



Business Plans

Your Questions Answered

How to Write a Business Plan As Well As a Professional Without Spending 10K



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1. Introduction

This e-book has been written to answer some of your questions about the process of writing a Business Plan. It has been based on the most common questions we get asked by our students and clients.

Writing a Business Plan for the first time is a daunting experience - particularly if a funder is breathing down your neck and you cannot send in your funding application until the Business Plan is finished. It seems like such a big task that it is overwhelming and you are not quite sure where to start.

We are here to say that it does not have to be quite so scary; hopefully this booklet will answer some of your questions and give you the confidence to give it a go.

Most of the information you need to include in your Business Plan you probably know already, the challenge is trying to get this out of your head and onto paper. We will take you through the process you need to follow and give you some helpful tips to get you started; as well as information on where to go for more help if you get stuck.

Of course, you could pay a consultant thousands of pounds to write it for you - but we want to save you from that. We believe that you are the best person to share the vision of your organisation - no-one else can put across the passion you have for your work like you can.

Very few organisations actually need to pay for a consultant to write the whole Business Plan. It is rare that this is the best option and it does not save you as much time as you might think it does. The time you spend meeting with the consultant going over information and checking through drafts could easily be spent writing your Business Plan yourself.

If after you have finished reading this booklet you still have more questions, drop us an email at **info@thetoolfactory.com** and we will see what we can do to help you.



2. Does It Have To Be Boring?

No. Your Business Plan should never be boring - the document you end up with should contain the heart and soul of your organisation. It should be inspiring and exciting.

Of course there will be sections that are less interesting for you to write and less inspiring for whoever is reading your Business Plan. Ultimately, though, your Business Plan is your opportunity to share your vision with others; whether this be your staff, volunteers, management committee, local community, funders or anyone else who reads it.

When anyone reads your Business Plan, they should put it down and be inspired by the mental picture you have painted for them throughout the document. You want them to walk away excited by the impact you are going to have in your community and in individual's lives or even the wider world.

This is why it is better to write your Business Plan yourself, rather than get an external consultant in to write it for you. They might know how to structure the Business Plan and present it, but only you can put the heart and soul of your organisation into words. You are the best person to articulate your vision and only you can tell the stories of your organisation as they should be told.



Although it shouldn't be a boring document, it does need to be thorough. It needs to cover as much as possible. If you think about the funder or loan manager that will be reading your Business Plan they will not be reading each page word for word; at least not initially, anyway. They will flick through looking for the parts they find the most interesting - often the financial section and then anything else that is of particular interest to them.

Of course, the issue you are facing is that different sections of the Business Plan will interest different funders and lenders, so you will never know which will be more important to them. Therefore, by giving a thorough explanation of your idea and putting detail into each area of your Business Plan the funder or lender will get a good idea of what your plans are, whichever section they spend most time looking through.

By including as much detail as you can you will really begin to create a visual image of how your organisation will look and give the reader a good explanation as to how it will actually work.

One area that a lot of people seem to be unsure of is what style of writing to use in their Business Plan. I think this matters less than we tend to think it does. If your role is to tell the story of your organisation, to get across the vision of your organisation in an exciting and compelling way, then just tell the story. Try to cut out as much jargon as possible - imagine the person reading your

Business Plan knows nothing about your area of work - but just write as you would normally. Do not try to use fancy words, or fill the page with jargon. Be yourself and share your vision in the way that you would normally do.

If you are still not sure about the language you have used in your Business Plan ask someone you know and trust, who can write it in the style that you want. Ask them to re-write your Business Plan for you. It is a great way to ensure that it is your story that is being told and not someone else's version of it, as well as improving how it reads.

Another way to ensure that your Business Plan is not boring is to spend time formatting it correctly. Try adding in some pictures, for example of the people in your organisation. Pictures do not have to be restricted just to the front cover - try placing them throughout the business plan, matching the pictures with appropriate text. If you see your Business Plan as the opportunity to tell your story then including pictures is great way to reinforce the mental picture you will be expecting the reader of your Business Plan to be developing as they go through it.

As well as using pictures in your Business Plan, consider putting in a number of stories about your customers, staff and volunteers. They do not have to be very long, but dispersed across the document they can be very powerful in illustrating the social impact your organisation is having in the community or alternatively showing the need that exists for the services or products you are intending to provide. Stories, as with pictures, act as a great way to reinforce the mental images the readers will be forming. There is no better way to inspire someone reading your Business Plan than by using a story.

3. What Do I Include?

As much as you can. Although there is no single agreed outline for a Business Plan the structure of the document is really important. By giving your Business Plan a very clear structure and a table of contents you are making the job of reading your Business Plan considerably easier for whoever is reading it.

In our experience anyone who has read funding applications, loan applications or even job applications finds that documents that are badly organised with no structure become irritating for the reader. This often means that those applications will not make it further along the process and will be rejected instead. Consider the poor funder we know of, from a national funding body, who was presented with a funding application and supporting documentation in a supermarket carrier bag as loose sheets.

One way around this is to use a template that someone else has designed. There are a number out there that have been designed specifically for social entrepreneurs. Let someone else do the hard work of deciding what to put into the Business Plan. You can always add in headings, or even take them away if they are just not relevant. Or what might be even more powerful, in some circumstances, is to leave the section in and use the opportunity to describe why it is not relevant to you at this time.

Here is the template that we use in Business Plan Writer: Social Enterprise Version. It is not definitive - you will find other templates with other contents headings. What we have done is to arrange the headings in a way that reflects how many people approach the task of business planning - starting with the grand ideas - the vision, adding more and more details with each section until you reach the numbers.

Suggested Template

1 Executive Summary

2 Introduction

- 2.1 Vision
- 2.2 Mission
- 2.3 Social Impact
- 2.4 Aims and Objectives
- 2.5 Keys to Success
- 2.6 Highlights

3 The Organisation

- 3.1 Legal Structure/Ownership
- 3.2 Organisational Structure
- 3.3 Board/Trustees
- 3.4 Management Team
- 3.5 Management Team Gaps
- 3.6 Staff
- 3.7 Volunteers
- 3.8 Operations
 - 3.8.1 Policies and Procedures
 - 3.8.2 Monitoring and Evaluation
 - 3.8.3 Quality

4 Products (Goods and Services)

- 4.1 Portfolio of Products
- 4.2 Future Products
- 4.3 Fulfillment



4.4 Partnerships

5 The Market

5.1 Trends in the Market

5.2 Competitors

5.2.1 Competitor Group #1

5.2.2 Competitor Group #2

5.2.3 Competitor Group #3

5.2.4 Competitor Group #4 etc.

5.3 Market Growth

5.4 Market Segmentation

5.5 Market Needs

5.5.1 Customer Type #1

5.5.2 Customer Type #2

5.5.3 Customer Type #3

5.5.4 Customer Type #4 etc.

5.6 Positioning Statement

6 The Marketing Plan

6.1 Branding

6.2 PR and Publicity

6.3 Online Presence

7 Financials

7.1 Pricing Strategy

7.2 Financing/Funding Strategy

7.3 Sales Forecast

7.4 Cash Flow

7.5 Profit and Loss

7.6 Balance Sheet

7.7 Financial Assumptions

8 Appendices

8.1 Organisational Chart

8.2 SWOT Analysis

8.3 Risk Analysis

4. Can I Copy Someone Else's?

This is not recommended. You do not want to end up running someone else's organisation, which is what will happen if you are not working off your own vision.

It is helpful however, to have a couple of business plans from other similar organisations alongside you when you are writing your own. Sometimes it is good to see what someone else in a similar position to you wrote for a particular section, or how they described one of their services. It will save you from getting stuck.



This is why we added in the Sample Business Plan function in Business Plan Writer. If you get stuck whilst writing your Business Plan you can quickly flick through the sample business plans to get some inspiration.

If you are using a different template you can always ask other organisations that you know for a copy of their business plan or look on the internet and download some examples.

5. Isn't It Just Another Document That Will Sit On The Shelf?

Absolutely not. When you first think about writing a Business Plan it is often when a funder or lender is asking for one as part of an application you are making. There is the temptation to respond reactively, particularly if your application cannot go off to the funder or lender until you have written the business plan - so it needs to be done quickly.

However, if you take that approach I think that you are missing an opportunity. Writing a business plan is not all about the final document; the process of putting it together is just as important, if not more so, than the final document itself.

By introducing the business planning process as a key element of how you run your organisation, you can ensure that you are always heading in the right direction and not being distracted by things that will take you away from your core business. It will give you the opportunity to actively seeking opportunities rather than responding reactively to what happens around you; most importantly, everyone else in your organisation will be coming along for the ride.

The business planning process is an incredibly powerful tool that can give you a head start on taking your enterprise from a start-up to becoming financially sustainable and stable for the long-term.

The process of putting your Business Plan together can also be a dynamic one. Getting other people involved not only shares the workload but also gives others the opportunity to share their ideas and get a sense that they too own the direction the organisation is going in. That kind of ownership by your staff, volunteers, management committee and other stakeholders is priceless. They reach a new level of commitment because it's not just your idea anymore - they are part of it.

One thing you will need to do is to build in time to update your business plan. Your organisation will be changing constantly and your business plan needs to keep up. Think about how often new funding streams come on board or new business opportunities arise - you could be updating your business plan every week. This isn't recommended though - maybe once every three months. Book half a day in with some of your key people and go through - check that you are on track, note down what has changed. This way you get an up-to-date business plan without having to re-write the whole document every year.

If you do this, if you get everyone involved and keep your business plan up-to-date, it will become the most useful document in your organisation. Because everything you need is in one written document, you can use it to copy and paste information into funding applications, marketing materials, evaluations, reports or whatever you need it for.

How many of us, when we are writing a funding application write the answers to the questions from scratch each time looking in all sorts of documents trying to find the information we need? Just imagine if all the information you needed was in one document and all you had to do was copy and paste it from one document to another. Just imagine how much more quickly you can put funding applications together leaving you more time to either do other things or write even more funding applications.

Your business plan, and the process you go through to put it together, becomes the centre of your business and with it you get a document that changes and grows as the business does. So be proactive, don't wait until a funder comes knocking on your door for your business plan. Implement the process into the way you do your business and give yourself a head start towards becoming a sustainable organisation that will be there for the long term.



6. Just How Long Should It Be?

As long as it needs to be. That's the answer to this question if you are seeing your Business Plan as central to your organisation rather than just a document written for a funder.

A Business Plan that is first and foremost an internal document driving the direction of the organisation can never be too long - as long as it is clearly written, it can never have too much detail .

We would suggest you pack in as much detail and information as possible - you can always edit it down later for a funder that asks for a shorter document. That will always be easier than trying to pad it out if there's not enough information and the funder wants to see at least 30 pages when you only have 10 pages.

One lending officer we talked to explained that when he read through a Business Plan he wanted to know that the organisation had thought through everything in detail - from the design of the menus in the cafe, for example, right down to the position of the till.

If he saw that much detail in the Business Plan it gave him confidence that the organisation had really thought this through properly.

From an internal perspective, if you include as much detail as possible in your Business Plan then your staff and volunteers will have access to everything they need in order to do their jobs. When you are writing funding applications all of the information you will need will be in one place - rather than in different folders and documents which makes the process of putting together an application a lot more time consuming.

Imagine a new member of staff coming on board, or a new volunteer. With a comprehensive business plan to read through and digest they will learn a lot about the organisation quickly and they will have a document they can come back to whenever they need to.



7. How Do I Get The Numbers Right?

Do not try to do it yourself. For those of you used to setting up your own spreadsheets, unless you are a mathematical genius do not try to set up a spreadsheet manually. There is a real danger that you will miss something along the way; this will most likely be a formula, which would take a long time to find; and as it will probably be a formulae that is incorrect it will take a long time to find.

At The Tool Factory we have an A level in Mathematics and a degree in IT and still couldn't get our balance sheet to balance using a spreadsheet we designed ourselves (this was in the days before Business Plan Writer).

If you can, use a pre-designed spreadsheet or software that will guide you through the process of entering your financial information in and that will then produce your financial reports for you.

For all those who are not so familiar with spreadsheets, the advice is the same - let someone else do the hard work of setting up the formulae and working out the mathematics behind it all. Use a template.



For those of you that want to learn where each figure goes on a balance sheet, or how depreciation is calculated, then this is a great opportunity to see how these figures relate to your organisation. For everyone else, the things you will want to focus on are how much you will charge for services and what different things will cost. You are probably less interested in how it all comes together in the financial reports.

This is why templates, and in particular software programmes, are so useful - you put in the figures you know and the software creates the reports. The software programmes that are particularly good are those that let you flick back and forth between the figures you have entered and the financial reports. Moving easily between the two screens means that if you don't like the look of your profits for the year you can go back and change your figures - increase how much you will charge, for example. You can then switch back to your financial reports and immediately see how changing the figures has affected your profit for the year.

Have a look at the Business Plan Writer video to see an example of this. You can view this by going to the The Tool Factory website at **www.thetoolfactory.com**.

Once you have filled in all of your financial information, ask an accountant or someone who understands financial reports to have a look at it. These will be the people who will be able to spot when your balance sheet doesn't balance or when your expenses are too low. It is much better to get someone else to point these things out to you before you send your Business Plan off to a funder or a bank, rather than having it returned to you with such an obvious mistake highlighted.

8. How Do I Make The Numbers Mean Something?

Make sure that all your numbers are explained in the words section of your Business Plan.

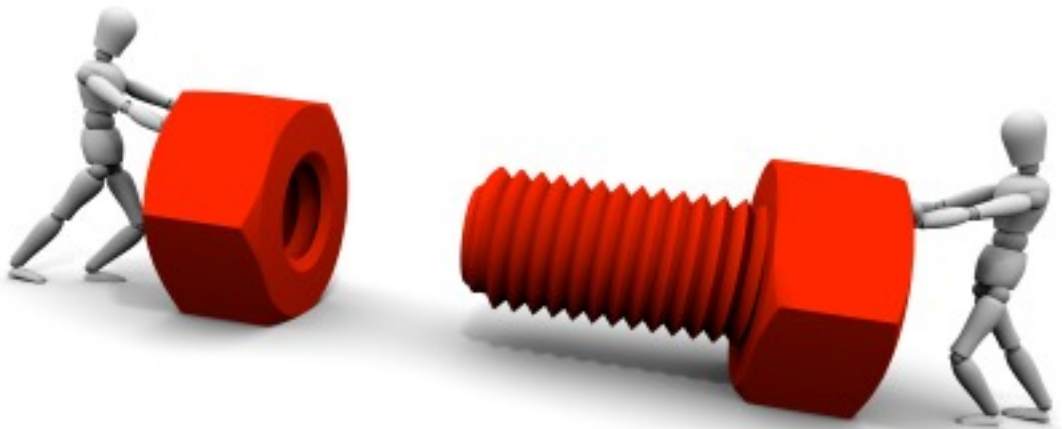
The way we put together the words section and the financial sections of the Business Plan are two completely different things. Although it may not feel like it they are very clearly linked. One way to approach this is to think of the words section of your Business Plan as explaining all of your financial information.

If you imagine a funder or lender picking up your Business Plan; one of the first things they will often do is go straight for the financial reports at the back. They want to see how the money works out.

Then they will start looking through the words sections - they want to understand how you have arrived at the figures they have just been looking at.

They will also be keeping an eye out for any inconsistencies; if in the words sections of your Business Plan you talked about needing to employ two Support Workers but you budget for only one, then they will start asking questions.

Once you have finished your Business Plan; go back over it. Start with the financial reports. Is every number explained in the words sections of your Business Plan? If it isn't clear, add in more detail until you have given yourself the opportunity to explain all of your decisions.



9. Do I Let Other People See It?

Yes, if they can help. Many of the Business Plan templates we have seen put a confidentiality statement on the first pages that the reader is expected to sign - this is particularly common in templates coming from the US. As a result many of the people we talk to about Business Plans are concerned about showing them to other people in case they steal their ideas.

Our approach is that getting other people to look through your Business Plan is a great idea. When our whole lives are taken up with a new idea for an organisation we live and breath that idea until it becomes part of us. When we start to write about it, we are writing about something that we know inside out. Because of this we often make assumptions as we write that others reading our Business Plan will understand as much about our idea as we do and as a result we often use jargon without really explaining what it means.

When writing your Business Plan you need to assume that the person who will read it - be they a new member of staff, funder or investor - knows nothing about your organisation. What makes sense to you may not make sense to them as they read it.

One way that you can do this is to ask someone from outside of your organisation to read it - someone who does not know your sector or the jargon that you use on a day to day basis. Ask them to answer the following questions:

- Did they catch your vision?
- Can they imagine what you are going to do and how you are going to do it?
- Was it clear? Did they understand everything you said?

It is also worthwhile asking someone who knows your sector well to look through your Business Plan. You can ask them to answer a different set of questions:

- Are your plans conservative, over-optimistic or impossible?
- Is it going to work?
- Does it all add up?
- Do the figures look plausible?
- Is there anything that you have missed?
- What areas could be clearer?



Although we are suggesting that it is actually a good idea for you to get other people to read through your Business Plan, you will need to think about how widely you circulate it. In particular, although we are not advocating confidentiality agreements that induce levels of paranoia about other people stealing your idea, you do need to think about your competitors and whether or not you should share your Business Plan with them.

It may not be a good idea to share your Business Plan with your competitors if:

- You are both working on a similar product for the same market
- You are launching a product or service that will get you ahead in the market
- You have identified a new market that your competitors have not identified yet.

However, in the spirit of social entrepreneurship and working in partnership, there may be times that showing your Business Plan to your competitors is a good idea. For example:

- If you want to get experts in your field to share their experience with you
- If you would like to work in partnership with them in the future (even if they do not know that yet)
- You may be in the same sector but they work in a different geographical area or customer base.

10. How Do I Make It Stand Out?

Don't be afraid to be creative. Once your Business Plan is written, it is time to present it in such a way that it will stand out amongst the pile of 100 other Business Plans on a funder's desk.

The first thing to do is to format your text. If you can afford it, use a designer. If not, look at other Business Plans or reports that you think are well formatted and copy their ideas.

Do not use clip art - it is never a good idea. Instead, use pictures. These can be photos of your organisation at work or relevant photos from websites such as iStockphoto¹. If you do not think you are particularly creative give someone who is a copy of your Business Plan and get them to choose some pictures for you.

Once it is formatted and the images have been included, the next thing to do is to get it bound. Try to avoid stapling it together; instead take a trip to a local printers and for a couple of pounds you can get your Business Plan bound properly with a plastic cover - it makes a huge difference.

Another thing to think about is whether you present your Business Plan in a way that relates to your business. For example, if you provide recycled stationery products you could print the Business Plan using your products.

At The Tool Factory we have developed Business Plan Writer: Social Enterprise Version; a piece of software that makes writing your Business Plan a quicker process and provides support throughout the process. When we wrote our Business Plan we did so on our software, so that we could demonstrate how well the software works.

There are plenty of other opportunities for you to make your Business Plan stand out - be creative, get your team or friends and family involved and see what you can come up with.



¹ www.istockphoto.com provides royal-free images that you can buy cheaply and use in your Business Plan. The images in this e-book are all from iStockphoto.

11. Help ... I Need More Help

If you would like some more help with your Business Plan, there are a number of different options you can choose from.

Software

There are a variety of software packages that will help you write your Business Plan. These are good because they give you a structure you can work to, you can add or delete sections to make it fit what you need, they automatically create your financial reports for you and provide you with help notes and examples of other Business Plans.

Business Plan Writer: Social Enterprise Version from The Tool Factory [that's us] is the only software package designed specifically for social entrepreneurs, social enterprises and third sector organisations with relevant sample business plans. It costs £39.99 and be bought from our website **www.thetoolfactory.net**

Other software packages include Business Plan Pro: UK Version for mainstream businesses and Business Plan Pro: Social Enterprise Version (US).

Support Organisations

You can contact your local support organisation - often called a Council of Voluntary Services (CVS), or you may be in an area that has a social enterprise support organisation. They often have a member of staff that will help you write your Business Plan.

If you are not sure who to contact email us at **info@thetoolfactory.com** and we will send you details of your nearest organisation.

Training

Look out for local training courses on Business Planning. Many of these are run by your local support organisations or mainstream business support organisations.

The Tool Factory runs a 6 day accredited course in Business Planning For Social Entrepreneurs. If you can get a group of organisations in your area who all want to go through the course we can talk to you about prices. The course will also be available as a distance learning programme in the future - contact us at **info@thetoolfactory.com** for more information.

Consultants

If you have the money you can always ask a consultant to work with you on your Business Plan. We have already said that we do not encourage you to hire a consultant to write your Business Plan from scratch as no-one can get across the vision of your organisation better than you can.

However, you could hire a consultant to go through your Business Plan once it is written and check through it for you, or to help you with some of the sections you are less comfortable with.

Online Resources

The other great resource that should not be overlooked for support with writing your Business Plan is the internet. If you do a search for the terms 'help with my business plan' you will see a wide range of resources, tips, websites and blogs that you can look to for help.

Two you might want to try out are: Business Plan Toolbox (**<http://businessplantoolbox.wordpress.com/>**) which is the blog for business planning using Business Plan Writer or For More Than Profit (**<http://www.formorethanprofit.com>**) which is for social entrepreneurs and is full of tips and resources on a range of topics including business planning.



12. Tools and Resources From The Tool Factory

The Tool Factory is a social enterprise and a co-operative that designs and develops a range of tools and resources to support those enterprises that are interested than more than just profit.

Business Plan Writer

Business Plan Writer has been designed to help social enterprises and third sector organisations with writing their business plans and save them time and money in the process.



With an easy-to-use navigation system and extensive help guides, the software takes you through every stage of how to write your business plan. The clever financial tools make putting the money side of the plan straightforward and the sample business plans from social enterprises give examples of what others have written.

The software is suitable for use by beginners and those with experience of writing business plans.

Buy your copy at www.thetoolfactory.net

Business Planning For Social Entrepreneurs

This accredited training course lasts for 6 days and covers all areas of business planning - by the end of the course you will have written a draft of your Business Plan. The course is very practical and you receive support from the tutor whilst focusing on writing on your own Business Plan. The course is accredited by ASET as a Level 3 ASET Award. Contact us at info@thetoolfactory.com and if you have a group of organisations in your local area that want to do the course contact us for prices.

Your Ethical Business

This practical guide on setting up an ethical business is ideal for those just starting their enterprise or for those already in business that are looking to become more ethical.

The book includes lots of practical tips, information and advice on how to give your enterprise the best start. It also includes a useful resource section at the back with information on lots of organisations ready to help you get started.

You can buy your copy at www.thetoolfactory.net.



Online Resources

Do not forget to check our online blogs for lots of information on business planning, the world of social entrepreneurship and the latest news from The Tool Factory.

The Tool Factory Blog

For all the latest information on our products and services and news of what we have been up to recently.
<http://thetoolfactory.wordpress.com/>

For More Than Profit

Bev Meldrum, one of the Partners at The Tool Factory, hosts a blog for a social entrepreneurs and others who are interested in businesses that care about more than just profit. The blog combines useful productivity tips, news of the world of social entrepreneurship and useful tools and resources.
<http://www.formorethanprofit.com>

Business Plan Toolbox

Business planning tips for social entrepreneurs, including how to use Business Plan Writer.
<http://businessplantoolbox.wordpress.com/>



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