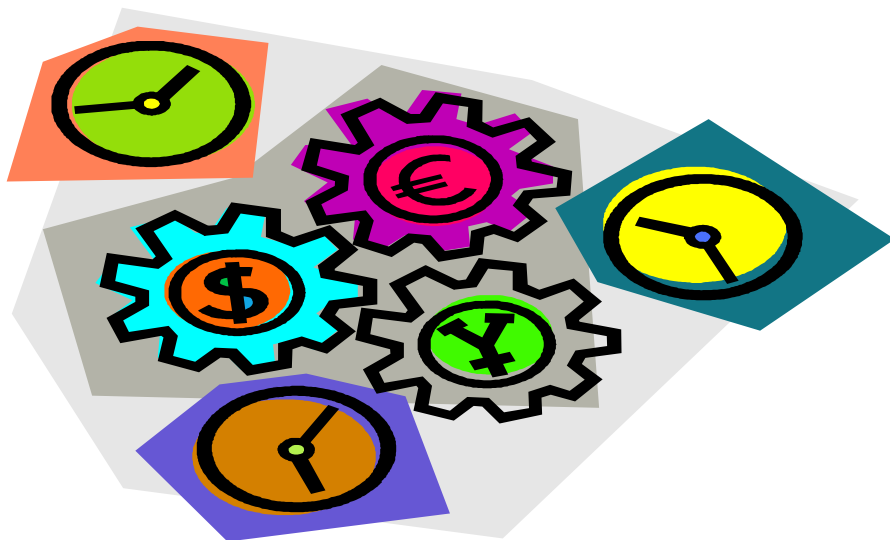


Luton Dunstable Partnership
Jobcentre Plus ESF
Capacity Building Project



Business Plan Tool Kit

2nd Edition 2008





Developing a Business Plan

Background Information

This Tool kit was originally produced in 2006 as part of the Luton Dunstable Partnership Capacity Building Project funded by Jobcentre Plus and European Social Fund.

This is an updated version of that Tool Kit updated by Rob Burton who wrote the original Tool Kit. The Tool Kit is aimed at voluntary & community groups who want to build the capacity of their organisation using a business plan model which will be of use for both supporting funding applications and as a management tool for project managers and management committees.

Luton Dunstable Partnership closed in September 2007.

Luton Dunstable Partnership

Luton Dunstable Partnership (LDP) was formed as a regeneration partnership in 1995 to serve the Luton, Dunstable & Houghton Regis Conurbation in the East of England by developing partnership working and supporting the regeneration of the area through regeneration funding.

LDP is currently responsible for regeneration projects funded by European Union Structural Funds (Objective 2) and Single Regeneration Budget (SRB) to a value of over £4.9 million during 2004-05.

The Capacity Building Project

LDP successfully tendered to Jobcentre Plus to run an ESF (European Social Fund) Capacity Building Project. This Project is focussed on voluntary and community groups across Bedfordshire and Luton who work with people who are out of work or unemployed.

The main features of the project are around building groups' capacity to manage and deliver projects which benefit the unemployed through providing training and networking opportunities. The Project Manager will work with groups using a capacity building tool kit which will help to identify key strengths as well as areas for development to enable groups to manage themselves effectively, develop an action plan and support groups to implement the action plan. The project will also create training and networking opportunities to enable groups to develop management and project delivery skills.

This Tool Kit focuses on developing a Business Plan and addresses key aspects of the Business Plan which voluntary & community organisations may find useful and relevant to their situation.

LDP recognise that this Tool Kit is not, nor is it meant to be seen as a definitive guide and that any Business Plan must be tailored to the needs of a particular organisation and that



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through the many Voluntary Community Sector Infrastructure Organisations there are other useful documents and training available.

Contact:

For support with the development of your group your local Council for Voluntary Services (CVS) is the best place to start. In Bedfordshire and Luton you can contact them through their websites: www.voluntaryworks.org.uk

Rob Burton can be contacted through e-mail: robburton1@hotmail.co.uk and is available on a consultancy basis.



Developing a Business Plan

OVERVIEW

Brief description

In this toolkit you will find:

- A discussion about why there is a need for a Business Plan.
- Information about what is required for a useful and effective Business Plan. This contains ideas about what you need to put in place in your organisation in order to be able to write a Business Plan. You will need to think about the basics of planning, budgeting, financial systems, your public image and values clarification.
- A list of key section headings as a guide to writing your Business Plan

We hope this toolkit helps you to make your organisation more sustainable and to ensure that it can demonstrate sound planning within the organisation and its projects to funders as well as being a useful project management tool.

Why have a toolkit on developing a Business Plan?

The toolkit will help you to develop a process for writing a Business Plan for your organisation. We believe that thinking through these issues for your organisation in a systematic way, and writing the Plan up as a basic reference document for the organisation, will help you towards gaining financial sustainability. If you use this toolkit in conjunction with other toolkits, you will increase the capacity of your organisation to plan for sustainability, and to generate the funds needed.

Who should use this toolkit?

This toolkit is aimed specifically at people who have not developed a Business Plan. Although if your Organisation has an existing Business Plan you may find this Tool Kit useful in reviewing and updating your existing Plan.

Perhaps you have not been involved in running an organisation before. Or perhaps your organisation has managed without a Business Plan but now you realise that, to survive, you need to be able to put your case to funders who have a requirement for you to demonstrate sound business planning in the way you will develop and deliver your work with their money.

Where once it was sufficient to complete a funding application, now the funding field has become more complex and many funders are looking to Voluntary & Community Organisations to be able to demonstrate effective use of money and the delivery of certain outputs and outcomes.

Funders increasingly expect organisations to use “business” systems and tools as a way of demonstrating value for money.



Developing a Business Plan

If you are in a situation like this, then this toolkit will be useful for you. The Toolkit looks at a number of areas, not all will apply to or be relevant to your organisation; however, time should be spent thinking about why these areas are not relevant to you before you move on or ignore them.

What is a Business Plan?

A Business Plan is a way of putting onto paper how you will turn your vision into reality.

A Business Plan provides a summary of:

- o what your organisation is about
- o what it wants to achieve
- o how it plans to do this
- o who will benefit from this work
- o who will be involved in the delivery and management
- o the skills of these people
- o what resources are needed to do this work
- o where you plan to get the money from to do this work
- o when you plan to undertake this work
- o why you believe there is a need for this work
- o how and what systems you have in place
- o what you will achieve if your work goes forward

A Business Plan covers both the Organisation and the projects it plans to undertake.

A Business Plan should be a working document written in plain English. Its length should be determined by the work you are planning to do – an over lengthy document will discourage people from reading it and may be difficult to use as an effective management tool.

A good Business Plan will make completing funding applications easier as you will have all the information most funders need from you in one document.

If your Organisation has more than one project it will help demonstrate how these projects contribute to meeting your organisation's aims.

A Business Plan usually covers a 3 year period with more detail for Year 1 of the Plan, and is updated annually.

Why prepare a Business Plan?

A good Business Plan will help you to:

- Plan for the future
- Assess your organisation's strengths and weaknesses
- Highlight potential risks and how you will minimise and manage these risks
- Highlight the opportunities open to you
- Guide the activities of your Organisation



Developing a Business Plan

- Show how you will monitor and evaluate your work and make changes to your work to make it more effective
- Demonstrate that your organisation can successfully deliver and manage its work
- Demonstrate that your plans are feasible and realistic
- Demonstrate sound planning, project and financial management

How can a Business Plan help build the capacity of your organisation

The writing of a Business Plan should be part of a process which involves as many people as possible. Whilst the actual writing of the document will need to be delegated to a small team of key people, the planning and preparation should include members of the management committee, staff, volunteers, partners, service users and the wider community.

For example;

- o you will need to know what other people ie local council and other voluntary & community groups are doing and planning to do in the future;
- o and ask them to comment on the ideas you have.
- o It may be possible to form partnerships for the delivery of some of your work; it may be that the local council or Primary Care Trust may wish to contract with you for the delivery of some its work where you can demonstrate that you will be able to deliver effective services.
- o It may be that another organisation is already doing or has plans to do work which is very similar to yours.

It is usually the case when applying for funding that you will need to demonstrate that there is a need for the work you are planning to do; the Business Planning process will enable you to demonstrate that you have undertaken research and consultation which demonstrates both the need for the work you plan to do and that the plans you have will meet that need.

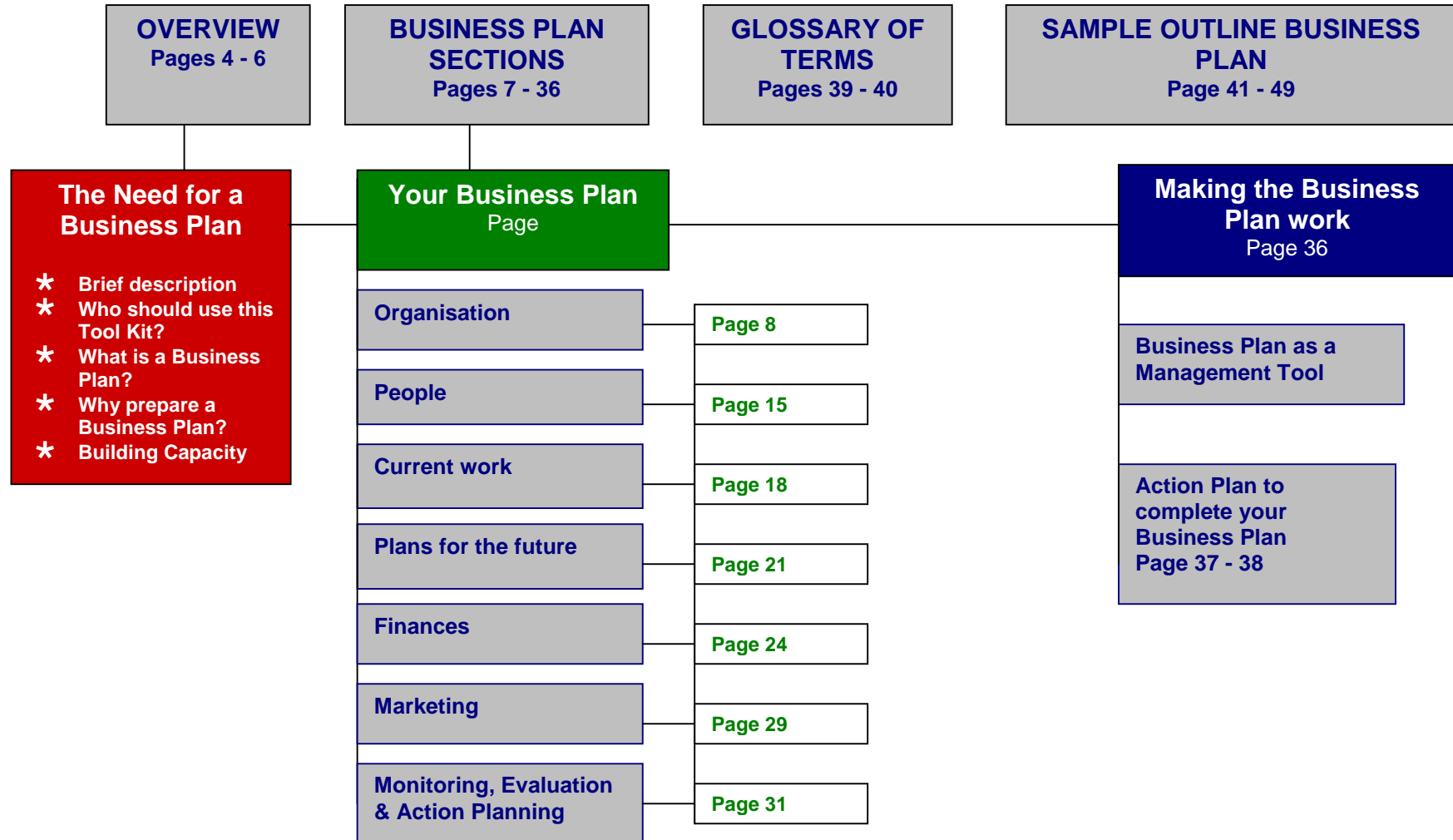
The Business Planning process will enable your management committee to have a useful tool to be able to measure the successes and achievements of the organisation and help with the strategic planning for the organisation. For example budgets and financial management, milestones and targets. It is important that a process is in place so that progress against the Business Plan can be monitored and that reports to the management committee include this monitoring and action taken where progress is not happening.

The Business Plan should be reviewed and updated on an annual basis. This will enable new developments to be included as part of the plan and the action resulting from evaluations fed into the plans.

The next section of this tool kit looks at each of the areas you might want to include in your Business Plan.



Developing a Business Plan





Developing a Business Plan

Your Business Plan

Organisation – Section 1

In this section of the Business Plan you should include the key details about your Organisation:

- **Brief history of your organisation:**
 - when it was started and why
 - a potted history of what you have done
 - where the organisation is based
 - who is the organisation focused on ie what type of people

- **Organisation Aims & Objects:**
 - these should be the ones taken from your Governing document (constitution etc). It is important that these aims are consistent with what you are planning to do.
 - if these aims (and Objects) do not adequately cover your current or planned work for the future you will need to change them

- **Vision or Mission Statement:**
 - if your organisation has a vision statement which captures the essence of your organisation you can include this in this section. If you do not, you may want to consider coming up with a vision statement

- **Organisation Objectives:**
 - if your organisation has Objectives which are different to your Objects include these here
 - If you have separate Objectives for your projects which are different from your organisational ones you can include these, but show them as separate from your organisational objectives.
 - You should ensure that your objectives are consistent with your aims and vision statement and with the work you are planning to do.
 - Objectives should be **SMART – Specific – Measurable – Achievable – Realistic – Timed**. If your Objectives are SMART it will be easier to demonstrate how you will achieve these in your Business Plan

AIMS –	are your overall objectives or goals; what the Organisation would achieve if it was fully successful
OBJECTS -	Objects, within a Governing Document refer to an Organisation’s aims and are linked to the Organisation’s Powers set out in the Constitution, Memorandum or Trust Deed
VISION OR MISSION STATEMENT –	defines why the Organisation exists, its purpose and its aspirations
OBJECTIVES –	are what the Organisation wants to achieve within a certain period of time. Objectives should be in line with the Aims



Developing a Business Plan

- **Organisational Management:**
 - Include details of how your Organisation is constituted and managed ie Charitable Status, Limited Company, Enterprise Company, Unincorporated Association, Co-operative, Community Interest Company etc.
 - If you are incorporated you should include your registration number; if you are in the process of becoming incorporated you should explain what this process is and the expected date for incorporation.

- **Organisational Finances – latest full financial year:**
 - You should include a summary of your income, expenditure and reserves and what, if any, of your income/reserves are restricted.
 - If you have a reserves policy you should mention this and provide a succinct summary of the key points.
 - If your Organisation has unrestricted reserves of more than approx 5% you should explain what these reserves will be used for.
 - You may also wish to list the principle contributors to your income for the previous financial year, how much they contribute, for what purpose and the start and end dates of this funding.
 - You do not need to list all your funding sources here as more detail will be required in the “**Finances**” section.

You may find it useful to use a table similar to this one:

Account information for financial year ending:			
Month		Year	
Total Income	£	Total Expenditure	£
Restricted Funds carried over	£	Un-restricted Funds carried over	£
Level of Reserves or Contingency held	£		
Reason for Reserves / Contingency			

Name of Auditor:



Developing a Business Plan

▪ Policies

- You should identify what Policies your Organisation has and how often these are reviewed. The Policies you will need to have in place are:
 - Equal Opportunities (& Diversity) Statement & Policy
 - Health & Safety Policy including Risk Assessment
- Other Policies you should consider having in place are
 - Environmental Impact Policy
 - Financial Management Policy & procedures
 - Volunteer Policy
 - Child Protection Policy
 - Working with Vulnerable People Policy
 - Complaint & Grievance Procedures (Staff, Management Committee & Clients)
 - Drug, Alcohol & Smoking Policy (unless covered under Health & Safety)
 - Staff induction/handbook
 - Staff Supervision & Appraisal Policy

A useful source of information on Policies can be found at:
www.savo.co.uk (from home page click the link to "Information & Advice"
then Tool Kits or contact your local CVS

▪ Track record:

- You should include a list of your notable achievements covering all aspects of your organisation and work as a way of demonstrating your previous track record.

▪ Quality Assurance and standards

- Many Organisations have recognised the need for an external indicator of the quality standards reached in their work; some funders insist on certain minimum standards. Many Voluntary Organisations use the PQASSO model developed by Charities Evaluation Services. If you have an external quality standard or quality mark which you adhere to you should indicate this and explain what that means to the way in which your Organisation plans, delivers and evaluates its work.

If you are interested in finding out more about PQASSO and other relevant Quality Assurance standards you should contact your local Council for Voluntary Services (CVS) www.voluntaryworks.org.uk

North Bedford CVS
Voluntary Action Luton
Community Action South Bedfordshire

- If you do not have an external quality assurance standard, and for many organisations it is not appropriate, you will need to demonstrate that your work is of an acceptable standard.



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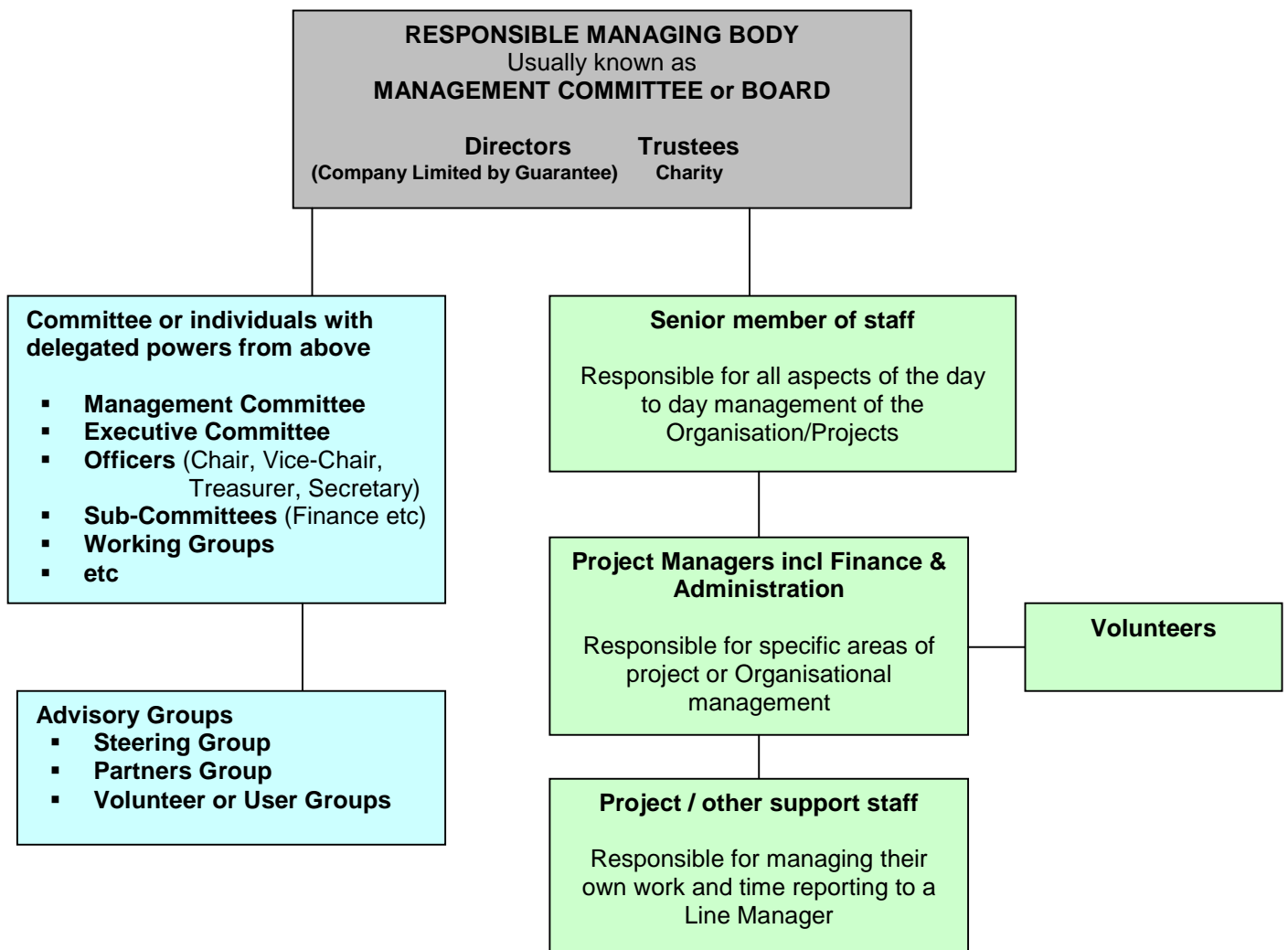
- You can demonstrate this by having a self-assessment system to evaluate the quality of your work which might include questionnaires, interviews and focus group sessions with clients/beneficiaries and partners.
- As part of your Evaluation processes you could use external evaluators to assess the work you are doing. It is important that the “standard” or “quality” being used to assess your work is agreed before an external evaluator undertakes their assessment .



Developing a Business Plan

Organisational Chart

- o You should show how your Organisation is structured and include the relationship between Management Committee, Sub-committees, Steering Groups, Staff, Volunteers and Partners.



If you are using Microsoft Word you will find a Chart Diagram in the "Insert" menu which you may find helpful for the above diagram and your staffing diagram.



Developing a Business Plan

- In this section you should also show an analysis of your Organisation's strengths, weaknesses, opportunities and threats (this is called a **SWOT analysis**) which will lead on to a risk analysis of your plans later in Business Plan.

SWOT ANALYSIS – PROCESS ACTIVITY

Purpose: *To identify the internal strengths and weaknesses of an organisation or project, and the external opportunities and threats the organisation or project face.*

To get the most out of this exercise you should try and get together a group of people who are representational of your work or organisation. For example Members of the Management Committee, paid staff, volunteers, partner organisations & clients/beneficiaries. Each person will have a slightly different perception of the work or Organisation.

The process can be done for an organisation or for individual projects. It can make a useful contribution to an organisational diagnosis. A really effective model is to include Management Committee members, staff, volunteers, clients/beneficiaries and partners together.

SWOT stands for:

S = Strengths
W = Weaknesses
O = Opportunities
T = Threats

Strengths and weaknesses are factors that are internal to the organisation and can be addressed within the organisation.

Opportunities and threats are external to the organisation and provide challenges to the organisation.

Time: *You probably need about an hour to do a SWOT Analysis.*

Steps:

1. Give each participant in this stage of the process a set of blank cards to record Opportunities and Threats. They must answer the questions:
 - What are the Threats facing us over the next x period of time? (12 months/2 years)
 - What are the Opportunities facing us?

They should write only one threat or one opportunity on each card, but can have as many cards as they need.



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Ask the participants to place the cards in columns under the headings Opportunities and Threats which you should put up on a board or wall.

Cluster similar issues and discuss. Get rid of duplicates. Reformulate if necessary.

2. *Ask participants to identify Strengths and Weaknesses and follow the same process as above.*
3. *You should end up with something that can be transferred into the following format:*

Strengths	Weaknesses
Opportunities	Threats

4. *In discussion, answer the following questions:*

- *What can we do to maximise our strengths?*
- *What must we build or develop to overcome weaknesses or problem areas?*
- *What do we need to do to make use of the opportunities?*
- *What can we do to minimise or neutralise threats?*

5. *Finally, prioritise by asking these sorts of questions:*

- *What is really important for our current and future work?*
- *What is too serious to ignore?*

A word of warning! Some people within the group may be challenged by what others perceive to be weaknesses and threats. It is important to ensure that everyone knows the importance of this exercise and is prepared to value and respect others opinions even if they don't agree with them. You may find it helpful to have this exercise led by someone from outside the Organisation who can facilitate group work.



Developing a Business Plan

Your Business Plan

People – Section 2

In this section you should include details about the key people involved in your Organisation:

Management Committee:

- List the members of your Management Committee/Board, their roles & responsibilities and the skills they have which enable them to manage the Organisation effectively. You may need to ask them to provide these details. You could present this information in the form of a short pen-portrait or in a Tabular form.

Example of pen portrait

Chair – Mr John Smith

John Smith has been a member of the Management Committee for the last seven years and was elected Chair at the Annual General Meeting in 2004. John has good experience as both a Chair and Committee member through his previous experience as a School Governor and Treasurer of his local Church Council. John has recently retired as the Managing Director of a large supermarket. He has skills in financial and project management, budget setting, marketing, strategic and Business planning.

- You may want to think about the skills which are needed to manage your organisation and see if there is a skills gap which may need to be filled through co-opted members to your management team.

Example of Table

MANAGEMENT COMMITTEE

Role	Name	Date took up role	Skills & relevant experience
Chair			
Vice-Chair			
Secretary			
Treasurer			
Board Member			
Board Member			



Developing a Business Plan

- Your Management Committee should be representative of the people your organisation is working with and the community it serves as well as a range of management skills and experience.
- Funders will expect your Organisation to have the skills necessary to manage your money and your work effectively. If this is not the case your organisation may wish to give this some consideration before proceeding with the Business Plan.
- An ideal Management Committee should include women as well as men, a range of age groups, people from Black Minority Ethnic (BME) communities, young people if appropriate, local residents, people who are involved as volunteers or service users, if appropriate, people with specific skills and experience eg financial management, project management, local needs, people with experience of working with your client group. It is important that this group of people is BOTH representational AND contains all the management skills you need – not one or the other!
- As part of the Business Planning process you may wish to undertake a skills and representative audit of your existing management committee; if you identify gaps in the skills necessary or that your existing committee is not as representative as it could be you may wish to consider making some co-options whilst working towards this for your next AGM.
- The core skills and experience your management committee might need include:
 - *Project Management*
 - *Financial Planning and Management*
 - *Strategic Planning*
 - *Marketing & Communication*
 - *Monitoring & Evaluation*
 - *People Management & Human Resources*
 - *Assets Management*
 - *Fund-raising*
 - *Report writing*
 - *Equal Opportunities*
 - *Health & Safety*
 - *Additional “expertise” dependent upon your area of work eg child protection, social work etc*

When you are preparing your skills audit keep in mind the roles and responsibilities of your management committee – which should be strategic and decision making; staff are managers and operational.

Volunteers

- If your Organisation has Volunteers explain what their role in the Organisation is and the contribution they make to your work.
- If you have a Volunteer Policy you could mention this including how volunteers are recruited and what skills and experience you look for in your volunteers.

Staff

- If your Organisation employs staff you should list them including their Job Title, Salary level, number of hours worked each week and a summary of their roles.

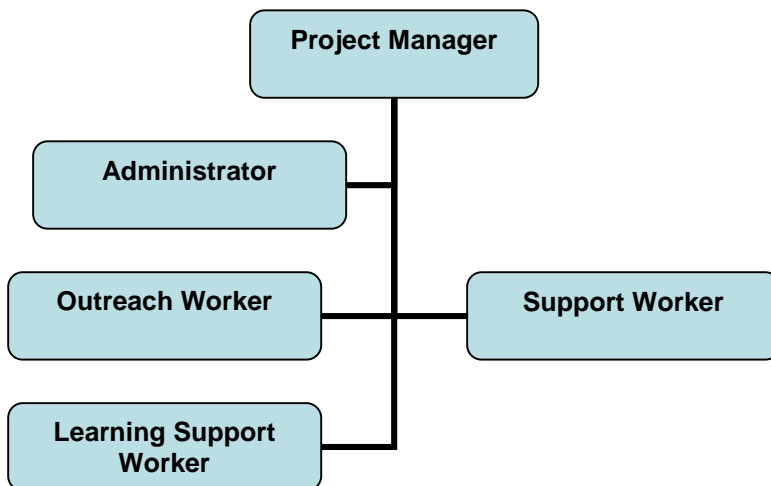


Developing a Business Plan

- You should also list their skills and experience in the same way as you did for your Management Committee.

Job title	Salary level	Hours worked each week	Summary of job role

You should also include a diagram showing your staffing structure. An example of a staffing structure diagram follows:





Developing a Business Plan

Your Business Plan

Current work – Section 3

The previous sections focussed on your internal organisation. In this and the following sections it focuses on the work you are currently doing and what you plan to do in the next year and further 2 years.

- In this section you should set out the
 - work your Organisation is currently doing
 - brief summary of each of your projects
 - the services you provide
 - who benefits from this work
 - when this work began

Example

Blue Sky Helping People Project

The Helping People Project began in 2002 as a result of an audit of our work which included community consultation, mapping and a needs assessment with other voluntary & community groups, local council and Primary Care Trust (PCT).

The Project identified a significant issue around practical help around the homes of older people and single parents in particular. Social Services highlighted their concern for vulnerable older people particularly as a number of home help support services had been withdrawn. The Project recruited and vetted a team of volunteers and provided training in a range of practical house hold repairs and maintenance as well as training in health & Safety, First Aid, Working with Vulnerable People and Food Hygiene.

The Volunteers provide a befriending service as well as assisting with simple practical repairs and maintenance tasks including gardeing. Volunteers are co-ordinated from the Blue Sky Office base which co-ordinates the requests for assistance. The Project works closely with the Social Services Team and PCT Community Outreach Team making referals where clients are thought to be at risk; Both of these teams also make referals to the Helping People Project.

In 2004 the Project developed a training and support programme aimed at people who were unemployed providing additional support to assist these people back into employment through improving their skills and experiences through volunteering. Since 2004, 178 people who were unemployed have taken up employment; many of these people continue to volunteer with the Helping People Project in their spare time.



Developing a Business Plan

- If you are planning to continue or develop your current work you will need to give more detail in the next sections; therefore in this section you should only provide a summary of your current work (and previous work if this is connected to what you plan to do in the future).
- If you have undertaken any evaluation you could include a summary of the results.
- You may wish to consider including one or two short case studies and quotes from beneficiaries of your work to support how the work you are doing has made a difference.
- You may wish to include a diagram of how the different activities and services you provide fit together.
- You may wish to include a breakdown of the numbers of people you have supported over the past twelve months through your work.

An example of how to display a breakdown of your beneficiary data follows:



Developing a Business Plan

The Blue Sky Helping People Project 2005 - 2006

Total number of beneficiaries

2,600

Gender	Female		1,600
	Male		1,000
Age	Children under 5 years		182
	Children aged 6-12 years		395
	Young people aged 13-18 years		124
	19-35 years		752
	36-60 years		523
	Aged 60+		624
	Ethnicity	Asian or Asian British – Bangladeshi	35
Asian or Asian British – Indian		73	Mixed – White and Black African 37
Asian or Asian British – Pakistani		228	Mixed – White and Black Caribbean 25
Asian or Asian British – any other Asian background		21	Mixed – any other mixed background 7
Black or Black British – African		92	White - British 1645
Black or Black British – Caribbean		197	White - Irish 48
Black or Black British – any other black background		14	White – any other white background 0
Chinese		14	Any other 0

Qualifications achieved by clients

2005 - 2006

		No of people who undertook training	271
First Aid Certificate	72		
Health & safety at Work	96		
Food Hygiene Certificate	124		
Customer Service Skills OCN L2	48		
OCR New Clait	124		
Number of people supported into employment	107		
Number of people supported into Further Education	162		



Developing a Business Plan

Your Business Plan

Plans for the future – Section 4

In this section you should include in detail how you are planning to:

- Maintain and/or develop your existing current activities
- Develop new services/projects

You should include:

- an analysis of the need for the work you are planning to do
- how you assessed that need. For example you may wish to include relevant, up-to-date statistical information
- You should back this information up with the results of questionnaires, surveys and consultations you have done; if you have not done any consultation you will need to plan to do this before you proceed with your Business Plan

You should also provide:

- a summary of other organisations who are providing services in your area which are similar to yours
- how you plan to liaise and work together, where appropriate
- what gaps you have identified in the local service provision. You will need to talk to other groups and organisations in your area. For example your Local Strategic Partnership, CVS, relevant Council Department, local schools and colleges etc.
- If you are working in Partnership with another Organisation you should set out a summary of the Partnership Agreements you have

Project outline plans

You should include a summary of all of the Projects you are planning to develop over the coming 3 year period with at least the following:

- project title
- project description
- project objectives
- staff resources required
- start and end dates for the project
- the cost for this project including % organisational and management costs
- how you are planning to finance this project

You may find it useful to use a Table to display this information. An example follows, and a blank form is contained in the sample outline business plan document towards the end of this tool kit. You should use a separate table for each project.



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EXAMPLE OF PROJECT PLANS TABLE: You can use this for existing as well as new projects.

PROJECT TITLE: Young People's Internet Drop-in Café Project (New Project)

Project description	Project Objectives	Staff required	Start and end date	Total cost of Project	Project financing
To provide an out of school hours internet café and drop-in centre for young people aged 11-16 years from the Blue Sky area of Somewhere open 3 sessions weekly. The Project will provide supported learning in ICT and Literacy to raise educational achievement of young people.	<ul style="list-style-type: none"> ▪ To convert a room in the Blue Sky Youth Centre as an Internet Café ▪ To equip the Internet Café with 8 laptops with Broadband access and educational software including purpose built security consoles and secure storage unit ▪ To provide staff support to young people on use of ICT, Internet and MS Office software ▪ To provide relevant Literacy support software 	Project Manager (18 hrs weekly) Project Admin support (12 hours weekly) ICT & Literacy Support Tutors (2x12 hours weekly) Sessional Youth Workers (3 x 12 hours weekly)	Start: April 2006 End: March 2009	£ Complete this figure after work on the budget has been completed. This figure should include a % of your organisational costs and management costs as well as the actual planned project costs.	Applications submitted to: Young People's Lottery Fund Children in Need



Developing a Business Plan

RISK ANALYSIS

Once you have identified the work you plan to do you should prepare a risk analysis. This involves looking at the things you want to do and identifying what risks will arise which might impact on your ability to do this work. For example if you don't attract all the funding you need, or you are unable to recruit the staff you need. The risk analysis includes a contingency plan which identifies what you will do to minimise or overcome the identified risk. In the table below are some examples of the risks you might identify and an example of a contingency plan.

RISK ASSESSMENT	
Risk	Contingency Plan
Failure/delays in recruitment of Project Manager	Delay start of the project – appoint existing member of staff on a temporary basis – review job description, salary level and amend (subject to funder agreement) before re-advertising; review where job adverts were placed
Failure to secure funding required	Prioritise work plan and scale back the work to fit with the available funding
Failure to secure sufficient clients/ interest in the project	Review promotional material and methods of attracting clients/beneficiaries – undertake community consultation and questionnaire to identify potential barriers to securing interest

Exit Strategy – Forward Strategy

Sustainability has become an important aspect of project planning and fund raising. Many funders are now requiring Organisations to identify their Exit Strategy.

An Exit Strategy is a plan of how you will 'exit' from your current funding by either ending the project or by planning and evaluation as evidence of the continued need for the work by seeking further funding. The LDP Funding Strategy Tool Kit explores a number of these issues including looking at the possibility of 'earned' income for the delivery of services. It is not sufficient to say as your Exit Strategy that you "will look for other funding in the future".

The new BIG Lottery Fund now allows Organisations to include the costs of monitoring, evaluation and developing Exit/Forward Strategies as part of their eligible expenditure.



Developing a Business Plan

Your Business Plan

Finances – Section 5

In this section you should show details about how you plan to finance your work.

You should show:

- where your existing funding comes from
- what the funding is for
- how long this funding lasts
- how much additional funding you require
- where you are planning to apply for funding for the work detailed in the previous section in your Business Plan

You may wish to show the information in a table like this:

Summary of current funding:

Name of Project	Source of funding	Purpose of funding	Start and end of funding	Amount of funding
Sky Blue Helping People Project	Awards for All	Set up costs, project running costs	September 2005 : August 2006	£5,000
Sky Blue Helping People Project	Global Grants (ESF)	Project running costs, administration, Evaluation costs	September 2005 : August 2006	£8,926
Sky Blue Young People's Drop-in Internet Café	Young People's Fund (Lottery)	Project running costs, administration, management costs	April 2006 : March 2009	£150,000
Sky Blue Young People's Drop-in Internet Café	Learning & Skills Council	ICT Training Centre running costs, course costs, Tutor costs, fees	April 2006 : December 2009	£89,156



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- You should include a cash-flow forecast
 - A cash-flow forecast shows how much money you will spend and receive broken down into monthly amounts together with a balance you expect to have at the end of each month.
 - A cash-flow forecast helps you to plan your expenditure so that you can pay your bills. It is usual for funders to use this information to check that your financial planning is sound and that your organisation will be financially healthy.
 - The cashflow forecast is an important Project Management Tool.
- You may need to produce two separate cash-flows and budgets;
 - the first is a budget and cash-flow based on your actual confirmed income and expenditure plans for the year
 - the second is a fully costed budget and cash-flow based on all the work you plan to do (assuming you get all the funding you require). This becomes more complicated as you will not know the results of your funding applications. However, you should try and calculate a reasonable timescale, and find out from the funders you are applying to how they release funding to successful applicants. ie full payment up front, quarterly payments, payment upon completion of work or meeting targets etc
- It is usual to include a cash-flow for 12 months only. If you prepare your budget and cash-flow in Microsoft Excel or similar spreadsheet software you will find it easier to revise your figures after the initial work is completed. It is usual to show 'Revenue' and 'Capital' as separate budget areas. It is essential that your Treasurer and Finance Officer are involved in this process.
- It is usual to base your running costs on the previous financial year actual figures. Organisations have different ways of working out budgets and costs and its is important to use a system that works for your organisation. When preparing budgets it is important to keep detailed notes about how you arrived at the figures you are going to use. Most funders are prepared to accept a realistic increase in costs year on year for inflation. Many funders are prepared to accept "Full Cost Recovery" within project budgets.
- You will have included a summary of your Reserves Policy and Financial Procedures in Section 1 – Organisation. If you have not done so you should summarise them in this section.

For more information about Full Cost Recovery and other financial issues please refer to the **"Developing a Funding Strategy Tool Kit"** which is available from robburton1@hotmail.co.uk



Developing a Business Plan

An example of how to lay out your budget and cash-flow follows:



Developing a Business Plan

Budget plan - Young People's Internet Drop-in Café Project

			2006-07	2007-08	2008-09	Total	Sub-total
Staff & Management Costs (Staff costs include Employer on-costs, 5% pension contribution and 3% inflation)			£	£	£	£	199,656
Project Manager	18 hours weekly	£ 16,200	16,200	16,686	17,187	50,073	
Project Admin Support Officer	12 hours weekly	£ 4,833	4,833	4,978	5,127	14,938	
Sessional Youth Workers (3)	3 x 12 hours weekly @ £8.75	£ 16,380	16,380	16,871	17,378	50,629	
ICT & Literacy Support Tutors	2 x 12 hours weekly @ £13.75	£ 17,160	17,160	17,675	18,205	53,040	
Staff travel & expenses	Mileage 37p per mile		1,200	1,236	1,273	3,709	
Organisational on costs	12.50%		6,822	7,026	7,237	21,085	
Staff training & conference			2,000	2,060	2,122	6,182	
Administration & Office costs							8,628
Telephones incl Broadband		£ 1,500	1,500	1,545		3,045	
Stationery		£ 800	800	824		1,624	
Postage		£ 240	240	247		487	
Insurances		£ 960	960	989		1,949	
Miscellaneous		£ 750	750	773		1,523	
Project running costs							30,873
ICT & café suite building & refurbishment costs (incl professional fees)		£ 6,200	6,200	0	0	6,200	
ICT & café equipment & set up costs		£ 12,000	12,000	0	0	12,000	
Young people activities costs		£ 2,300	2,300	2,369	2,440	7,109	
Young people training costs		£ 1,800	1,800	1,854	1,910	5,564	
Project Costs per year			91,145	75,133	72,878	239,156	239,156

Income schedule

Young People's Fund (Lottery)	£ 150,000		£61,425	£45,415	£43,160	£150,000
Learning & Skills Council	£ 89,156		£29,720	£29,718	£29,718	£ 89,156
			£91,145	£75,133	£72,878	£239,156



Developing a Business Plan

Cash-flow plan 2006-07 - Young People's Internet Drop-in Café Project

Expenditure		April	May	June	July	August	September	October	November	December	January	February	March	Total
Project Manager	£ 16,200	£ 1,350	£ 1,350	£ 1,350	£ 1,350	£ 1,350	£ 1,350	£ 1,350	£ 1,350	£ 1,350	£ 1,350	£ 1,350	£ 1,350	£ 16,200
Project Admin Support Officer	£ 4,833	£ 403	£ 403	£ 403	£ 403	£ 403	£ 403	£ 403	£ 403	£ 403	£ 403	£ 403	£ 403	£ 4,833
Sessional Youth Workers (3)	£ 16,380	£ 1,365	£ 1,365	£ 1,365	£ 1,365	£ 1,365	£ 1,365	£ 1,365	£ 1,365	£ 1,365	£ 1,365	£ 1,365	£ 1,365	£ 16,380
ICT & Literacy Support Tutors	£ 17,160	£ 1,430	£ 1,430	£ 1,430	£ 1,430	£ 1,430	£ 1,430	£ 1,430	£ 1,430	£ 1,430	£ 1,430	£ 1,430	£ 1,430	£ 17,160
Staff travel & expenses	£ 1,200	£ 100	£ 100	£ 100	£ 100	£ 100	£ 100	£ 100	£ 100	£ 100	£ 100	£ 100	£ 100	£ 1,200
Organisational on costs	£ 6,822	£ 568	£ 568	£ 568	£ 568	£ 568	£ 568	£ 568	£ 568	£ 568	£ 568	£ 568	£ 568	£ 6,822
Staff training & conference	£ 2,000		£ 600					£ 800				£ 600		£ 2,000
Telephones incl Broadband	£ 1,500	£ 125	£ 125	£ 125	£ 125	£ 125	£ 125	£ 125	£ 125	£ 125	£ 125	£ 125	£ 125	£ 1,500
Stationery	£ 800	£ 67	£ 67	£ 67	£ 67	£ 67	£ 67	£ 67	£ 67	£ 67	£ 67	£ 67	£ 67	£ 800
Postage	£ 240	£ 20	£ 20	£ 20	£ 20	£ 20	£ 20	£ 20	£ 20	£ 20	£ 20	£ 20	£ 20	£ 240
Insurances	£ 960	£ 80	£ 80	£ 80	£ 80	£ 80	£ 80	£ 80	£ 80	£ 80	£ 80	£ 80	£ 80	£ 960
Miscellaneous	£ 750	£ 63	£ 63	£ 63	£ 63	£ 63	£ 63	£ 63	£ 63	£ 63	£ 63	£ 63	£ 63	£ 750
ICT & café suite building & refurbishment costs (incl professional fees)	£ 6,200	£ 6,200												£ 6,200



Developing a Business Plan

Cash-flow plan 2006-07 - Young People's Internet Drop-in Café Project

Expenditure		April	May	June	July	August	September	October	November	December	January	February	March	Total
ICT & café equipment & set up costs	£ 12,000	£ 12,000												£ 12,000
Young people activities costs	£ 2,300	£ 192	£ 192	£ 192	£ 192	£ 192	£ 192	£ 192	£ 192	£ 192	£ 192	£ 192	£ 192	£ 2,300
Young people training costs	£ 1,800	£ 600				£ 600					£ 600			£ 1,800
Total Expenditure	£ 91,145	£ 24,562	£ 6,362	£ 5,762	£ 5,762	£ 6,362	£ 5,762	£ 6,562	£ 5,762	£5,762	£ 6,362	#####	#####	£ 91,145

Income

Young People's Fund (Lottery)	£ 61,425	£ 22,686	£ -	£ -	£ 13,886			£ 14,086			£ 10,767			£ 61,425
Learning & Skills Council	£ 29,720	£ 10,000	£ 2,000	£ 2,000	£ 2,000	£ 2,000	£ 2,000	£ 2,000	£ -	£ 1,000	£ -	£ 1,000	£ 5,720	£29,720
Total Income		£ 32,686	£ 2,000	£ 2,000	£ 15,886	£ 2,000	£ 2,000	£ 16,086	£ -	£ 1,000	£10,767			£ 91,145
Balance		£ 8,124	£ 3,762	-£ 0	£ 10,124	£ 5,762	£ 2,000	£ 11,524	£ 5,762	£ 1,000	£ 5,404	£ 42	£ 0	



Developing a Business Plan

Your Business Plan

Marketing – Section 6

You will need to set out how you intend to get your message across. Marketing is important because people form an image of:

- o Your Organisation
- o Who you work with and their needs
- o How you work with them

This image can affect the demand for your services, support (or not) from the local community and funding for your work.

There is a section in the LDP “Developing a Funding Strategy” Tool Kit on public image and marketing.

If you have a Marketing Strategy, you will be able to summarise this in this section.

Whether you have a Marketing Strategy or not you will need to explain how you plan to promote your services to the target grouping and keep the wider community informed about your work.

The key questions to ask are:

- o What is the service we want to market
- o Who are we wanting to market to
- o How you are going to do this

In this section of the Business Plan you should apply **SMART** to what you are going to do:

S Specific
M Measurable
A Achievable
R Realistic
T Timeline

Think about the different aspects of the work you are going to be doing and identify the most effective ways of communicating this service.



Developing a Business Plan

Examples might include:

- o Posters in Community Centres
- o Fliers delivered to every home in the area
- o Advert in local press
- o Article in local press
- o A newsletter produced by your Organisation to promote your activities
- o Taster events
- o Open days
- o Website, e-bulletins & Text Messages (mobile phones)

Applying **SMART** principles will help demonstrate that you have a specific plan for the promotion of projects, rather than a list of possible marketing tools. For example:

Marketing Tool	Location	Frequency	Notes
A3 and A4 colour posters	4 x Community Centres 2 x GP Surgery 1 x Dentist Surgery SureStart Building 3 x Primary Schools All Churches, Temples, Places of worship	Posters updated and replaced each quarter	
A5 mono Fliers	Delivered to every home on X Estate through local community newspaper	Six monthly	
Open Day	X Community Centre	Quarterly	Open days will have a number of stands and information as well as staff & volunteers available to talk about the services. These Open Days will be promoted through word of mouth, local community newspaper. Refreshments will be provided



Developing a Business Plan

Your Business Plan

Monitoring, Evaluation & Action Planning -

Section 7

A key aspect of your Business Plan is to set out how you intend to monitor, evaluate and plan the delivery of your projects. This process will enable you to evaluate the effectiveness of your Organisation. Whilst each funder will have their own particular way in which they require funded projects to provide reports, your Business Plan should demonstrate how you, as an organisation will measure the impact and successes of your work.

Monitoring

Monitoring means keeping track of where you are with a project in relation to where you planned to be. This means having systems in place to be able to evidence what you have achieved.

Monitoring needs to be planned that sets out:

- What** - is to be monitored
- How** - it will be done
- Who** - will carry out the monitoring
- When** - it will be carried out

The information or data you collect from monitoring your work should be turned into useful project management information through reports, measuring actual results against planned targets and developing Action Plans to address any under-achievement. These reports are essential project management tools for senior staff, managers and your Management Committee.

Outputs – Outcomes – Targets - Milestones

Are the things you intend to achieve through your project and how you will measure your achievement. You may find it useful to record these for each project in separate tables, rather than combine them.

Outputs are the direct results of the work you are doing, for example the number of people trained, the number of people who gain qualifications, the number of people who are given Advice etc. Targets are quantifiable results you aim to achieve from your work. You should remember that not everyone who takes part in your project will achieve the desired results. People may stop attending a training course before it is completed, or not achieve the expected standard for a qualification.



Developing a Business Plan

Outcomes are the effects, changes and longer-term benefits which your work will bring about. For example if an output was identified as the number of people who obtained employment as a result of your work an outcome of this would be to reduce levels of poverty and disadvantage and increase attainment levels. Outcomes can be a whole range of changes which happen to people as a result of your work eg increased confidence & self-esteem, improved relationships through communication skills, improved quality of life through access to health services.

The Big lottery Fund has recently moved to an Outcomes approach to measuring impact. More information can be found at their web-site www.biglotteryfund.org.uk. – Your project and its outcomes.

Outcomes are usually more difficult to measure than outputs. You will need to give some attention to how you will measure the changes you describe as a result of your work and how you will collect the necessary information to evidence this.

In order to measure changes which your work has produced you will need to identify a number of 'Base-line' markers. Some people find it useful to use statistical evidence eg unemployment rates for your area. The problem with this measure is that you will be unable to evidence that only your work has had an impact on these figures, and also you are unable to control, say, a major employer making large redundancies. Whilst it is useful to be able to use statistical evidence as a way of demonstrating need, a better way of producing your baselines are as part of your community and other agencies consultations.

Milestones are key events which need to happen during the lifetime of your project in order for progress to be made. For example you would need to recruit staff before you can start to deliver project activities. Similarly, you would need to promote an activity before the activity takes place.

Milestones should be recorded in chronological order and you should only record key events, not everything that will take place during the lifetime of your project.

Some Funders who award contracts will often use milestones to trigger payments. It is therefore essential, in these cases, to ensure that you have milestones which will be achieved. Failure to do so might result in you not receiving payment.

Milestones should be seen as a project management tool to demonstrate progress is being made within a project and within an agreed timescale.

An example of how you might record your Outputs, Outcomes, Milestones and the evidence base to support the delivery of these follows:



EXAMPLE TABLE

Developing a Business Plan

Project name:
Young People's Drop-in Internet Café Project (new project)

Outcome	Output/target	Milestone	Evidence	Timescale
To raise confidence and self esteem of young people	To provide a range of activities for 180 young people aged 14 – 18 years aimed at increasing self confidence & self esteem	Employ Project Manager & Youth Workers Delivery of 8 x 10 session raising self esteem & confidence courses	Job adverts, Advertising invoices, signed contracts Course programme, publicity material, attendance register, participants evaluation sheets Evaluation report	31 May 2006 Course 1 & 2 start May 06 Course 2 & 4 start July 06 Course 5 & 6 Start Sept 06 Course 7 & 8 Start Jan 07
To increase ICT skills among young people	<ul style="list-style-type: none"> ▪ To provide ICT based training sessions for 120 young people ▪ 80 young people to gain OCR new CLAIT qualification 			
To improve employability of young people at risk	<ul style="list-style-type: none"> ▪ To provide work experience for 24 young people aged 15-17 years in the kitchen/café ▪ 18 young people to gain Basic Food Hygiene Certificate ▪ 18 young people to gain Health & Safety Certificate ▪ 18 young people to gain OCN L2 in Customer Service Skills 			



Developing a Business Plan

Record keeping

Good record keeping is essential for any project. If your Organisation already has systems in place you may want to review these as part of the Business Planning process to ensure that they are robust enough to provide all the information and evidence you will need to support your funder's requirements.

Financial records

You will need to have a system in place for the management of your funding. As well as your main organisational financial records you should have a system which links the specific income and expenditure of your projects to your main financial systems to provide an audit trail for the use of specific funds.

Schedule of projects' direct costs

You should have a system which shows direct costs and copies of invoices/receipts etc for each project.

Apportionment

You will need to demonstrate how apportionment of staff time and overheads will be calculated and systems in place to evidence this eg staff time sheets. ACEVO's "Full cost recovery Tool Kit" will be a useful tool for organisations with multiple projects.

www.acevo.org.uk

Non-financial records

Non-financial records will need to be designed in such a way that they collect all the information you need to record.

Project records

Copies of progress and management reports, plans, time-sheets of staff working on projects, Action Plans, publicity materials, evaluations etc which record the general work of the project.

Beneficiary records

Contact details of participants including address, age, gender, ethnicity, attendance sheets, copies of certificates or qualifications gained etc. Whilst some information will be the same for all organisations, you will need to ensure you are collecting the right information appropriate to your project and any evidence requirements which specific funders may ask you to collect.

Whilst it is not necessary to identify all your systems and processes for collecting information you use as part of the monitoring process in the Business Plan, you should indicate in broad terms what systems you will use and how this information will be used as part of your project management processes.

Evaluation

You should indicate in your Business Plan how you intend to undertake evaluation of your projects and also an evaluation of your organisation.



Developing a Business Plan

Evaluation is the structured process by which a project's activities and achievements are assessed and understood. How you intend to undertake evaluation should be part of your project planning. This way you know what information you need to collect during your project to enable you to undertake an evaluation.



Developing a Business Plan

Making the Business Plan work

Responsibilities

You should include as part of your Business Plan who is responsible for planning, delivery, monitoring and evaluation of your projects. You can show this in a diagram format. The key responsibilities will usually be the responsibility of your management committee, sub-committees and managers.

You should include how your management committee intends to manage the delivery of your Business Plan and how it will monitor progress.

Monitoring & review

Your Business Plan should be a useful management tool to be able to track progress of your projects. It is important, therefore, to build into your management systems the regular monitoring of progress of your projects (outputs/targets, outcomes and milestones) and the budgets.

The Business Plan forecasts your work over a three year period. In order to keep your Business Plan updated and usable you should plan to review your Plan each year.

Action Plan

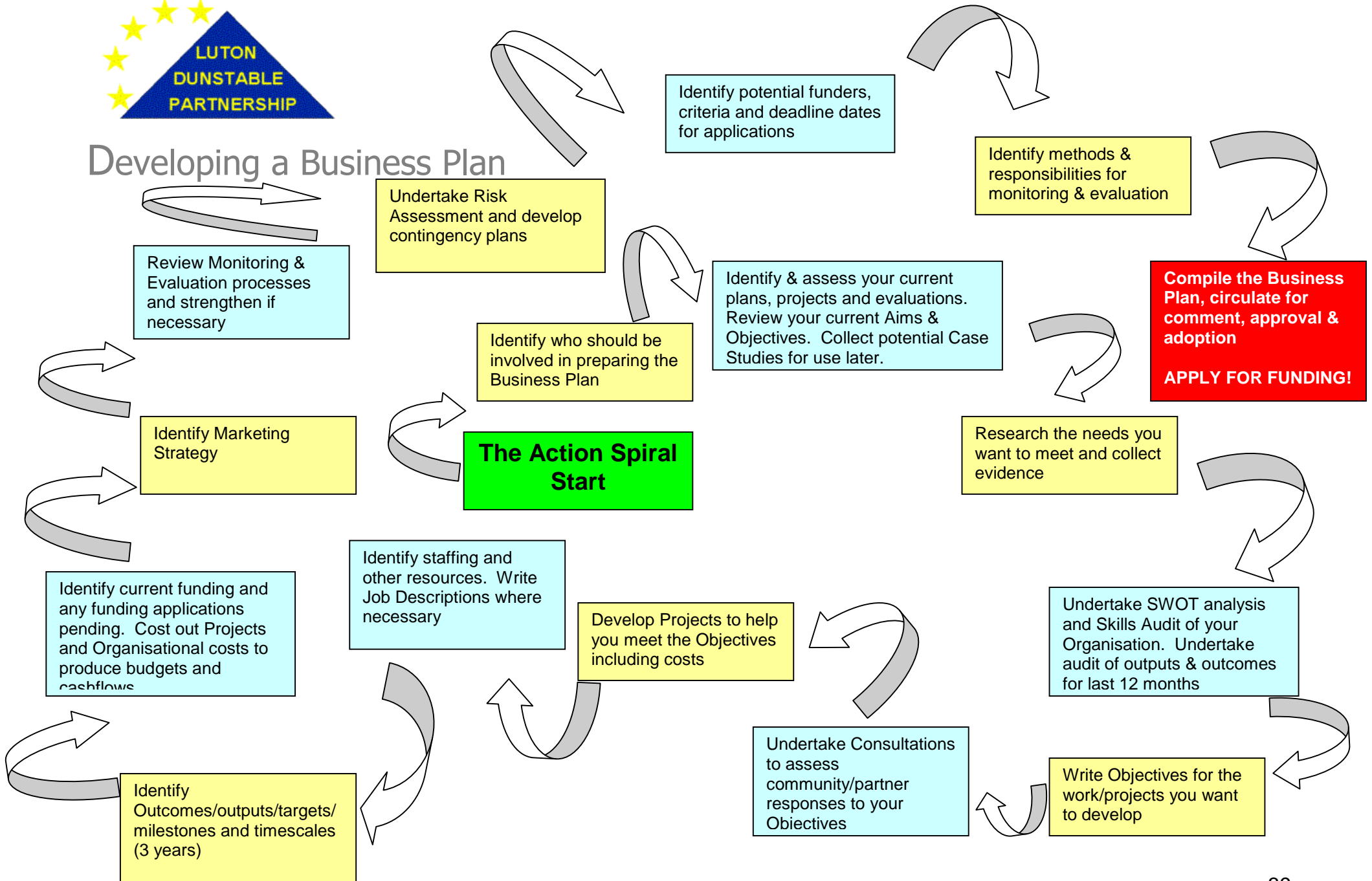
Action Plans are useful management tools as they enable you to identify all of the necessary activity to achieve your goal and give a deadline as well as indicate responsibilities. You may find it useful to plan in your Management Committee or Sub-Committee dates first and then build your Action Plan around this so that work can be undertaken between meetings and decisions made at appropriate stages of the process.

The Action Spiral is a useful way of seeing the process for the writing of your Business Plan.

An Action Plan Template is shown on page 34. The Action Spiral is a guide only and will need to be adapted by you to meet your organisations circumstances; you should complete your own Action Spiral and then turn this into an Action Plan



Developing a Business Plan





Developing a Business Plan

Action Plan Template

Use this template to plan out all the things you need to do to complete your Business Plan

Business Plan Section	Action to be undertaken	Person responsible	Deadline date	Date achieved



Developing a Business Plan

GLOSSARY OF TERMS

Aims	Refer to what your project wants to achieve
Action Plan	A Project management tool which sets out all the actions required to achieve a task and shows who is responsible and the deadline for achievement of the action
Administrative recovery cost	An administrative recovery cost should cover the costs of administration staff & office expenses, depreciation and governance. While 25% of the salary cost is probably a reasonable estimate, it may be useful, from time to time, to do a more exact calculation in order to make sure that the organisation is not subsidising the clients. (See Full cost recovery)
Budget	A plan of all of your expenditure and income shown for a 1 year period; usually showing revenue and capital separately and broken down into section headings
Cashflow Forecast	A breakdown of the budget into monthly amounts to ensure sufficient income to meet expenditure
Core costs	Core costs or expenses are the overhead expenses of an organisation which do not usually change much, no matter if the organisation serves 50 people or 100, has 1 project or 10. Included in core expenses are items such as rent, administration costs, management costs. Some Funders are reluctant to fund core costs, preferring to fund programme or project work. Programme expenses include such items as the cost of developing and printing a manual, workshop expenses, field trip expenses, and the salary of a project worker. (See Full cost recovery)
Cost efficient and cost effective	Cost efficient means that the least possible money is spent to achieve a result. Cost effective means that the money spent has the desired result.



Developing a Business Plan

Evaluation	Is a structured process by which projects and achievements are assessed and understood. Evaluation is a useful tool for bringing about effective change within projects and activities
Exit Strategy	A plan to show what you will do when your current funding has ended
Full-cost recovery	This is the principle that all costs (management, administration, governance, organisational overheads) should be apportioned across project funding as opposed to being a separately funded cost. A tool kit and detailed explanation of Full-cost recovery can be found at www.acevo.org.uk or www.philanthrocapital.org
Milestone	A milestone is a key event which needs to happen in order for progress to be made
Monitoring	is a system to keep track of what has been achieved in a project measured against what was planned at the beginning of a project
Objectives	Are what an Organisation wants to achieve within a certain period of time
Outcome	are measurable effects and changes which are produced by your work
Output	are the direct results of the work you are doing. Outputs are sometimes referred to as targets
Project management	are the systems and mechanisms for managing projects
Reserves	are the amounts of money your Organisation has which are uncommitted ie not planned to be used for projects or Organisation costs.
SWOT Analysis	A SWOT Analysis is a planning tool to help you work out your strengths and weaknesses , as well as the opportunities and threats facing the organisation.



Developing a Business Plan

Business Plan Template

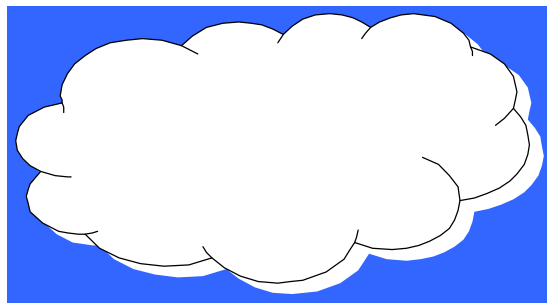
You may wish to use this Template to help you write your Business Plan. You may need to add or delete sections and amend the Tables as appropriate to your work.

You can copy the following pages into a new Word document – replace the LDP Logo and Developing a Business Plan by going to View menu / Header & Footer and replace with your logo and “Business Plan 2006 – 2009”

You should include a front page with the name of your Organisation, Logo, the words “Business Plan 2006 – 2009” and your Organisation’s contact address.

For example:

SKY BLUE HELPING PEOPLE PROJECT



BUSINESS PLAN 2006 – 2009

**Sky Blue
Helping People Project**
296, High Street
Sky Blue Town
SkyBlueshire SB22 9PQ

Telephone: 01582 111111
Fax: 01582 222222
E-mail: admin@skyblue.org.uk
Website: www.skyblue.org.uk



Developing a Business Plan

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Section	Page
Section 1 – Organisation	
Section 2 – People	
Section 3 – Current Work	
Section 4 – Plans for 2006 - 2009	
Section 5 – Financial Information	
Section 6 – Marketing Plan	
Section 7 – Reporting Arrangements	

Section 1 – Organisation

Brief History

Organisation Aims & Objects

Vision Statement

Organisation Objectives

Organisation Management



Developing a Business Plan

Organisation Finances

Account information for financial year ending:			
Month		Year	
Total Income	£	Total Expenditure	£
Restricted Funds carried over	£	Un-restricted Funds carried over	£
Level of Reserves or Contingency held	£		
Reason for Reserves / Contingency			

Name of Auditor:

Organisation Policies

Track Record

Quality Assurance & standards

Organisational Chart

SWOT Analysis



Developing a Business Plan

Section 2 – People

Management Committee (*or whatever your Governing Body is called*)

Role	Name	Date took up role	Skills & relevant experience
Chair			
Vice-Chair			
Secretary			
Treasurer			
Board Member			
Board Member			

Volunteers

Staff

Job title	Salary level	Hours worked each week	Summary of job role



Developing a Business Plan

Section 3 – Current work

Section 4 – Plans for 2006 – 2009



Developing a Business Plan

PROJECT TITLE: *Add in the title/s of your project/s*

Project description	Project Objectives	Staff required	Start and end date	Total cost of Project	Project financing
	▪				



Developing a Business Plan

Risk Analysis

RISK ASSESSMENT	
Risk	Contingency Plan
Failure/delays in recruitment of Project Manager	Delay start of the project – appoint existing member of staff on a temporary basis – review job description, salary level and amend (subject to funder agreement) before re-advertising; review where job adverts were placed
Failure to secure funding required	Prioritise work plan and scale back the work to fit with the available funding
Failure to secure sufficient clients/ interest in the project	Review promotional material and methods of attracting clients/beneficiaries – undertake community consultation and questionnaire to identify potential barriers to securing interest

Exit Strategy



Developing a Business Plan

SECTION 5 – FINANCES

Summary of current funding:

Name of Project	Source of funding	Purpose of funding	Start and end of funding	Amount of funding

Use an Spreadsheet to complete your Budget & Cashflow Forecasts and copy into your Word document

SECTION 6 – MARKETING PLAN

Marketing Tool	Location	Frequency	Notes

SECTION 7 – REPORTING ARRANGEMENTS

This section summarises your Monitoring & Evaluation processes and records your Outputs, Outcomes, Targets & milestones



Developing a Business Plan

Project name:

Insert name of Project

Outcome	Output/target	Milestone	Evidence	Timescale
	▪			
	▪			

Responsibilities

Monitoring & Review arrangements



Developing a Business Plan