

How to: Write a business plan

A good business plan is one that:

- Shows that your plans are feasible and realistic
- Helps you plan for the future and assess your strengths and weaknesses
- Helps spot future opportunities and threats
- Helps to identify risks and how you will deal with them
- Shows how you will monitor success and manage setbacks

Sections to include in your business plan:

1. Summary
2. Purpose and objectives
3. SWOT and PEST analysis
4. Activities
5. Property
6. Team
7. Risk
8. Putting your plan into practice
9. Money, budgets and cashflows

Summary

A summary of the key points of your entire business plan is a useful way of communicating the most important details of the document. It should be concise – no longer than two pages at most – and should be written after completion of the full business plan to pull all your points together.

Purpose and Objectives

This should contain:

- An overview of your organisation
- Your organisation's legal status (whether it is a charity or a company limited by guarantee, the registered numbers of your charity/company etc)
- Relevant historical information relating to your organisation – information on when how and why it was formed etc
- Information relating to the geographical area you work in and the type of clients you work with
- The nature of the work that you undertake and how you deliver it
- Your vision for the future
- What your objectives are; what you are seeking to achieve over the life of the business plan

SWOT and PEST Analysis

These are designed to make organisations think about their future and help to ensure that all necessary elements have been included in your business plan.

Undertaking a SWOT analysis means looking at the Strengths and Weaknesses of your organisation and the Opportunities and Threats that face it in the future. Strengths and Weaknesses are essentially internal issues and usually Opportunities and Threats are external.

Carrying out a PEST analysis looks at the Political, Environmental, Social and Technological aspects of your organisation to set the background for the rest of your business plan.

Activities

Your business plan should provide an overview of all your organisation's current activities and how they fit together as well as detail on each individual product or service, including sections on:

- How any projects will be managed, staffed, promoted and evaluated
- Cost for the proposal and how you will fund it, including details on how and when additional funding will be secured
- Why any investment is required, how this differs from what you do now and the other options you have explored to fund your proposal

Property

Your business plan needs to show where you are planning to deliver the services from. If your proposal includes buying land or a building, or involves building work, your building plans should be as well developed as possible. Ideally, property proposals will be developed to the equivalent of RIBA (Royal Institute of British Architects).

However, if you haven't secured a site, explain how you have worked out your budget for the capital works, the professionals you have engaged and your plans for project management. The brief given to your architects and the source of your costings; (whether these came from a quantity surveyor or similar building professional) as well as an indication of the progress of your planning application will also be useful and you should also clearly state the tenure on the property.

Team

Your business plan needs to outline who is involved in the running of the organisation. This needs to include Trustees (and an explanation of their roles), the senior staff member (usually the Chief Executive) and other key staff members. It needs to include the structure of your management (who reports to who) and the background, skills and experience of all key individuals. An organogram showing your staffing structure should also be included.

Risk

A risk assessment will show that you have undertaken a methodical review of the risks that may face your organisation over the life of the business plan, have assessed the likelihood of them happening and their impact, and have formed a plan for dealing with those events, should they occur.

Putting your plan into practice

You should include a timeline of key tasks and activities and/or a work plan for the first year of your proposal in your business plan. You should also explain how you will monitor and review your plan and who will be responsible for doing this.

Money, budgets and cashflows

This critical section of the business plan should include operating figures and a cashflow forecast. It's essential that your organisation understands that budgets and cashflows are very different things:

Budgets seek to give an overall picture of the levels of income and expenditure that are expected over the year. They do not seek to reflect the actual timing of money that flows into and out of your organisation.

Cashflows aim to ensure that your organisation will have enough money in the bank to allow it to pay for all the goods and services it may need throughout the year. As well as reflecting the actual timing of money moving in and out of the organisation, cashflows also take into account the money available at the start of the year and give a figure for the money that will be available to your organisation at the end of the year.

Many organisations go bankrupt each year because, although they had a full 'order book', they did not have enough cash available to pay their bills.