

FACT SHEET: How to Develop a Business Plan

What is a Business Plan? Why Have One?

There are different types of plans for different purposes. A 'Business Plan', also called an 'Operational Plan' or 'Annual Plan', helps you to plan and achieve your activities for the year ahead. It is an annual 'action' plan which has specific goals. It is different to a 'Strategic Plan' which looks at what you want to achieve long-term and why.

Developing a Business Plan is a very sensible thing to do as it provides a 'pathway' to follow. It helps to keep you on track and remind you of your 'targets' for the year.

Business Plans should be looked at and discussed regularly at monthly meetings, rather than filed away in a drawer somewhere.

If you are required to draw up monthly reports, you can refer to your business plan and use it alongside current information you've collected about your activities to help monitor and show how you are achieving your annual goals.

Business Plans are also very useful for showing other organisations, such as funding agencies, that you or your group is well organised, and meeting your objectives.

Funding agencies often ask to see a copy of your Business Plan with your application as this assists them to gain a greater understanding of your activities.

What is In a Business Plan?

Business Plans should be written for a specific purpose. Business Plans are 'action plans' - they focus on 'what' you want to achieve this year, 'how' you are going to achieve it, who will help, what you need to make it happen, and when.

A Business Plan may also contain 'sub-plans' or other plans within the business plan such as a Financial Plan and Budget, Marketing and Communications Plans.

How to develop a Business Plan

If you are creating a Business Plan for a group or organisation it is a worthwhile activity to involve everyone in the group – this way it is a team building exercise and everyone will have an opportunity to say what you want to achieve and why.

Make sure you have someone who can facilitate the discussion, and begin by working out what you want to achieve by the end of the session to stay on track.

Use a whiteboard and/ or large pieces of paper and markers to write down your plans and sticky tape to display them while you're working on your plans.

Before you start writing your plan - think about what you want your plan to achieve – what is the purpose of the plan? What is the main purpose of your group/ activity? Do you have a 'mission statement' or 'vision'?

What is a Mission Statement?

A 'Mission Statement' is a brief statement that lets everyone know what you or your organisation is all about. It could consist of one to four concise sentences representing your main purpose, your main activities and your values or beliefs. Mission Statements can be drafted by one or two people following a group discussion about your organisation's background, aims and goals, and revised until a final brief statement is agreed upon. Examples from www.businessplans.org/Mission.html

Walt Disney - "To make people happy"
3M - "To solve unsolved problems innovatively"

Goal-setting

Once you've got a clear Mission Statement you are ready to identify your goals. Make sure you focus on what you really intend to do. When you are deciding what your goals are for the year – be specific - make sure they are not vague or so 'fantastic' that they aren't achievable.

Choose **SMART** goals:

- **Sustainable** – will you have enough resources to sustain your goals?
- **Measurable** – are you able to measure the results in some way?
- **Attainable** – are your goals realistic? - Not "pie in the sky"?
- **Results focused** – will they achieve what you want to do?
- **Time bound** – have you given a realistic timeframe to achieve them?

Prepare your plan for the year by working out:

- the actions your group will take
- who is responsible
- how long it will take
- what resources you need
- the progress you are making

Use the template on page 3 to help you. The bulleted points above and the table on page 3 were reproduced from Section 10, on 'Planning' in the 'Community Resource Kit' available on www.community.net.nz. The 'Community Resource Kit' was first published in October 2006 by: Family and Community Services, Ministry of Social Development, P O Box 1556, Wellington, New Zealand and the Local Government and Community Branch, Department of Internal Affairs, P O Box 805, Wellington. ISBN 0-478-29339-9

Developing Your Financial Plan

Next you need to prepare the financial part of your Business Plan – a 'Financial Plan' consists of the 'Budget' and the 'Cash Flow Forecast'. Your Budget should include your expected earnings and your expected spending during the year. Your 'Cash Flow Forecast' is a record that helps you monitor and plan your finances, prepare for larger costs and projects, and to help with planning the timing of funding applications. Information in this section and the financial tables on page 4 were sourced from the Funding Information Service 'How to Develop a Business Plan' Guide on www.fis.org.nz. © 2006 Funding Information Service

To develop an operational plan:

8. On some sheets of paper or whiteboard, draw up templates as follows:

Figure 1: Operational Plan Template

..... Operational Plan for

MISSION STATEMENT:				
Goal/(Intermediate Outcome)				
ACTIONS/ACTIVITIES	RESPONSIBILITY (WHO?)	WHEN BY?	RESOURCE REQUIREMENTS	MONITORING/ UPDATE
1				
2				
etc				

2. Record your "Mission Statement" in the top box.
3. Record your "Goals" in the second box using a separate sheet for each goal.
4. List the main activities and action steps in the first column.
5. State who is responsible in the second column.
6. State when this task should be done by in the third column.
7. List what resources are required in the fourth column.
8. Keep track of the progress you are making in the last column.

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Here is an example of the layout for a budget

Budget for 2000 – 2001			
Income		Expenditure	
Donations	\$ 1,000	Salaries/wages	\$15,000
Grants	\$ 9,000	Rent	\$ 1,500
Contract	\$12,000	Power	\$ 800
Subscriptions	\$ 500	Telephone/fax	\$ 1,000
		Projects	\$ 3,000
Total Income	\$22,500	Total expenditure	\$21,300
Net Surplus/Deficit	\$1,200		

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Here is an example of how to set out a cash flow record

Cash flow Forecast						
	January		Etc.(include all months of the year)		Budget for the year	Actual year to date
Income	Budget	Actual	Budget	Actual		
Donations						
Contract						
Subscriptions						
Total cash in						
Expenditure						
Salaries						
Rent						
Power						
Telephone/fax						
Projects						
Total cash out						
Cash reserve						
Plus total cash in						
Minus total cash out						
Cash balance						

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