

Swale Borough Council

Guidance on

Business Planning

Following the adoption of our Local First Policy, we are publishing this Business Plan Guiding Principles document in order to support and enable those organisations who wish to submit a tender proposal but need assurance that it has been provided in the correct format and with the relevant information included.

What is a business plan?

A business plan does what it says. It is a summary statement that helps to set out goals, targets and milestones and define what is needed to move a venture forward.

Why does your organisation, group, town/parish council need a Business plan for our activity/venture? We're not in 'Business', are we?

A businesses plan determines what resources you will need. In addition it serves to communicate the goals to all involved, including staff and investors.

Consider that your activity/venture is like a journey, taking you somewhere new and exciting. Your business plan will map the way so you don't get lost. It will help you to:

- Pinpoint and Focus on where you are going
- Work out how you are going to get there
- What to look out for on the way that might slow you down
- Make sure you are on the right track, even if you have to detour (which you probably will!)
- Share the destination with those travelling with you, so you can take five now and then.

What do I need to include in my business plan?

A typical business plan will be split into 5 sections and may include:

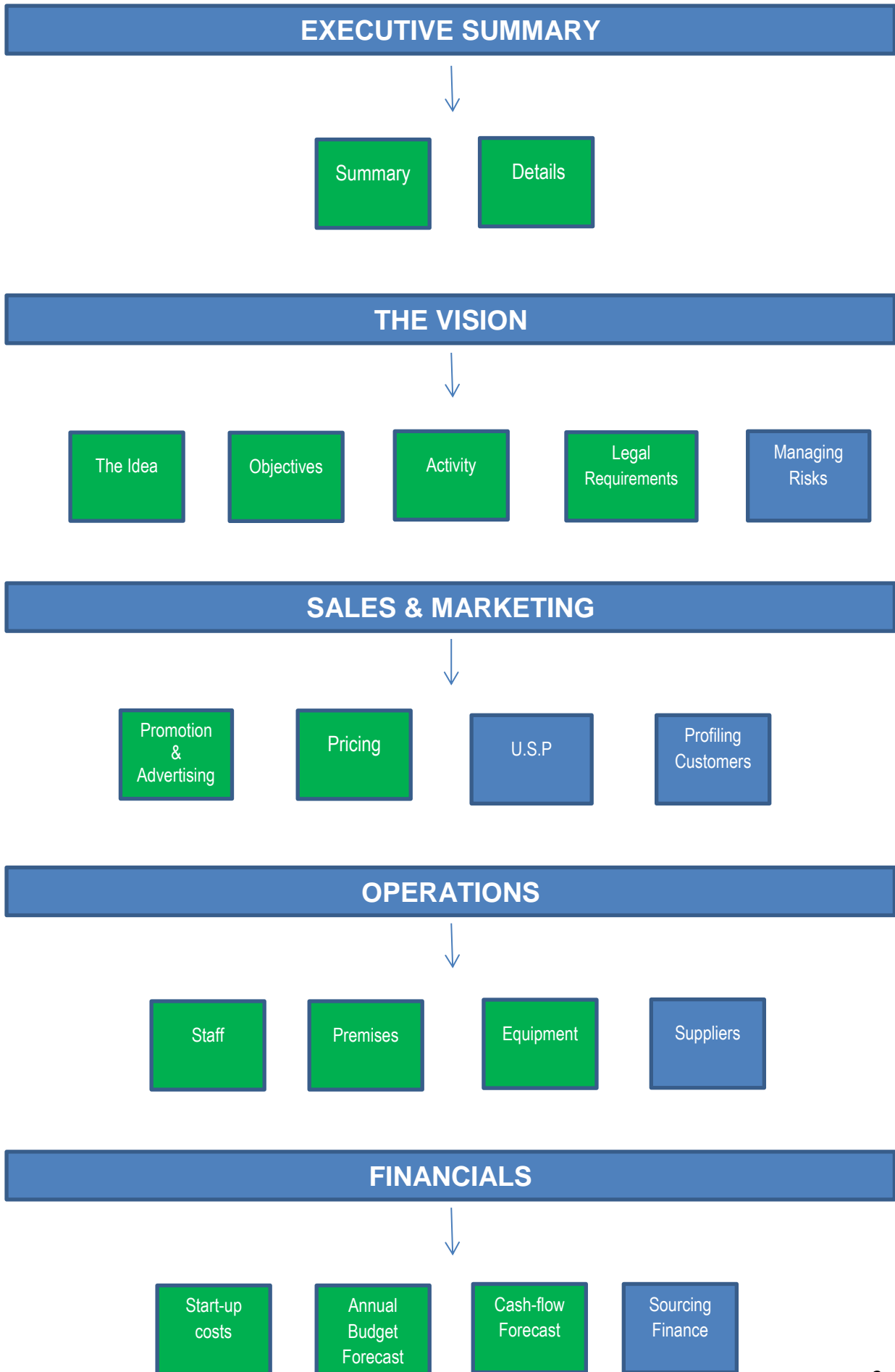
- Executive summary
- The Vision
- Sales & Marketing
- Operations
- Financials

These have various sub-sections (see Diagram 1) but it's important to point out that **you will not be expected to provide information for all of these, as the requirements and expectations for the final plan will be relative to your group or organisation size and type.** We have highlighted in green those sections that should ideally be completed as a minimum followed by a brief description of what is expected for each section.



TOP TIP: When you create your business plan try to start at the end (with the numbers) and work towards the Executive Summary.

Diagram 1



EXECUTIVE SUMMARY

Summary

This is a crucial part of the plan as it will play a fundamental part when presenting your ambitions to prospective investors. As a summary, it should be about one page, certainly no more than two and should be short & to the point. It should be written last and ideally would be set out in a summary format which includes illustrating:

- What the project is and why it is important to the community
- Who it will appeal to and how you will target that market
- How close you are to being able to launch the project
- Why you are best suited to provide this and/or if you need new people on board, what skillsets do you need to fulfil and how you will select them
- A summary financial projection showing revenue, expenditure and any surplus in addition to a cash-flow for the next 3-5 years
- What physical resources you will need, for example premises & equipment
- Anticipated outcomes – what do you want the 'end result' to be?

Details

Provide the basics of the project including:

- Trading name
- Address
- Telephone and Website
- Legal status.
- Hours of opening
- Nearby transport Links/Accessibility

THE VISION

The Idea

This should be a full description of what the project is, detailing the range of what is offered (i.e. variations on products/services or variation in end-consumer ages, profiles, etc.)

Objectives

Mission Statement – Illustrates the overall strategic goal (the purpose of the organisation). Keep it very brief.

Objectives – Need slightly more expanded explanations. This should demonstrate specific goals or targets for the first year of business. These could include:

- Turnover
- Footfall
- End of year outcomes (e.g achieve £x profit value, provide a specific social value, etc)
- Market share
- Marketing objectives
- Quality objectives (Service Level?)
- HR objectives
- Equalities objectives
- Social objectives
- Environmental objectives
- Ethical objectives

It may be worth noting that the last four objectives would be considered key targets for public sector services.

If you wish, you can also add further information on where you would like to see the business in 3-5 years' time

Activity

Provide details of the products or services and drill down to features and benefits. You could also go into more detail of the market analysis in terms of users, distributors, closest competitors, any seasonal fluctuations, how you fit in, etc.

Legal Requirements

Ensure you familiarise yourself with any legal requirements and legislation that your business should adhere to. In addition, where public services and amenities are accessed by the young or vulnerable, sufficient safeguarding must be put in place.

Here are some of the additional requirements that may need to be considered:

- Insurance
- Disclosure Barring Service
- HMRC notification
- Health & Safety requirements
- Risk Assessment
- Company/Organisation formation requirements
- Relevant Industry legislation
- Human Resources/Personnel/Working Time Directives legislation

Managing Risks

Where applicable the following need to be considered:

- Market Risks (E.g. Fluctuations in prices for goods/services that your project relies upon)
- Credit Risks (if you will be providing credit services to customers/clients)
- Financial Risks (if you are being provided credit that has terms tied to it)

It may be easier to list what the risk is and what the solution is. You can learn more about this by researching 'Risk Assessment'.

SALES & MARKETING

Promotion & Advertising

Things to consider include:

- Understanding the difference between Marketing and Promotion
 - Marketing is:
 - Identifying the customer requirements
 - Analysing & assessing the market
 - Satisfying the consumer needs, profitably
 - A part of the promotion process
 - Promotion is:
 - About creating a positive and desirable critique of your products/services in such a way that will inform and encourage consumers to buy from you
 - Usually carried out in several ways:
 - Personal Selling
 - Advertising
 - Sales Promotion
 - Direct Marketing
 - Publicity

Once you have determined who your customers are you will need to work out how and where you will effectively promote your products/services to them.

Pricing

Your pricing structure will be based upon a number of questions, in order of importance which may include:

- How much do I need to charge to cover my costs?
- If it is a public service, how do I ensure pricing reflects accessibility?
- What are the market rate parameters (highest to lowest)?
- What is my closest competitor charging?
- Can /Should I have a variable tariff (for concessions, groups, etc)?

Once you have considered and prioritised these aspects, you should work to pitch your price accordingly.

Unique Selling Point (U.S.P)

What is your Unique Selling Point? Your USP will help you to attract greater demand for your product/service and help you to stand out from anyone offering something similar in the market. Try to work out how you can add value to what you provide. Try to find an angle that your competitors aren't using.

Profiling Customers

- Which customer groups will you appeal to?
- Will any of these groups form a majority of your market?
- Former research for those groups has highlighted the need for what?
- How do you know this?
- What element of your products/services will generate the greatest demand?
- How do you know this?

OPERATIONS

Staff

This section deals with considering what your requirements may be for paid and/or voluntary staff. Work through your operating requirements to work out what roles are required and what (if any) need to be outsourced (for example book-keeping/accounts).

Where relevant (i.e. where you have a contract of employment), define the role & calculate the gross cost (don't forget National Employers NICs @ 12.8% and any pension contributions). You may want to outline each role that is required, responsibilities involved, level of experience required, key skills, previous business experience, qualifications & salary. You may wish to include a budget for staff development & training, apprenticeships and/or placements for work experience.

To give you some idea, staff roles may include but are not limited to:

- Management
- Operational Staff
- Receptionist/Customer Services
- Telephonist
- Administrator
- Accounts/payroll personnel
- Sales & Marketing
- Maintenance

Premises

This section covers considerations for business premises. If you need premises at the start of your project, you should consider whether it will still be suitable in the long term or if it will only be useable until your project reaches a certain size or target. If you are looking at premises for the long-term, you may want to carry out some research of the area to ensure there is no planning that may blight your project further down the line (for example, redevelopment of a car park that you have considered using heavily as part of your business plan).

Once you are satisfied you know what kind of premises you need you should consider these costs:

- Start Up costs including sourcing costs, deposits, re-decorating, signage, furnishing
- Rates, Insurance
- Heat, Light, Power, Water
- Communications (phones, I.T)

Equipment

Capital items are usually tangible assets or equipment that are an essential part of the business you are planning to deliver. What equipment do you need in order to operate? Create a table listing the item, cost per unit, how many you need, when you will need it, how it will be funded.

Suppliers

Who will be your key suppliers? List out who they will be, what you will purchase from them and what their prices, discounts and credit terms are along with any relevant contractual terms (e.g. period of contract).

FINANCIALS

Start-Up Costs

We have already covered premises start-up costs and costs of staff under those headings but things to additionally consider are:

- Recruitment costs
- Incorporation costs
- Legal & Accounting
- Licences & Insurance
- Marketing & Stationery
- Opening Stock, Supplies
- Deposits
- Travel & Vehicle costs

If there is a trade association applicable to your project, it may be worth speaking to them to see if they can give you some guidance.

Don't forget that if you need to be drawing a salary, it may be necessary to include your own Personal Survival Budget (how much you need to be earning from the project in order to live).

Sourcing Finance

Once you have an idea of how much your start-up costs and early operating costs will be, you can work towards sourcing the funds you will require prior to your operation generating its own sufficient cash reserves. This initial cash input may be your own capital, grants or funding or could be sourced from a bank or business angel.

Budget/ Cash-flow Forecast

Depending upon the way on which your project operates and level of turnover, you may be able to consolidate the cash-flow and budget forecast into one. Cash-flow measures and illustrates the real-time cash movements into and out of the business whereas a budget shows only when the sale or expense is generated. Cash-flow may also show Value Added Tax (VAT) – if applicable or how much money is still due in or out from previous months (credit/debt).

For sake of ease, we will give you an idea of both tables. It's advisable that you complete them for 3 years, although you may like to provide monthly breakdowns for each heading in Year 1 and annual totals only for each heading for Years 2 & 3:

| PROFIT & LOSS | 2014 | | | | | | | | | | | |
|------------------------|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |
| TURNOVER | | | | | | | | | | | | |
| GRANTS/FUNDING | | | | | | | | | | | | |
| COST OF SALES | | | | | | | | | | | | |
| GROSS PROFIT (£) | | | | | | | | | | | | |
| GROSS PROFIT (%) | | | | | | | | | | | | |
| less | | | | | | | | | | | | |
| STAFF | | | | | | | | | | | | |
| PREMISES | | | | | | | | | | | | |
| VEHICLE | | | | | | | | | | | | |
| ADMINISTRATION | | | | | | | | | | | | |
| MARKETING/ADV | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| PROFIT/(LOSS) | | | | | | | | | | | | |
| TAX ON PROFIT | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| PROFIT/(LOSS) FOR YEAR | | | | | | | | | | | | |
| | | | | | | | | | | | | |

| CASH-FLOW | 2014 | | | | | | | | | | | |
|--|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |
| TURNOVER | | | | | | | | | | | | |
| LOANS/CAPITAL | | | | | | | | | | | | |
| GRANTS/FUNDING | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| COST OF SALES | | | | | | | | | | | | |
| STAFF | | | | | | | | | | | | |
| PREMISES | | | | | | | | | | | | |
| VEHICLE | | | | | | | | | | | | |
| ADMINISTRATION | | | | | | | | | | | | |
| MARKETING/ADV | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| EXPENDITURE FOR WEEK | | | | | | | | | | | | |
| REPAYMENT OF LOANS/CAPITAL | | | | | | | | | | | | |
| VAT (IF APPLICABLE) | | | | | | | | | | | | |
| NET (ALL INCOME LESS ALL EXP/REPAYS/VAT) | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| OPENING BALANCE | | | | | | | | | | | | |
| NET CASH FOR MONTH | | | | | | | | | | | | |
| CUMULATIVE CASH FOR MONTH | | | | | | | | | | | | |
| CLOSING BALANCE | | | | | | | | | | | | |

STILL NOT SURE HOW TO START?

We are working in partnership with Kent Invicta Chamber of Commerce by sponsoring a business advice service and start-up programme for commercial entities, social enterprises, Voluntary & Community groups and Town & Parish councils. The programme could help you overcome barriers to your success, realise your potential and guide you through either general or specific issues you may have, so don't delay...

Call the Chamber today on 01795 379012 or go to www.kentinvictachamber.co.uk

For further help and guidance, visit these external links:

<https://www.gov.uk/write-business-plan>

<http://www.startupdonut.co.uk/startup/business-planning/writing-a-business-plan>

<http://www.swalecvs.org.uk/>

You can also call the Economic Development team:

If you would like to speak to us, please call on 01795 417194 or email us at

edu@swale.gov.uk