

Business Planning Guide

Creating a Social Enterprise Plan

Business Plan Outline

- Executive Summary
- Mission Values & Social Impact
- Policy Context
- Business Model
- Financial
- Risk & Relationship
- SWOT
- Notes

The Key Components

Your business plan has two functions, a framework for your business development and a way of attracting investment into your business. A business plan should be an active document, updated annually and reviewed in the light of management information and market intelligence.



This guide sits alongside the business plan template to provide some pointers and useful tools for the completion of your Social Enterprise plan.

Section
1

Executive Summary

This section should be completed last to give an accurate summary of your overall business plan. It then creates an easy way for other people to understand the broad brush business proposal and can be used as a separate summary document.

Key Questions

What is your Business Idea?
What is it and why is it distinctive?

What is your Brand Identity?
What does your business represent?
How will you portray this?

What is your Target Market?
Who will your customers be with a brief rationale for this?

What is your Marketing Approach?
How will you sell your services?

Finance

What are your key baseline figures?
How much money will your business cost to run?
How much will it make?
What operating finance will you need?

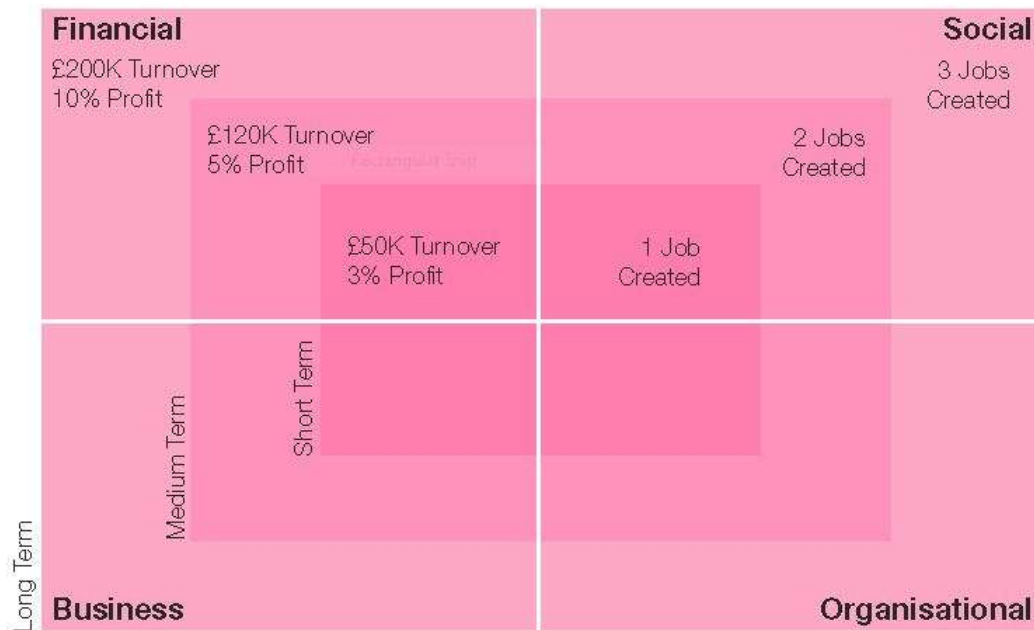
Risk and Relationship

What are your key opportunities and challenges?

Section
2

Mission, Values and Social Objectives

A balanced scorecard is a good way of establishing short, medium and long term goals for the financial, social, business model and organisational elements of your enterprise. Each quartile represents one of these areas and targets should be entered into the boxes and reviewed annually.



Key Questions

What is your social mission?

Why do you exist?

What are your key objectives over the next 2 years?

How will you measure whether you have achieved your objectives?

Further sources of information and research

New Economics Foundation
www.neweconomics.org

Prove and Improve
www.proveandimprove.org

Social Audit Network
www.socialauditnetwork.org.uk

Policy Context

It is important to understand the influences upon your business, how they interact and how they change over time. Proper analysis of these influences allows you to plan appropriately and position your business to take advantage of opportunities or ride out difficult times more effectively.

Key Questions

Describe the key external influences over your business using a PESTLE analysis.

Which opportunities will have the greatest impact upon your business?

Further sources of information and research

[Getting It Right:](#)
Business Requirement Analysis

Tools and Techniques

Kathleen B Hass, Don Wessels and
Kevin Brennan 2007

www.rapidbi.com/management/pestle/

PESTLE Analysis:

Political

New legislation / regulations
Change of Government
Local Authority
Health Authority

Economic

General state of economy
Interest rates
Local economy
Business Cycle

Social /Socialological

Trends
Fashions
Demographic
Buying factors

Technological

Computerisation
Proven technology (product)
Accounting systems adopted

Legal

Health & Safety
Building regulations
Planning permission
CRB

Environmental

Green issues / policies
Recycling
Fair Trade
Local Food

Section
4

Business Model

Part One**Structure:**

What legal structure will your company adopt and why?

Staffing Structure:

Illustrating line management and functional responsibilities

Board Structure: Skills and relevant experience

Part Two**Products and Services:**

Describe the products and services you intend to offer

How have you decided upon a price for your range of products/services

Where will you source the relevant elements which are required for your products/services?

Part Three**Customer Base & Market Demand:**

Marketing and (hopefully) sales are of course vital to the success of a business.

Understanding your target market, what they want and how they source their supplies is very important. Marketing has two essential components:

Non-Visual Marketing

Research – What do they want and need

Knowing your customer – who, when, where, why

Adapting product or service - diversification

Crucial timing – right product, right place, right time

Pricing Strategies – do you know what to charge

Personal Selling – can you sell it face to face or over the phone

Customer Care – after sales

Monitoring – use the info you have to predict

Keeping up to date – new trends, seasons

List Building – info and buying habits

Visual Marketing

Corporate Image

Personalised Stationery/packaging

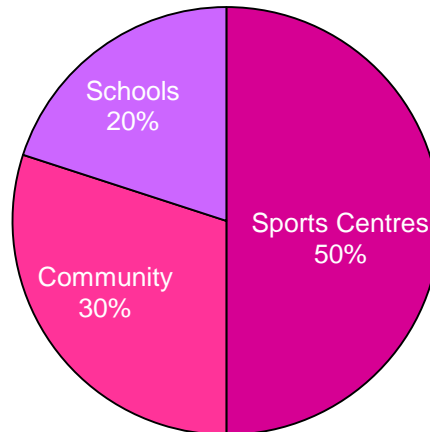
Promotional Portfolios

Promotional Materials

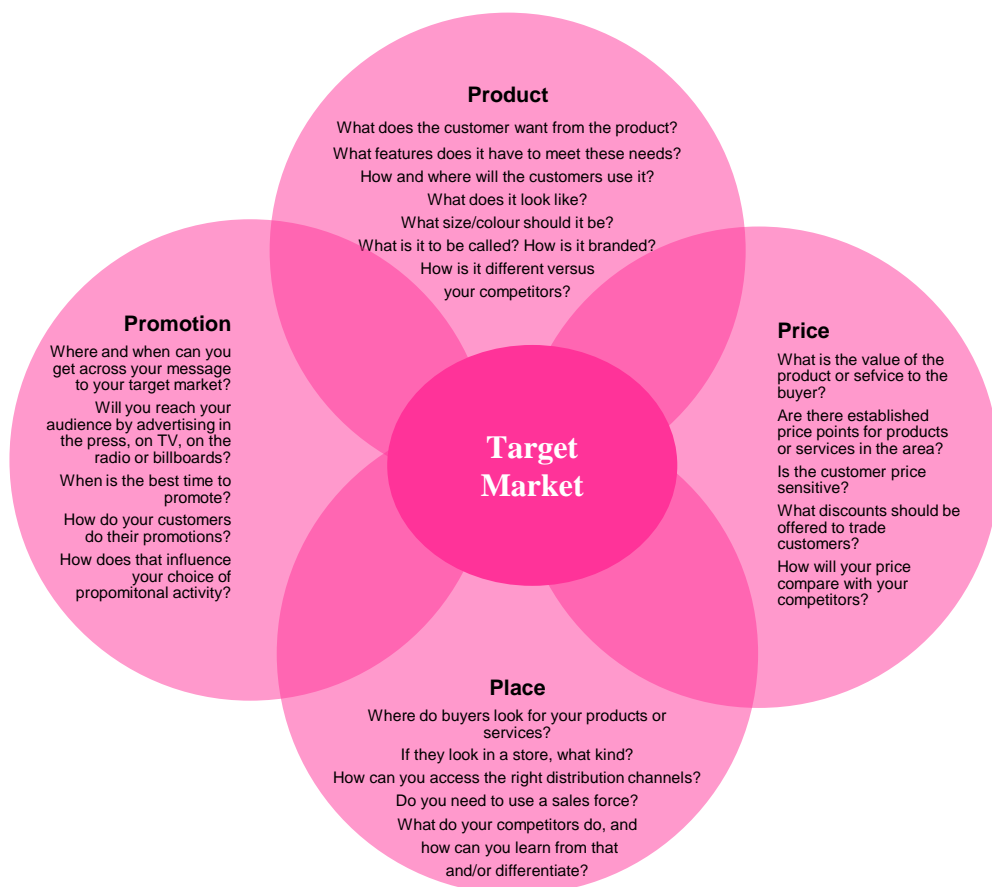
A simple way of analysing your customer base is a Segmentation Circle, which divides your Market by customer type or by individual customers. From this point you can consider how best to reach each customer segment, the cost of doing so and potential returns and therefore what your priorities are.

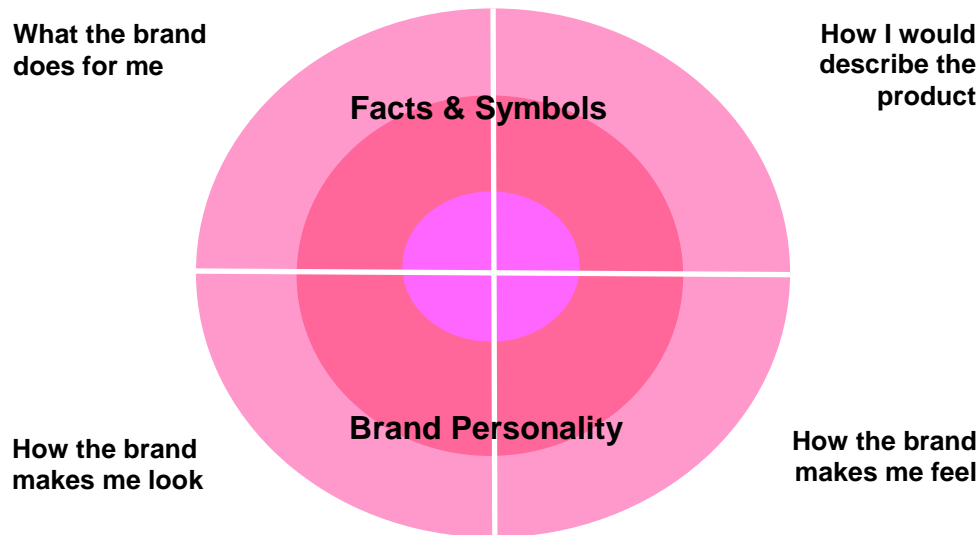
Example:

Segmentation Circle



These elements can also be captured in what are known as the Four Ps of marketing, “Product, Price Place and Promotion.” The following picture shows an easy way to set out your approach using a Venn Diagram.





Customer Base & Market Demand (Brand Identity)

Who are your customers and why will they buy your service?

What evidence do you have that there is a demand for your product?

Marketing Approach

What market segmentation have you carried out?

How will your different markets/customers influence your approach?

Who are your major competitors and how will you differ from them?

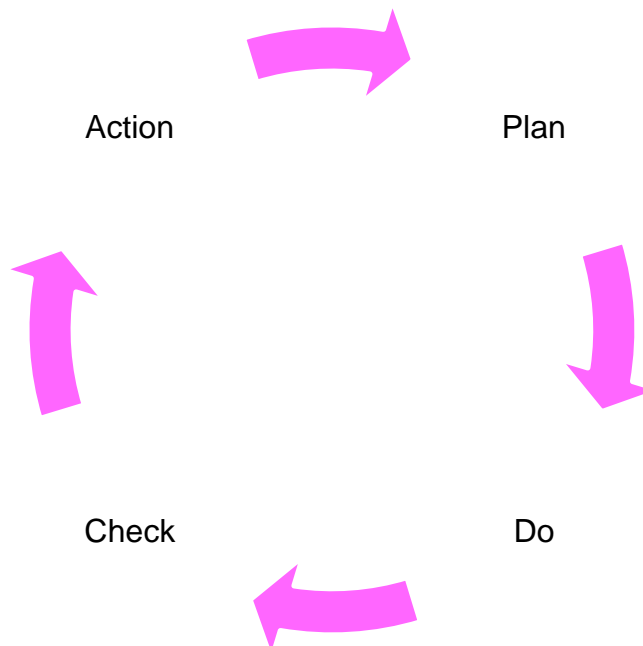
How do you intend to promote and sell your product/service?

Part Four Performance Management

Data capture is very important to the success of a business. Capturing data in a way that is understandable, useful and adaptable is vital. Defining your expectations, setting targets and agreeing how progress will be measured is a task for the early days of any venture. The value of information comes from usability and usage. Collecting management information is pointless unless you can and do interpret it and act on what it is telling you.

Management information may be based on financial, production, sales or customer satisfaction data for instance. When you have decided what is important to your business you can decide how and when you collect information and what you do with it. There will be external influences too such as the financial year and VAT and tax accounting. All these things will combine to create your management cycle.

A simple expression of a management cycle is the PDCA cycle, where you plan activity, do it, check the results and act on the need to correct anything. These cycles may be annual, monthly or weekly dependent upon the complexity of your business and how sub sections of it interrelate.



What systems, policies and procedures will you adopt?
Will you need a formal Quality Assurance Accreditation?

A few simple tools are set out below as examples of how to capture information.

SMART Plan

A SMART plan is a simple way of capturing specific targets, defining how you will measure success, ensuring they are realistic and setting time limits for achieving the desired goals. As with a lot of tools their value comes from a shared understanding of them within a team, sensible aspiration in setting targets and honest measures which are adhered to. The SMART plan deals with broad planning of what you will do.

Example:

Action	Tasks	Support	Timeline	Business Plan
Complete budget	Cost operations	Accountant	January 11	Section 5

Action / Work plan

An action plan or work plan has more of a focus on specific tasks and can be a key tool in a line management relationship where staff members are set duties with defined actions and timescales.

The template below shows examples of how an action plan can be used to deal with strategic or trading issues within a business. A team or member of staff may have a range of tasks set out in their plan at any point in time, progress should be checked and actions revised in line management sessions.

Example:

Issue	Action	Tasks	Support	Timeline	Business Plan
Finance	Working Capital required	Identify Sources	Key Fund	1 Month	Section 4
Client A needs add-on software	Outsource job	Write brief, seek quotes, commission work	Procurement officer	2 Months to deliver	

Key Questions

How will you measure this performance?

How will you use this management information in the future?

Which areas of the business will you be monitoring in terms of performance and why?

Further sources of information and research

Companies House
www.companieshouse.gov.uk

Cooperatives UK
www.uk.coop

Section
5

Financial

All businesses rely on the effective flow of money to be successful. Undercapitalisation, e.g. not enough money to pay for equipment and running costs until money flows back in, is one of the main reasons for new businesses failing.

There are three main financial documents which form the heart of financial information within the business. These are:

- The cash flow statement which forecasts and charts money in and out over the year
- Profit and loss which shows surplus (or deficit) in the period
- The balance sheet which show accumulated assets

Not all managers need to be finance experts, but they do need to ensure accurate information is produced in a timely way and know how to use the information. Understanding how money works within your business, accurately assessing your financial needs, your capability to grow, update equipment or weather a storm relies upon good quality information.

Budget Preparation

A budget is effectively a short term, usually annual, way of setting out how your organisation will operate and reach objectives i.e. How much the business will cost to run and how much the business aims to earn. They should be used to co-ordinate activity, motivate staff and establish a baseline against which performance can be measured and importantly know if you are hitting or missing targets and what this means for the business.

Cash flow

The cash flow shows the sources of income to the company and how it has used that money. The cash flow should show where money is in short supply or readily available and therefore inform borrowing requirement or investment capacity.

A cash flow should contain the following elements:

- All income
- All payments
- Excess of receipts over payments - with negative figures shown in brackets
- Opening bank balance
- Closing bank balance

Key Questions

What areas of the business will require set-up funding, what will this be and how do you know this?

Where will you source this set-up funding from?

What will be your major running cost areas and how much will this be?

How much will your product/service cost to develop?

Budget Sheet

Cash flow analysis
(See Excel Spreadsheet)

Further sources of information and research

Small Business Finance
www.smallbusiness.co.uk

WYCAS – Good Practice
Guides www.wycas.org.uk

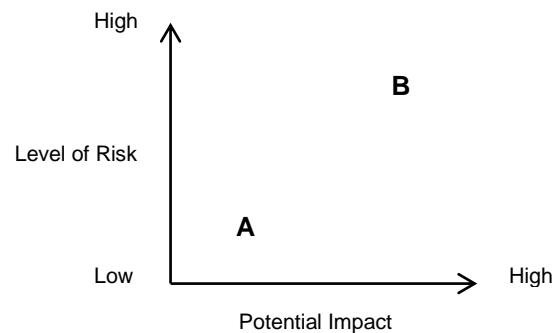
Community Shares
www.communityshares.org.uk

Section
6

Risk and Relationship

All trading activities carry a degree of risk, risk of not delivering or not being paid, risk of a service or product failing, risks presented by competition or external forces. All businesses should assess the nature; level and type of risks they face decide how they will manage the risk and how often they should reassess the risk.

A simple way of undertaking initial risk analysis is to set each activity, product or service in the right place on the chart. Here item **A** shows low levels of risk and low impact if things go wrong, however item **B** shows high levels of risk and impact. This means that item **B** might be an unattractive option or simply means it will require more detailed and active risk management.



Following initial analysis it is advisable to undertake of more detailed risk assessment which identifies the risk, potential impact, the likelihood of problems and importantly what you will do to manage the situation.

Example:

Risk	Impact	Type	Likelihood	Mitigation
No customers	High	Performance	Low	Marketing Campaign
Poor Service	Medium	Reputation	Low	Staff Training
Some Non-payment of invoices	Low	Financial	High	Good Credit Control

Key Questions

Describe the risks inherent in your plan and how you will manage them using a risk analysis table.

Who are your strategic partners / advisers?
What are your sources for best practice?

Further sources of information and research

The institute of Risk Management
www.theirm.org

Section
7

Strengths, Weaknesses Opportunities & Threats – SWOT Analysis

SWOT charts are another good way of considering organisational and operational strengths and weaknesses as well as threats and opportunities. Like all similar tools SWOT analyses are only useful if you are honest and considered in completing them.

Strengths	Weaknesses
<ul style="list-style-type: none"> Capabilities? Competitive advantages? USP's (unique selling points)? Resources, Assets, People? Experience, knowledge, data? Financial reserves, likely returns? Marketing - reach, distribution, awareness? Innovative aspects? Location and geographical? Price, value, quality? Accreditations, qualifications, certifications? Processes, systems, IT, communications? Cultural, attitudinal, behavioural? Management cover, succession? Philosophy and values? 	<ul style="list-style-type: none"> Gaps in capabilities? Lack of competitive strength? Reputation, presence and reach? Financials? Own known vulnerabilities? Timescales, deadlines and pressures? Cashflow, start-up cash-drain? Continuity, supply chain robustness? Effects on core activities, distraction? Reliability of data, plan predictability? Morale, commitment, leadership? Accreditations, etc.? Processes and systems, etc.? Management cover, succession?
Opportunities	Threats
<ul style="list-style-type: none"> Market developments? Competitors' vulnerabilities? Industry or lifestyle trends? Technology development and innovation? Global influences? New markets, vertical, horizontal? Niche target markets? Geographical, export, import? New USP's? Tactics: eg, surprise, major contracts? Business and product development? Information and research? Partnerships, agencies, distribution? Volumes, production, economies? Seasonal, weather, fashion influences? 	<ul style="list-style-type: none"> Political effects? Legislative effects? Environmental effects? IT developments? Competitor intentions - various? Market demand? New technologies, services, ideas? Vital contracts and partners? Sustaining internal capabilities? Obstacles faced? Insurmountable weaknesses? Loss of key staff? Sustainable financial backing? Economy - home, abroad? Seasonality, weather effects?

Key Question

Provide a detailed SWOT analysis of the business now and in the future.

Key Fund

For Over 10 years the Key Fund has been providing an innovative mixture of flexible grant, loan and equity packages to voluntary and community organisations, charities co-operatives, social entrepreneurs and social enterprises.

The Key Fund itself is a social enterprise and so understands the difficulties that organisations can face in attempting to develop and grow.

Our mission is to break down barriers to accessing finance, enabling people and communities to reach their full potential.

- Investment from £250 to £150,000
- Flexible and tailored packages
- Simple and transparent process
- Fixed rates and terms
- On-going supportive relationship
- Funds reinvested in the sector

A vertical poster for the Key Fund. At the top is the Key Fund logo and the text 'Investing in social enterprise across the North of England'. Below this is a map of the North of England divided into regions: North East, Cumbria, Yorkshire & Humber, North West, North East Midlands, and Lincolnshire. At the bottom, contact information is provided: 'Call us on 0845 140 1400 or visit www.thekeyfund.co.uk email us at info@thekeyfund.co.uk'. A row of logos for partner organizations follows, including the European Union, nfea, and others.

Key Fund

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of England

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North West
North East Midlands
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