

Business Planning for the Third Sector Models, Stage One

This resource is part of a training programme in business planning, service development and evaluation that uses general management ideas and principles so it is useful for anyone though it is aimed at third sector organisations, community organisations and public service managers.

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BUSINESS PLANNING – GETTING READY FOR RUNNING YOUR PROJECT

There are many different issues that you need to think about when you are planning your community or voluntary project. A Business Plan helps you to figure out how you are going to put your project into place, what resources you will need and how you are going to turn your objectives and aims into a reality. A Business Plan can be a brief one to two page summary or it can be an elaborate document with lots of detail. Often Business Plans are used in funding applications or contract negotiations. They are also used as a means of engaging supporters, volunteers and other participants who need to be doing something to turn your idea or proposal into a live project or service.

Voluntary and Community Projects and Organisations – planning your work

Voluntary and community organisations tend to form by people coming together around some shared want, need or experience. As soon as you have a group of people doing something together that is for social or mutual benefit you have a voluntary or community group. In common with companies, many voluntary organisations have used tools such as business planning and marketing in order to develop their work. The tools and language of business are useful as the ‘means’ to the social ‘ends’ of community development or voluntary service. Voluntary and community projects often need to explain to their many audiences who they are, what they aim to do, how they aim to do it and who is going to benefit.

The steps below can be used for planning small-scale, simple projects as well as substantial and elaborate ones. Business plans are not always on-off pieces of work done every year or two – they can be ongoing plans that change and grow as circumstances change.

Your business plan needs to involve these steps:

- 1 - *Stating you AIMS*
- 2 - *Planning our OBJECTIVES*
- 3 - *Doing your MARKETING and understanding you market place*
- 4 – *Being clear about MANAGEMENT of the project or service*

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5 - *Sorting out your MONEY PLAN – what it will cost and where the resources will come from*

6 – *Determining the TIME PLAN – what will be put into place and when*

7 – *Itemising the ways you are going to assess your progress – i.e. MONITORING AND EVALUATION*

1) Aims

The first stage of a Business Plan needs to state what the overall aims of the project or service are. What are you actually trying to achieve and what you want to change or do that is presently not taking place?

This kind of statement sometimes appears in various ways such as: a Mission Statement; a Statement of Purpose; as part of a constitution; or as part of the Terms of Reference. You need to state just what you are actually here for!

An example.....

Suntown neighbourhood safety project –

....'our aim is to reduce crime, reduce the fear of crime and enable local people to feel safer and more secure in the community and in their homes'.....

2) Objectives

How are you going to go about fulfilling your Aims? What specific things do you need to put in place to meet your Aims? Who is going to be doing the work of putting your project into place?

This is where the real planning comes in and you need to look at what precise activities the project or organisation is actually going to carry out to fulfil its overall Aims

Understanding your Aims and Objectives

Your Aims and Objectives are about making explicit why your project is being planned and proposed and how you are going to put it into place. Often community activists and voluntary organisations are not clear enough about the Why and How questions. Furthermore, planning your project needs to involve some kind of rationale and background understanding of why your project is needed in the first place. Below is an example of planning aims and objectives using the provision of a nursery as the case in point:

Aims	Objectives	Rationale
To provide childcare, play and learning for under-5s in Suntown.	Providing ten sessions a week of childcare between 9.30 a.m. and 5.30 p.m.	Research has shown that there is a need for full-time and part-time childcare provision in Suntown and that the present playgroup, nursery and childminding provision available to local parents is not adequate.
To support parents and reduce the problems of over-stretched and stressed parents.	To provide 50 places for 50 children over 50 weeks of the year.	Research has been carried out into the
To improve the life of the community in general.	To provide a full programme of stimulating and fun learning activities.	

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		number of parents and children who might benefit.
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3) Marketing Plan

Here the language of business is useful to the process of planning and developing voluntary and community initiatives. There are four elements to Marketing Planning:

Product –

What is going to be the actual service or project that you provide? Also here you need to be describing the needs that the project will be meeting and the background and context to the project. Secondly you need to be describing how the project will meet these needs and why it is an appropriate way of meeting them. You also need to describe the end beneficiaries of the project. All too often voluntary organisations and community services providers get bogged down with describing the needs, and describing how a project is structured, rather than showing how people will benefit from the project. It is also important to remember that the people who benefit from a project can be individuals, the local community and other community or public sector providers – so benefits can be direct and indirect. Usually the marketing stage demands some research which in community terms usually involves discussion and community consultation with residents or service users and other service providers. An example of a 'product' might be a need that has been identified to reduce petty crime and anti-social behaviour caused by young people. The product involved in meeting this need could be:

- a mentoring scheme
- a series of outdoor adventure activities
- an evening youth activities programme
- or a detached youth work project on the street.

Price (or cost) –

In marketing terms this would be the price the customer pays for the project but in the community, voluntary or public sector we are talking about cost. What are the costs of your project and over what period of time will these costs be incurred. Also you need to be clear that your costs are sufficient to meet the needs of the project but not too high in comparison with other similar projects. When you are looking to raise funds it is useful to have a small scale project that can be more affordable and easier to put in to place alongside a bigger and more ambitious project

Promotion –

How are you going to promote your project and ensure that the people who need to be involved and participate will do so? How are you going to advertise and how are you going to keep people involved once they have made the commitment?

Place –

Where will your project take place? Have you got premises if premises are needed? Is there work that needs to be done to secure the right place to provide your project or service, and if so how is this going to be done?

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All of these marketing activities need thinking, research and revisiting in order to make your plans as secure as possible.

4) Management

How will your work be carried out and by whom? How will the work be managed? What is the experience and competence of the people involved in your management committee or board of trustees. You need to be asking yourself how the work is going to be overseen and how volunteers, paid staff, trustees and partner organisations are going to be involved. Also you will need to look at the means of ensuring that money is managed properly and that workers are accountable for what they are doing in a clear and transparent way. New projects need to establish a system of feedback and supervision to ensure that opportunities are maximised and the risks of the work not doing what people want it to do are minimised.

5) Money Plan (Budgets and Cash Flows)

Business Plans usually have a separate section that details item by item the expenditure that is required in order to provide the project, as well as the income needed and where this income is coming from – or where the project hopes the income is coming from!

Also Cash Flow is an important consideration. This details when expenditure will be incurred and when income will be received by the organisation. It is sometimes the case that it is not easy to get the timing of cash out and cash in to coincide. This makes it all the more important for projects to ensure that they are able to meet their commitments in a timely way.

Risk Analysis

Sometimes funders, contractors or support organisations like to be able to see that a project has identified the risks involved with the project. In other words, what are the reasons why the project might not succeed. These risk factors need to be made explicit so that everybody involved can understand the risks involved in their making commitments to the project. Also risk analysis helps you to identify gaps in knowledge or skills so that you can figure out how to plug the gaps. Often organisation over-promise and under deliver.....can you deliver the project and maybe more (rather than fewer) benefits?

6) A Time Plan

When do you want your project to take place? How long will it take? How flexible are your timescales? Can you break down the project into stages with milestones to aim at?

This is where you need to develop an idea of what activities take place at what time in order to make sure that you do things in the right order. You need to bear in mind that some activities like, say, recruiting staff and volunteers can take some time and need to happen before other activities are put into place. Its important to remember that you can't get to step 3 without having completed steps 1 and 2

7) Monitoring and Evaluation

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Monitoring and evaluation are about measuring and reviewing how well you are running your project and whether or not it is meeting its stated aims. The two activities of monitoring and evaluation are separate but related.

Monitoring is about the measurement of your ongoing work and collection of the routine data that your organisation generates. For instance, going back to the youth project example, this might be how many young people are involved, how many hours of activities were provided, over how many weeks or months, as well as how much each activity cost and what benefits were provided as a result.

Evaluation is a wider activity that usually takes place at set points in the life of a project. Evaluation is about answering the question “Did we meet our original aims and intentions and is our project the best way of meeting the aims?”

To give an example, we might look at a car journey. Monitoring involves checking the speed of the vehicle, the time involved in the journey, consumption of fuel and how well you followed the pre-planned route. In other words monitoring is about doing things right.

Evaluation would involve asking yourself the question “Was this the best journey to take and the best way of getting from A to B, and did we really need to take the journey at all?” In other words evaluation is about asking whether you are doing the right things.

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PROJECT AND SERVICE DEVELOPMENT – PLANNING YOUR OUTCOMES

Looking at *outcomes, inputs and outputs* is about making explicit the activities that you are providing and who is going to benefit from these activities. Funders usually need you to specify your outcomes, inputs and outputs so they can see what they can be getting back for their money. In much the same way you as a customer make the calculation about what good things are you going to get from your purchase.

Outcomes are the difference that your service is going to make to your target people, individuals or overall community. In the long term, how will the community benefit and what difference will your project make to the lives of the people and communities?

Inputs are the activities you undertake to deliver your service or project, in other words, the resources that you put into place in order to make your project happen.

Outputs are the actual day to day activities, services, opening times, sessions run etc. that you put into place to reach your outcomes.

Below are some examples:

A counselling helpline for children –

Outcomes Children feel less isolated and get practical help when they need it.

Inputs The setting up of a telephone helpline, recruitment and training of volunteers and staff, purchasing of equipment and renting of an office.

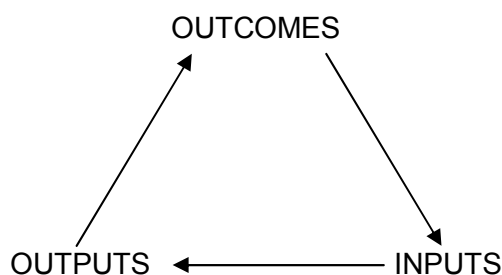
Outputs A sensitive service is provided for five sessions a week, 52 weeks a year.

Training and employment project for homeless people

Outcomes Homeless people gain in self confidence and acquire new skills/qualifications or secure a job..

Inputs Outreach workers provided from a number of agencies in order to recruit people to the scheme; skilled trainers required for delivering one-to-one support and group training sessions; and premises needed for providing the service.

Outputs A specific number of one-to-one support sessions, and group training sessions provided over a one year time frame; and a specific number of homeless people participate and benefit.



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SMART TARGETS

Often voluntary organisations, community projects as well as public services are asked to produce what are called SMART targets. The idea comes from business and is a quick checking device on what a target is supposed to do:

The target should be:

S	Specific
M	Measureable
A	Achievable
R	Relevant
T	Timely

- specific: clear, unambiguous and easy to understand by those who are required to achieve them
- measurable: there is no point setting a target for which success cannot be gauged by referring to a specific measure or measures
- achievable: expressing specific aims that staff feel can realistically be achieved, with some effort: 'out of reach, but not out of sight'
- relevant: to those who will be required to meet them and relevant to the problem; they must have enough control over their work to be able to meet their targets, or their motivation will suffer plus relevant to the problem you are trying to solve
- timely: there should be a set time-scale for achieving a target; open-ended targets may not encourage focused effort on improving performance.

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