have changed.

SUPPORTING INFORMATION

Make sure you refer to any publications or information used to support your information. This will show you have taken time to prepare and so will make your plan appear much more professional. A copy of your most recent set of accounts will give credence to your claimed ability to manage money and projects.

APPENDICES

Any other necessary details (such as description of staff skills, technical descriptions, statistics or financial figures) should be included as appendices to keep the body of the business plan short and uncluttered.

HINTS IN RELATION TO USING A BUSINESS PLAN AS A BASIS FOR MAKING FUNDING APPLICATIONS

The business plan and application should make clear what is the work of the organisation, and what is the project for which funding has been applied. It is important that a business plan is a cooperative effort within the organisation. One person should not do all the work as funders will seek reassurances that the application has the support of the whole organisation. Make sure that the information in the business plan matches that provided in your application form, and also matches the reality of your organisation, especially existing accounts and resources.

Even if you are not successful in gaining funding, a clear plan allows all members of the organisation, including its users, to know what the organisation stands for and intends to do for the future. A business plan should not be discarded because an application for funding has not been successful as the information it contains is very useful.

If you are unsuccessful, go back to your business plan and analyse it to see why. Many funders will give you help and support through feedback, which will enable you to revise your plans and take the organisation forward.

BUSINESS PLANNING FOR A PROJECT

This assumes you have identified a funding need and are making applications for support.

A business plan for a project is likely to include:

- A one page summary
- The organisations aims and objectives and how the project fits into these
- A description of the project to be delivered
- An analysis of the need with evidence of numbers of people to benefit
- A survey of similar or related services or projects provided by other organisations (or not)
- The project's aims and objectives
- A workplan for year one including objectives, methods of achievement and a target to be achieved within a set timetable
- Details of how you will monitor your achievements
- A project management structure (this can be in the form of a diagram or flow chart)
- A budget or cash flow forecast for each year
- A fundraising plan with key dates
- A marketing plan with key dates
- A summary of your organisation's track record for delivering similar projects
- Staff requirements, including the skills of key people involved in the project

BUSINESS PLANNING FOR AN ORGANISATION

Introduction

It is not possible in a brief paper to cover all you need to know about business planning but these notes are intended to provide some guidance as a starting point.

What do you need?

Your Business Plan must relate to the needs of your organisation. Small voluntary

organisations usually have a relatively simple mission and only a few development objectives. For them the Business Plan need not be long or complex but it must be clear and show what you are planning to achieve during the next few years.

What should the Plan include?

The framework on the following pages sets out a structure suitable for a Business Plan for a typical small voluntary organisation, without employees or professional management, such as a village Hall Committee.

There is no single 'approved' way of preparing a Business Plan but it should make clear:

- What your organisation is and what it aims to do
- What the main issues are which you are setting out to tackle?
- How you will go about it
- What resources you will need.

How much do you need?

The notes below suggest how much is needed for a basic plan. If your ideas are more complex, you should add more detail in the relevant areas. For example, if you are planning a major campaign to improve your building or to install new equipment then the plan will have further detail in these areas; larger or more complex organisations need more detailed planning in all areas.

What else could be included?

If the plan is to be used chiefly as a planning tool for your own committee, visual presentation is not too important, If it is used to back up your bid for funds from an external body. It could be made more interesting and attractive in appearance by adding some photographs or illustrations showing the organisation at work, showing the range of work you are involved with, and perhaps highlighting some issues you wish to deal with

Do not pad out your plan with lots of material, which is not essential. Maps, plans or diagrams might be relevant but need not be in the Business Plan if included in other documentation you will be preparing for a funding bid

What makes a good plan?

The best plans are those which are concise, clear, coherent and specific. The worst are overlong, unfocussed, have different sections which do not 'hang together', and leave the reader confused about what your priorities really are and how you are going to achieve them.

How to get started

We suggest that you:

- Form a small planning group, to share the work, with an agreed coordinator
- Bring in others with relevant experience to help
- Invite other key 'stakeholders' to be involved (e.g. parish council, or principal user groups)
- Set a timetable for completion, including 'milestones' such as finishing the first draft
- Start by discussing your mission and goals
- Agree on what you aim to do over the next few years
- Discuss widely to secure as much 'ownership' as possible

- Decide what resources will be needed, and how to secure them
- Do a first draft of the plan and then consult locally and seek advice available from public agencies (e.g. local council, Community Council, sports and arts bodies)
- Prepare a completed version taking account of feedback and comments.

Explanatory notes

The notes show the scope of what might be covered under each heading. Specific examples, by way of illustration, are underlined. The framework is intended to be illustrative, not definitive. You are invited to use it as a basis for planning but it should be adapted to serve your needs and reflect your organization's priorities.

SUGGESTED FRAMEWORK

TITLE PAGE

LIST OF CONTENTS

1. *SUMMARY* (half or three quarter page)

Often referred to as Executive Summary main elements and key findings, including major targets you will be working for in the next three years and how you will achieve them (should summarise the plan assuming the reader has no knowledge of the organisation) NB Should be written last, after rest of plan is complete.

2. *INTRODUCTION* (half or three quarter page)

Purpose of business plan, who is it for, what period it covers.

3. *CONTEXT* (2-3 pages)

Description of organization. What it is, what it does what resources it has. Brief history - but resist the temptation to detail all your past triumphs.

Market environment and local context - who your users or 'customers' are, both existing and potential who your 'competitors' are, providing similar or alternative facilities how you fit in with other groups and complement what else is available.

4. *KEY ISSUES* (3-4 pages)

Strengths and Weaknesses - in management jargon the 'internal situational analysis': bullet points summarising your understanding of the strengths and weaknesses of your organisation, to include:

- Management structure and human resources, e.g. committee and volunteers;
- Physical resources, e.g. buildings and equipment;
- Your programme of activities, including levels of use;
- Marketing, e.g. how you publicise events, how well you do at reaching your audiences;
- Financial position, including funding and fund-raising capability.

Opportunities and Threats: the 'external situational analysis': bullet points summarising your understanding of the opportunities and threats facing your organisation from outside, to include:

- The market environment, taking account of competitors, improvements or reductions in other provision in the area, anticipated future changes in demand, and potential to develop new customers;

- The financial environment e.g. changes in funder's policy or in your fund-raising capability, new funding opportunities etc.

Key, issues and assumptions underlying the plan. What the key issues are facing the organisation - the things you know you have to deal with - arising from your SWOT analysis.

5. *POLICY AND PROGRAMME* (3-4 pages)

Mission: a short statement which summarises the overall purpose of your organisation. e.g. Ambridge Village Hall Committee exists to provide a comfortable, well-equipped and accessible building managed by local people to serve the village community

Goals: a small number of important goals, probably no more than a handful, which are central to carrying out your mission, e.g.

1. To support village life by encouraging local people and organisations to use the Village Hall and secure maximum community use and involvement
2. To ensure that the Hall is safe, clean, well maintained
3. To raise the funds required to ensure that the building is able to meet current and future needs
4. To present a number of events during the year which will be important occasions in the life of the village

Key objectives and strategies: these indicate some of the specific things you will do to help you reach your goals, and are advised to be SMART (specific, measurable, achievable, realistic and time-limited); there will often be a number of objectives for each goal, so for goal no. 4 in the above example the objectives could be:

1. To present four or five arts and entertainments events. by organising a village pantomime each Christmas. a puppet show for children. and two performances by Pentabus Theatre Company
2. To collaborate with the Garden Guild in presenting several gardening events. including the annual flower and produce show. a gardening quiz. and hosting the local radio station for a 'gardeners question time' event
3. To ensure there is a regular programme of events for teenagers. by helping the Youth Club organise regular discos. a teenage fashion show. and St Valentine's Day party

Policy and programme: an explanation of your policy including future development plans. and specific aspects of programme e.g. activities for pre-school children, young people, and for senior citizens.

Equal opportunities policy: summarises your commitment to making sure that everyone is welcome and is encouraged to take part, and what you will do to help make sure that people have equal opportunities. You need to show that you are actively taking appropriate measures, e.g. we plan to build a ramp with handrail to the door to make it easier for people with mobility' difficulties. wheelchairs and pushchairs to use the hall

6. *PUTTING THE PLAN INTO PRACTICE* (2-3 pages)

Management and staffing - how the management structure works; role of any sub-committees: role of key people. Action plan - who does what, when, how, in order to achieve the agreed mission, goals and objectives.

Marketing and publicity - including marketing plan - Who are you aiming your work at? Who

are your customers? How will you reach them? What techniques will you use to let them know what's on and encourage them to come? What will this cost how will you measure its effectiveness? Are you planning initiatives to reach new groups or to reach people in different ways?

Performance review, ie, how you review your performance and monitor your achievements against your plan, evaluation and reporting. e.g. annual report to AGM to funders etc.

7. FINANCIAL PLAN (3-4 sides)

Financial operation, i.e, the operational/mechanical side, who has what authority etc. Financial assumptions - detail the way in which you are calculating projected costs and income. Budget for next three years, showing current and previous years for comparison: NB, this is much easier to do on a computer spreadsheet, as it is easier to make changes until you are satisfied: if necessary your committee should seek help with this, but it is important that the financial planning is shared by everyone not left to the treasurer.

Notes to the budget: numbered notes explaining each important point and any significant assumption or change from previous year, cross-referencing by numbers against lines of the budget. Sensitivity analysis: showing which are the key variables, and which would have most impact if they were to change, to help identify the areas where you need to be most vigilant against significant variance from your budgeted figures. Contingency reserve plans for if things go wrong or achievements are not fully realized.

8. CONCLUSION (half page)

Conclusion: what can be achieved, what key factors will ensure that it happens

APPENDICES

To include any supporting material which is essential to understanding the plan itself could include some or all of the following:

- activity targets (target levels of use, as hires, own events, estimated attendance numbers, etc.)
- actual programmes and activity levels for past 2 or 3 years (to provide a basis for comparison with your future plans)
- inventory of equipment, and programme for repair/replacement
- pricing structures (for letting and hire charges, ticket prices, etc.)
- staffing diagram; staff pay scales (not usually applicable to village halls)
- who's who (brief biographies/CVs of the management committee and any other key people)
- cash flow forecast for first year (needed for larger or more complex projects but not usually needed for smaller voluntary' organisations - it only becomes a problem when you have a high level of regular fixed costs e.g. staffing bills, rent, leasing charges for equipment, etc.)
- acknowledgements (those who have produced the plan or assisted)

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