

KIDWELLY TOWN COUNCIL

Business Plan Template

For the Management Lease for the
Princess Gwenllian Centre Hall and
Ancillary Facilities at
Hillfield Villas, Kidwelly

Prepared by: (insert name)

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2. Executive Summary

The Executive Summary is basically a synopsis of your Business Plan. It should be brief and concise and capture the main points of your Plan. We would suggest that you include the following in a brief format:

- Legal Entity & Name of Business
- Composition & Expertise of your Board & Senior Staff
- Brief company objectives and type of services provided
- Outline unique characteristics
- Critical Success Factors
- Promotional Activities
- Financial Structure & Funding Arrangements
- Future Plans

The Executive Summary should not exceed 2-3 pages in length.

The Executive Summary is written LAST – after the Business Plan has been completed!

3. Functional Areas

Outline in brief the key operating areas of your business and state their importance. This is only a synopsis of the business activity, and you will get an opportunity further on to go into the details of the operation.

This description should not be longer than 50 – 100 words.

3.1 Management

Describe the role & experience of your board members/directors. Also indicate their responsibilities, the offices they hold and what the reporting relationships are within the organisation. You may also include at this stage an organisational chart and expand descriptions to key personnel.

3.2 Business Details

List the Business address and other contact details, such as Chairperson's/CEO address. When giving contact details ensure they are correct and that interested parties can contact you at the details stated.

3.3 Corporate Structure

State what the legal entity of your business is. You may list tax reference numbers, employer's numbers, tax clearance reference and state if you are a registered charity.

3.4 Qualifications

This is a good place to elaborate on the company's past achievements or on the accomplishment of individual company members. For start-ups you may consider listing relevant experience or quote other sources, such as feasibility studies, etc.

At this stage it may also be useful to highlight any obvious shortfalls in terms of expertise and details as to how you intend to address these, e.g. training, hiring experts/staff, etc.

3.5 Mission Statement

A Mission Statement basically describes the reason for an organisation's existence. Whilst many may criticise the formulation of a Mission Statement as a paper exercise, it can assist a newly established organisation in focusing on its core purpose. Also, it can be used as a theme for the promotion of the business.

The Mission Statement is intended to state the organisation's broadest perspective. The Statement should be concise and demonstrate a balance between realistic objectives and ambitious goals.

A Mission Statement should be short and snappy.

3.6 Goals & Objectives

High level goals describe an organisation's ambition and long-term outlook. Goals are very much about stating that you are prepared to excel within your chosen field.

The Objectives describe the steps as to how these goals can be achieved; often within a given timeframe. When detailing objectives, organisations have to think how they can achieve them. The Objectives provide the broad guidelines for the operation of the business and provide management with a framework for decisions and actions.

For both goals and objectives, it is useful during the thought process of developing these to consider as to how these can be

4.2 Qualification/Ability vs. Delivery of Services

In this section you can summarise and detail how well you are positioned to deliver the services you wish to provide. This is an important section as it allows you to also compare the services you intend to deliver and the ability and/or qualification to implement the delivery. If there are any shortcomings within your organisation's or your compliment of staff has not all the expertise required, it will show up in this section.

If you have realised that there are issues which may cause difficulties to the organisation, here is the place to think about a strategy as to how to remedy the situation. The importance of this section should not be underestimated as it contrasts defined targets with reality.

4.3 Compliance with legal responsibilities & insurance requirements

Complying with legal responsibilities can be quite a daunting task for voluntary organisations. However, that does not let them off the hook if something goes wrong. Therefore, it is important that all organisations define very clearly which legislation may apply to them and who is to monitor compliance from a managerial point of view.

The most important pieces of legislation which have an impact on a voluntary business are the following:

Legislation:

- Companies Act
- Legislation in relation to Financial Management of a Company
- Employment Legislation
- Equality Legislation
- Health, Safety & Welfare at Work Act 2005

Other applicable legislation and regulations can be found under other headings, for example for areas such as Food Safety & Hygiene, etc.

Licences:

Some organisations may be obliged to obtain certain permissions and licences. For example, a voluntary group wishing to operate a minibus may be required to have a hackney or other transport licence. A premises licence will be needed for the sale of alcoholic drinks from Carmarthenshire County Council.

Insurance:

For every enterprise it is vital to have comprehensive insurance cover in place. Prior to commencement of any operation a business must thoroughly examine its insurance requirements. Thereafter this exercise should be repeated at least on an annual basis. Insurance cover may be needed for a wide range of operational areas within an organisation, starting with public liability insurance, professional indemnity

insurance, employer's liability insurance, insurance of assets and vehicles, etc. It is recommended to seek detailed advice on this issue from your accountant, insurance broker and/or legal advisor. If you have entered loan or mortgage agreements for the purchase of assets, ensure that you fulfil the insurance criteria of your lending institution.

4.4 HR Aspects

For many voluntary groups providing a service, appointing the right staff is probably the most important success factor. Your staff members are the ambassadors of your organisation who will implement your organisational strategies and objectives.

Therefore, it is crucially important for any organisation to ensure from the outset that the right staff members are appointed. To achieve best results a lot of thought should be put into the recruitment process. Alongside this each job should have a detailed job description attached to it, in which you detail exactly what you want this staff member to do.

It is important that the work and task listed in the job description are met with an appropriate wage and benefits package. Many voluntary organisations have problems attracting suitably qualified staff due to funding restrictions. If it is felt that it proves difficult to attract the right calibre of staff, the management of the company should investigate alternative avenues as to how to enhance the wage package. Possible avenues here would be an increase in benefits, such as travel allowances, extended holidays, flexitime working hours, paid training, study leave, performance related pay, etc.

Paying an appropriate wage does not only attract good quality applicants for a given job, but it will also aid the retention of staff members. It is important that you can demonstrate in your Business Plan that your organisation can attract the right staff members and to ensure their long-term commitment.

In this section it would also be useful to indicate the organisational structures within the business along with an identified support network, e.g., a specific board member liaises with section manager and his/her team and relates back to the board via this avenue.

Last, the Business Plan should indicate how you intend to provide continuous training for your staff members and what type of budget you have available for this activity.

You may find the following chart useful:

Description of work (refer to 4.1)	Job Title	Key Responsibilities	Key Qualification desired	Wages Packages proposed	Training Schedule

5. Marketing Strategy

The notion of promoting the services a voluntary organisation intends to provide – Marketing – probably seems to be rather alien to organisations working in the sector. The reasons why many voluntary organisations have not got a Marketing or Promotional Strategy in place may be rooted in the fact that many are supplying services to a set group of individuals and receive their funding from a single source.

Whilst this is true in many cases, a promotional strategy should be part and parcel of any business operation for the following reasons:

1. A marketing strategy reinforces the need to develop exact costings for the services you provide.
2. Promoting your services also means that you publicly declare as to what your service package will provide and how it will be delivered. This is a good opportunity to highlight any measures and standards that you use to provide a continuous level of service and quality.
3. Many organisations are dealing with public bodies which are ultimately accountable to the taxpayer. A clear strategy on your behalf in relation to value-for-money, quality-for-money, and service-delivery-on-time will be viewed positively by those public bodies as it may make their work somewhat easier.
4. Some voluntary organisations are in monetary terms in receipt of very substantial contracts. Valuable contracts may attract indigenous or indeed foreign competitors. In such cases it will be useful to have your marketing strategy giving you a range of convincing arguments to swing your “customer”. Continuing this train of thought your organisation may be interested in tendering for new services. Again, it will be useful to have a strategy prepared for such scenarios.

In this section you should clearly identify who oversees your Marketing/Promotion and what skill mix is desirable for that person/group of persons.

5.1 Service Description and Costing

Firstly, make clear what services you are providing and for whom. In this section you basically detail the range of service you provide to your key customers (in many cases one or two public bodies) and how you have costed those. A good starting point to establish your cost is a reference to your projected Profit & Loss Account. Please refer to Section 6.5 (below) Based on your Profit & Loss template you can then develop your costings incorporating the points raised below.

Costs & Increases

Take your time when costing your services, ensuring that you have covered all cost factors. Base your costs on realistic scenarios – to clarify this please look at the following example:

You are currently using an office space in a community centre at marginal costs. However, the space is insufficient for the staff you must accommodate. The only solution to your accommodation problem is to move into bigger premises; however, these are only available at commercial rates. Therefore, you must base your costs on these commercial rates rather than on the current low-cost rates.

Once you have established all relevant costs ensure that you incorporate price increases for future budgets. Many organisations use the rate of inflation as an average annual cost increase. However, some areas may need to be viewed differently as they rise at varying rates. Good examples for this would be the cost of insurance, heating, or electricity and gas.

Contingency

As you will not be able to predict all cost increases or additional costs accurately at the time of writing it also make sense to build in a contingency, which will cover any eventualities as they may occur. A common figure used here is in the region of 5%-10% added to the costs.

Profit

Again, what may seem somewhat alien to the voluntary sector is the notion of incorporating a "profit" into your calculations. Many organisations are registered as not-for-profit organisations and therefore think that generating a profit is not legal. However, this is only applicable if the profits would be distributed among the shareholders of the business at the end of the year. If, on the other hand, a profit is generated and re-invested in the business this is perfectly feasible.

The reasons for incorporating a percentage rate for profit can be varied. Some organisations want to re-invest their surplus into the provision of additional services, whereas another may consider the acquisition of premises, a company vehicle or other requirement.

Pricing and The Moment of Truth

Once you have established all the above you will be in a position to give an accurate price for the services you provide. Incorporating a profit will mean that you will cover your costs and generate a surplus. Incorporating this "extra" also means that you have room to play with when negotiating a contract with your "customer".

For example, if you have incorporated a profit in your calculations, say 30% and you must come down on your price by 15%, this means you will have a reduced profit. If, however, you have based your calculations on costs only, a 15% reduction will mean that you are running your services at a loss and that your organisation must bear the consequences.

To sustain any organisation, voluntary or commercial, it is vitally important that you are paid an appropriate professional fee for the professional services you provide. Only you can determine the exact costs and nobody else should dictate a price to you. This Business Plan and the Marketing section within it enables you to know exactly what the business can afford and what not.

Developing the Marketing section of your Business Plan is in many cases also a moment of truth as it may indicate to you that you are not able to competitively provide a professional service at the "going" rate. Reaching this point will assist you in either developing an alternative strategy (e.g., reduced cost basis) or to abandon your Business or a section of your Business.

The Profit & Loss Statement will enable to distinguish different types of costs, which have a direct impact on the pricing of your services. For example, the cost of insurances for your premises is likely to remain the same, whether you turn over

£50,000 or £500,000. The difference is that if you generate more business the cost of insurance can be spread out and the cost per unit (of service) will decrease. These costs are usually referred to as overheads and remain within reason the same independent of turnover.

On the other hand, the Profit & Loss Statement will also clarify for you the impact of direct costs on your pricing strategy. For example, if you do not employ people to deliver the services you cannot deliver that said service. Therefore, the cost of employing staff who can deliver the service to your customer is a direct "sales" cost. In this context, it is also worthwhile noting that the Profit & Loss Statement will assist you in figuring out how to maximise your operational income with the existing compliment of staff.

5.2 Market Research & Promotion

If you are new to a specific market, ensure that you have carried out detailed research. Sometimes it is difficult to get detailed information on the market, pricing structures and your competitors. Ask yourself why that is the case as this may already give you an indication about the nature of the marketplace you want to get into.

If you are operating in your market already and wish to expand or basically want to maintain your existing share of the market, have a system in place to continuously monitor the marketplace. Informants, personal relationships with decision-makers can prove invaluable for this exercise. What you should look out for are all those factors, which may influence the provision of the service you provide at present:

1. Price & Cost Hikes
2. Competition / new entrants to the market
3. Legislative changes
4. Discontinuation of services
5. Re-directed expenditure pattern of your main "customers"
6. Change of management/government
7. Labour shortages

5.3 Location

If the location for the provision of your services is of importance, then describe the location and the advantages and/or necessity for this location. This is also a good point to address issues such as lack of space or the intention of extending the existing facilities and/or using adjacent land to facilitate additional business opportunities.

5.4 Staff Resources

Following on from section 4.4 above, describe if you have sufficient staff resources. If you can foresee problems in recruiting staff, state what your strategy is if you intend to expand your services.

5.5 Promotion of Services

Highlight your strategy on how you will promote your services to your direct "customers" and/or your "indirect" customers. For example, if your organisation is providing a day centre service you need to promote the service to the users of this service as well as to the funders of that service.

If your services are more of a general nature, part of this promotion could be corporate literature, websites, media campaigns, etc. If your service is more specific, then highlight strategies, such as personal meetings, invitations to events, public tendering process, etc.

It would be useful to describe if you have a budget allocated for the promotion of your services and how you intend it to be spent.

5.6 Competition

Explain how you gather information about your competitors and how you will respond to possible changes in the marketplace. In some cases, you may also detail if you have a co-operative strategy with other players in the market place.

6. Financial Management

Professional financial management is a key success factor for any business. Not only will proper financial management ensure that the Board of Directors is always fully informed about the financial statement of the business, but it will also be an important part of any contract a voluntary organisation has entered with a public body.

Ensure that you clearly highlight who the responsible person is in your organisation, both at Board as well as at managerial level. State the name of your accountant and/or financial advisor and comment what type of system you use to manage your financial information (manual, spreadsheets, integrated computerised, etc.)

You may also give information on your relationship with financial institutions you have dealings with.

6.1 Assessment of Financial Situation

Explain the financial situation of the company, detailing funding dependencies, investment plans, and liabilities. This section will be a summary of the following sections 6.2 – 6.8.

6.2 Assets

Give details on your assets. If you have acquired premises or other major assets, it may be useful to detail how these were funded, i.e., were external funders involved.

6.3 Long-term & Short-term Finance

Give details of your long and short-term financial liabilities, and re-payment patterns.

6.4 Grants & External Funding

Give details about donations, fund-raising, income from membership fees and grant assistance. It is useful to detail the amounts and the time span over which you expect to receive these monies.

6.5 Operating Profit & Loss Account (Cost vs. Income)

Your Profit & Loss Account will give you an overview of your company's financial performance and will tell you if you are operating at a loss or if you break-even or generate an operating surplus. Your Profit & Loss calculation will also form the basis of your pricing structure (see Section 5.1)

6.6 Restricting Factors

In this section you should comment on any long-term obligations you have highlighted above and the impact they may have on the operation of your business. It may also be useful to comment on contractual restrictions e.g., restrictions imposed by external funders. If you have long-term mortgages that will restrict your ability to raise capital funding against the value & security of your physical assets.

6.7 Cash-Flow Forecast

Whilst your Profit & Loss Account gives you an overview of how you think your business will perform overall, the Cash-Flow Forecast will detail as to how you can achieve this from your resources. Many voluntary organisations are almost chronically “cash-strapped”, which means that they either must bridge expenditure through expensive overdraft arrangements or severely restrict expenditure outright. Your Cash-Flow Forecast must show your ability to meet your expenditure throughout the year. If you have problems doing this, you need to devise and detail a strategy as to how you intend to address these problems.

Cash-Flow problems are very common for voluntary organisations. This is mainly due to their funding arrangements, whereby they are paid retrospectively for the services they provide. If you are in a contractual relationship with a public funder, you may be able to reduce your financing costs on the basis of such a contract by negotiating a cost-neutral bridging arrangement with your bank or financial institution. Many banks are sympathetic towards the voluntary organisations and may be able to offset costs as donations. This would need to be discussed and negotiated on a case-by-case basis.

In any case, bridging usually has a cost attached to it and it therefore an important cost factor in your overall budgeting and pricing (see section 5.1)

6.8 Other Risks

In this section you must detail if you can foresee any major risks. These risks include the reduction in funding (from your main funder, for example) and your ability to recover from such situation. Contingency plans may include the diversification of services. It is also useful for crisis scenarios to detail if you have financial reserves accumulated to cater for some temporary short comings. In this context it would also be worthwhile to detail how you can reduce your major budget headings in the short-term. For example, the highest cost for many service providers is linked to staff costs. The terms of the employment contracts may allow certain flexibilities, which can overcome periods of crisis. It is useful for your external funders and main lenders, that you can demonstrate that you and the business can deal with such situations professionally.

7. Review and Monitoring

Any plan is only as good as its review mechanisms. It is most useful for the Board of Management and senior staff to have a fixed review schedule in place. The review will allow to compare between all corporate objectives and the delivery of those objectives.

Reviews must be scheduled in a timely fashion i.e., they have to meet the needs of the organisations. Some businesses find it sufficient to review their operations annually, other may find it necessary to review operations or some parts of it as

regular as a monthly basis.

Operating a review and monitoring system ensures that the business is being kept on track and within the remit of the objectives set out. Regular reviews also enable the management to take corrective actions should some of the parameters set out not be met. Also having a schematic review system demonstrates to external partners your commitment to quality of service and professionalism.

In this context, it may be useful to note that some organisations find it useful to implement a formalised quality monitoring system. In any case, it should be kept in mind that a quality system has to suit an organisation and should be an organic part of the operation rather than an additional administrative burden which is pushed upon the business operations.