

Covid Bounce-Back Programme

Workshop 2 - Developing your Strategy & a sound Business Plan

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Aims of the session

At the end of this workshop, you should be able to:

01

Write an effective business plan that will be central to how you develop or grow your organisation.

02

Use tools and templates that make the business planning process easy and efficient, avoiding common business planning pitfalls.

03

Know how to use your business plan in various situations and with various audiences.

Agenda

Agenda item

Introductions

Introduction to business planning

Business plan sections

1. Organisation overview

2. Market overview

3. Product and services

4. Marketing strategy

5. Operational plan

6. Financial plan

Summary



Introductions

- ▼ How often do you review and/or update your Business Plan?
- ▼ What aspects of business plan development do you find most difficult?



Introduction to business planning

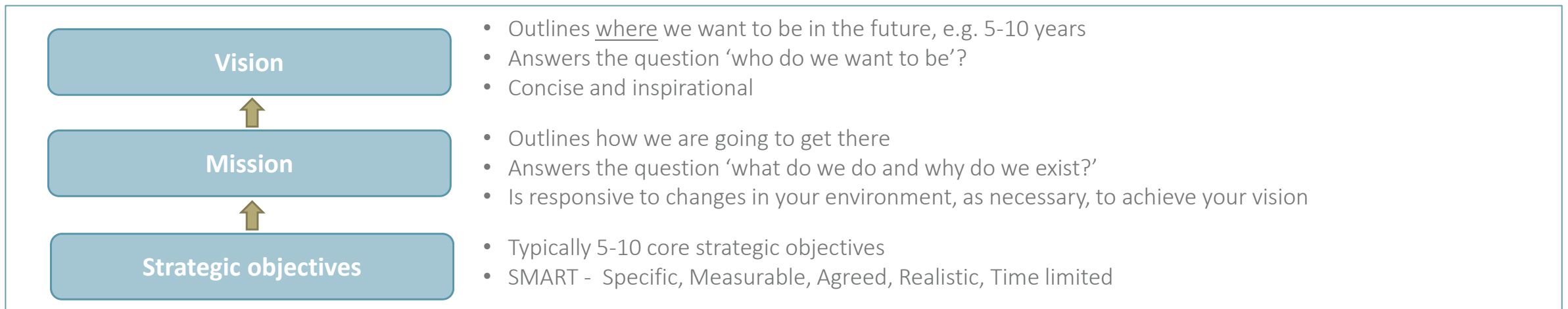
**“By failing to prepare, you
are preparing to fail.”**

- Benjamin Franklin.



Strategy vs Business planning

- ▼ An organisation's Strategy is different to their Business Plan, but they are linked, and can be captured in the same document.
- ▼ The Strategy sets out an organisation's longer-term goals, and typically includes their Vision and Mission, and aims and priorities.
- ▼ The Business Plan is focused on the short to medium term goals, and defines the necessary steps to achieve them.
- ▼ If correctly aligned, achievement of the short to medium term goals (in the Business Plan) will support the achievement of the longer-term goals (in the Strategy).



What is a business plan?

- ▼ A roadmap for how to structure, run and grow your organisation.
- ▼ Describes key features and plans of the organisation in a clear, concise and organised way.
- ▼ A document to set out the current services and initiatives offered by your organisation and to help identify where there is opportunity for growth.
- ▼ Business plans are designed to communicate to a specific target audience: internal or external stakeholders.
- ▼ Stakeholders include anyone with a potential vested interest in your organisation. However, you may want to keep your business plan (or parts of) confidential and only share with select parties.



Reflection point: What does the business plan mean to different stakeholders and how will it be communicated? Consider:



Your organisation's Board and Senior Management Team



Staff



Partners



Service users (if relevant)



Funders / donors / commissioners

Exercise – what different stakeholders are interested in?

1

2

3

4

?

?

?

?

Exercise – what different stakeholders are interested in?

Internal stakeholders
(e.g. your staff)

2

3

4

?

?

?

?

Exercise – what different stakeholders are interested in?

Internal stakeholders
(e.g. your staff)

2

3

4

Focus on the detailed
operational, e.g.
objectives, operating
budget

?

?

?

Exercise – what different stakeholders are interested in?

Internal stakeholders
(e.g. your staff)

Lenders (e.g. banks)

3

4

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objectives,
comprehensive data on
the operating budget

?

?

?

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4

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objectives,
comprehensive data on
the operating budget

Focus on finance, e.g.
funding requirement,
revenues, repayment
plan, collateral

?

?

Exercise – what different stakeholders are interested in?

Internal stakeholders
(e.g. your staff)

Lenders (e.g. banks)

Investors

4

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Focus on growth, e.g.
how you will use
investment to grow,
ROI, ownership,
governance, financial
reporting, investor exit
strategy

?

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how you will use
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ROI, ownership,
governance, financial
reporting, investor exit
strategy

Focus on impact, social
value, business
continuity,
safeguarding

What is the standard business planning process?

- ▼ Business planning is an **ongoing** process to help you build a better organisation, not just develop a single business plan document. Make your business plan as practical as possible.
- ▼ The business plan is a ‘living document’ – it needs to be refreshed periodically (at least annually, more often if the situation requires it).
- ▼ The management team will revisit the business plan and measure progress against each iteration. Depending on your organisational structure, the Board may need to approve the final version of the business plan as part of your governance arrangements.
- ▼ Consider engaging your staff (and service users) at various stages of business planning – this improves engagement and ownership.



Reflection point: Do you have a business plan sitting in a drawer? If yes, do you know why it hasn't been used by your organisation?

Most common pitfalls and how to avoid them



01

BUSINESS PLAN THAT IS NO PLAN AT ALL

A business plan doesn't just describe your organisation and the market, it needs to provide a roadmap that should be as specific as possible. It should contain definite milestones and outline the major steps you need to complete to reach each milestone.



02

HIDING YOUR WEKANESSES

Every organisation has its weaknesses. There is no need to highlight them, but don't try to hide them either. The only way to address these weaknesses is to include a detailed strategy of how you plan to tackle them.




03

UNREALISTIC FINANCIAL PROJECTIONS

It's one of the most common business plan mistakes. The business plan needs to show a realistic picture of where your organisation is now and where it hopes to be. If it's overly optimistic with no explanation of the projections, it will ring warning bells.

04


INCLUDING TOO MUCH INFORMATION



Clear and concise writing is extremely important. If you have additional information which you would like to include in the document, create an appendix.

05


BEING INCONSISTENT



Developing a business plan often is (and should be!) teamwork. However, sections written by different people and then pasted together into one document can result in inconsistency. Designate a single person who will take time to review the whole document.

06

BEING VAGUE ABOUT ASSUMPTIONS



By their very nature, business plans are full of assumptions. Market size, acceptable pricing, customer purchasing behaviour – these all will require assumptions. The best business plans highlight critical assumptions and provide some rationalisation for them. Where possible, base your assumptions on market research and benchmarks.

Two business planning approaches



Traditional business plan

- ▼ A detailed, comprehensive document that follows a standard structure.
- ▼ More common approach, may be required by some investors and lenders.
- ▼ Requires significant work and resources.
- ▼ **This will be the key focus of this session.**



Lean business plan

- ▼ Typically a one-page document that focuses on visualising the fundamental facts about your organisation or business venture.
- ▼ Useful for start-ups and new initiatives at an early development stage, if your business is relatively simple, or if you plan to test your idea and refine your plans.
- ▼ There are various templates (see next slides for examples).

There's no one right way to write a business plan. What's important is that your plan meets your needs.

Traditional business plan – key sections

Executive Summary



Provide information on your organisation's history, vision and mission, objectives, organisational and ownership structure.

1. Organisation overview



It's your opportunity to demonstrate your knowledge of the market you're targeting by discussing the key trends, competitors, customers and their needs. Quantify your market size.

2. Market overview



Expand upon your products and services, including features and benefits. Include information on your competitive advantages and USP.

3. Products and services



Describe how you will sell your products and services, including setting price, marketing, branding and promotion.

4. Marketing strategy



Define your key operating objectives, steps you will take to achieve them, resources and risks. Include profile of your management team and key team members.

5. Operational plan



Provide financial projections of your costs and revenue. Define any funding requirements. Analyse your cash flow. Provide sensitivity analysis of your key assumptions.

6. Financial plan



TEMPLATE FOR YOU: LEAN BUSINESS PLAN

STRATEGY	Identity	Problem worth solving	Our solution	Target market	Competitors
	<ul style="list-style-type: none">Who are you and what do you do?What are your values?	<ul style="list-style-type: none">What problem are you solving for your customers?What unmet needs are you addressing?	<ul style="list-style-type: none">How are you solving the problem you've identified?Give a brief description of your products or services.	<ul style="list-style-type: none">Who is your target customer/ market segments?	<ul style="list-style-type: none">Who is your competition and how are you different?
TACTICS	Team and resources	Sales and marketing	Milestones	Expenses	Revenues
	<ul style="list-style-type: none">Who are your key team members or partners?What other resources will you need (e.g. software license)?	<ul style="list-style-type: none">How you will be selling your products or services?	<ul style="list-style-type: none">What are your key objectives?	<ul style="list-style-type: none">What are your one off and ongoing costs?Think about rent, insurance, marketing, payroll, and other costs of running your business.	<ul style="list-style-type: none">What is your sales forecast?

Lean business plan – example 1

Garrett's Bike Shop



We offer high-quality biking gear for families and regular people, not just gearheads.

Our Opportunity

Problem worth solving

It's hard to buy a good bike in this town without being an "insider" cycling expert.



Our solution

Garrett's is a snob-free zone where regular people can get top notch gear and expert advice.

Competitors	How our solution is better
Local bike shops	Welcoming, family-friendly space
Big-box retailers	Higher quality gear and expert advice
Online retailers	Ability to test drive and local repair

Funding Needed

\$100K

We'll use this money to complete construction on our brick and mortar store and to supplement revenue for the first month.

This is not an offer to sell or a solicitation of any offer to buy any securities.

Sales and Marketing

Sales channels

We sell bicycles and accessories directly to customers through our bike shop. We also sell via our online store and at special bike enthusiast events.

Marketing activities

1. Partner with Travel Northwest
2. Advertise in local publications
3. Grand opening w/deals, contest, etc.
4. Host social media pages and website
5. Attend outdoor enthusiast trade shows

Financial Projections



Milestones



Team and Key Roles



Jill Bloom
Shop Manager

After a decade of bike-shop experience and 5 completed triathlons, Jill will anchor the service side of the business.



Tom McKey
Advisor

Tom is a CPA with twenty-five years of experience advising dozens of startups and small businesses.

Partners and Resources



The Great Outdoors

The Great Outdoors is a local chain of stores who sells gear for outdoor enthusiasts and amateurs alike.



Travel Northwest

Travel Northwest is the best resource for information, events and activities in the great Northwest.

Lean business plan – example 2

Sticks & Thrones Furniture Company



We create stylish, sustainable furniture at affordable prices.

The market problem

It can be hard to buy stylish furniture pieces that are not only ethically made, but great quality, and inexpensive.

How we will solve it

Sticks & Thrones Furniture Company will be a retail and online store where people can buy ethically made and stylish furniture basics, without the expensive price tag.

Target market

57K potential customers

- 60% female, age 25-45
- 40% male, aged 25-45

Competitors

Local bricks and mortar furniture stores

How our product is better

Our clothes are available online, and deliver anywhere in the world. Often local stores have no real knowledge of where the clothes are made or in what condition

Large online retailers

Lack of visibility over contractors in larger countries and lack of knowledge about the materials used. Our furniture is made by us using sustainable materials.

Funding

\$250k

We'll use this money to complete construction of our furniture factory and storefront.

Value proposition

The market opportunity and your solution

Target market and competition

Funding needed — and how it will be used

Sales channels

We sell furniture basics through our website and storefront.

Marketing activities

- Advertise online where the target market is present
- Launch of company via an event with special deals and incentives, plus educational media
- Create marketing collateral that tells a story

Financial projections



REVENUE



EXPENSES



PROFIT

Milestones

1. Validate target market. [Insert date due, budget and name of person]
2. Hire four new employees [Insert date due, budget and name of person]
3. Create referral programme [Insert date due, budget and name of person]

The team

Our team



Founder Manager Designer

Potential partners



Accountants Timber merchant Blogger

Sales and marketing

Budget and sales goals

Milestones (include due date, budget and person involved)

Your team and people you need to hire

Partner/s or potential business partners



Reflection point: What do you like and dislike about these examples? Do you think your organisation would benefit more from a traditional business plan, a lean business plan or both (depending on audiences)?



1. Organisation overview

1

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Organisation overview - introduction

What is it?

Short overview of your organisation including:

- ▼ Vision and Mission
- ▼ History (if relevant)
- ▼ Location(s)
- ▼ Organisational / legal form
- ▼ Governance
- ▼ Ownership and management
- ▼ Key objectives

What will it be used for?

- ▼ Provide clear, short and easily digestible introduction to your organisation.
- ▼ Briefly tell your readers what your organisation is and why it will be successful.
- ▼ Paint a picture of where your organisation is headed.
- ▼ Present positive social impact that your organisation brings.



2. Market overview

What is it?

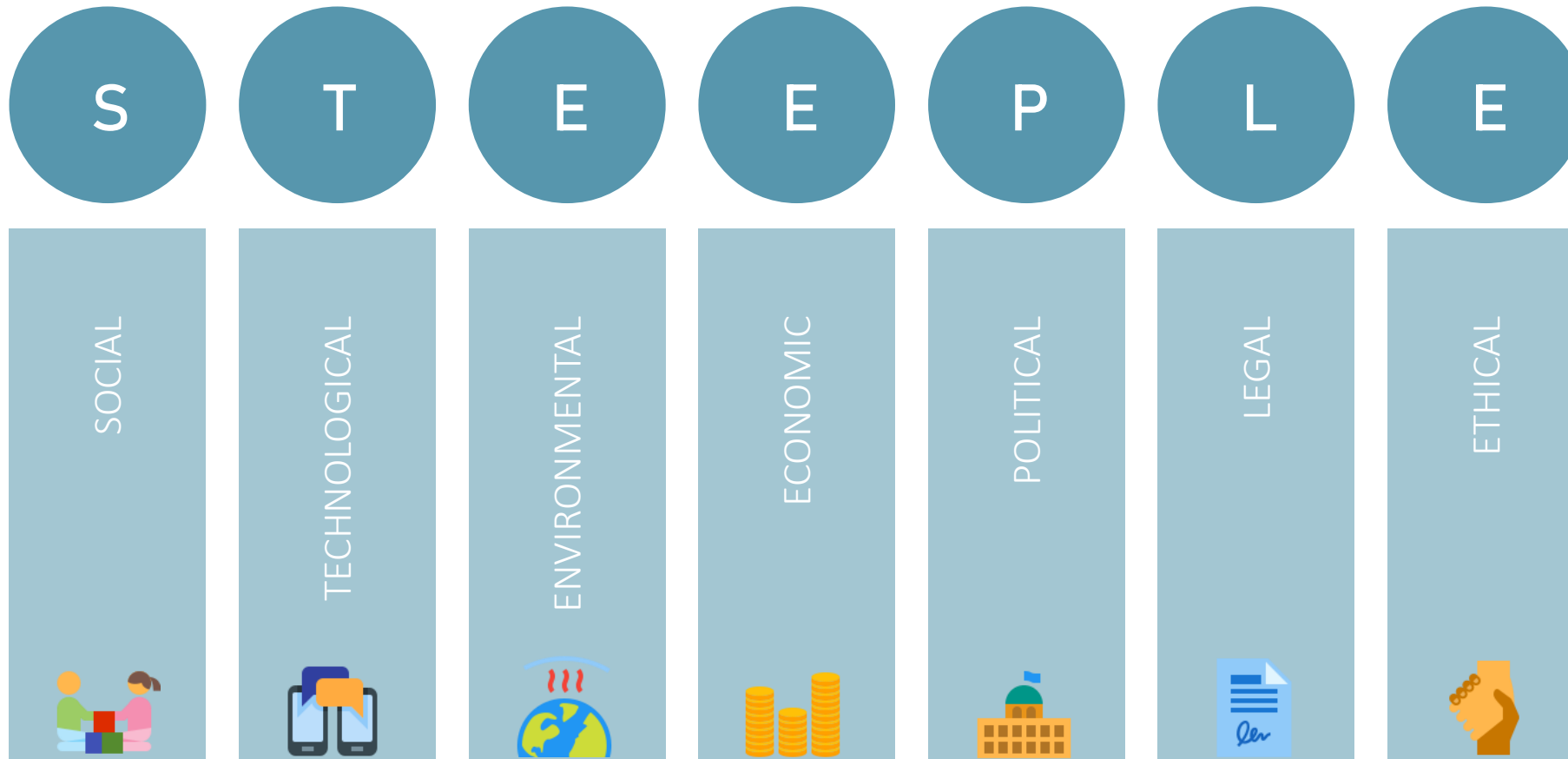
Explanation of the market you operate within:

- ▼ Market trends (current and future)
- ▼ Market size
- ▼ Market segments
- ▼ Customer segmentation (who, what, penetration, diversification)
- ▼ Competitor analysis (who, what, strengths, weaknesses)

What will it be used for?

- ▼ Demonstrate viability of your organisation.
- ▼ Provides the organisation, and partners (existing and potential) with confidence that there is a sustainable market.
- ▼ Ensure that your organisation has a competitive proposition.

Market trends



How to use it?

- ▼ Aid in brainstorming and identifying sector issues and opportunities.
- ▼ Used to identify opportunities and threats needed for SWOT analysis.
- ▼ Avoid generating long, unstructured lists of factors that don't have a direct impact on your organisation.
- ▼ Assess impact of every trend (see next page).



TEMPLATE FOR YOU: STEEPLE ANALYSIS



Negative

Impact Assessment

Positive



High

Medium

Low

Low

Medium

High

Trend 1

SOCIAL



Trend 2

TECHNOLOGICAL



Trend 3

Trend 4

Trend 5

ENVIRONMENTAL



Trend 7

Trend 6

ECONOMIC



Trend 8

Trend 9

POLITICAL



Trend 10

Trend 11

LEGAL



Trend 12

Trend 13

ETHICAL



Estimating market size

Estimating your market size is really important. You need to quantify the demand to make the following decisions:

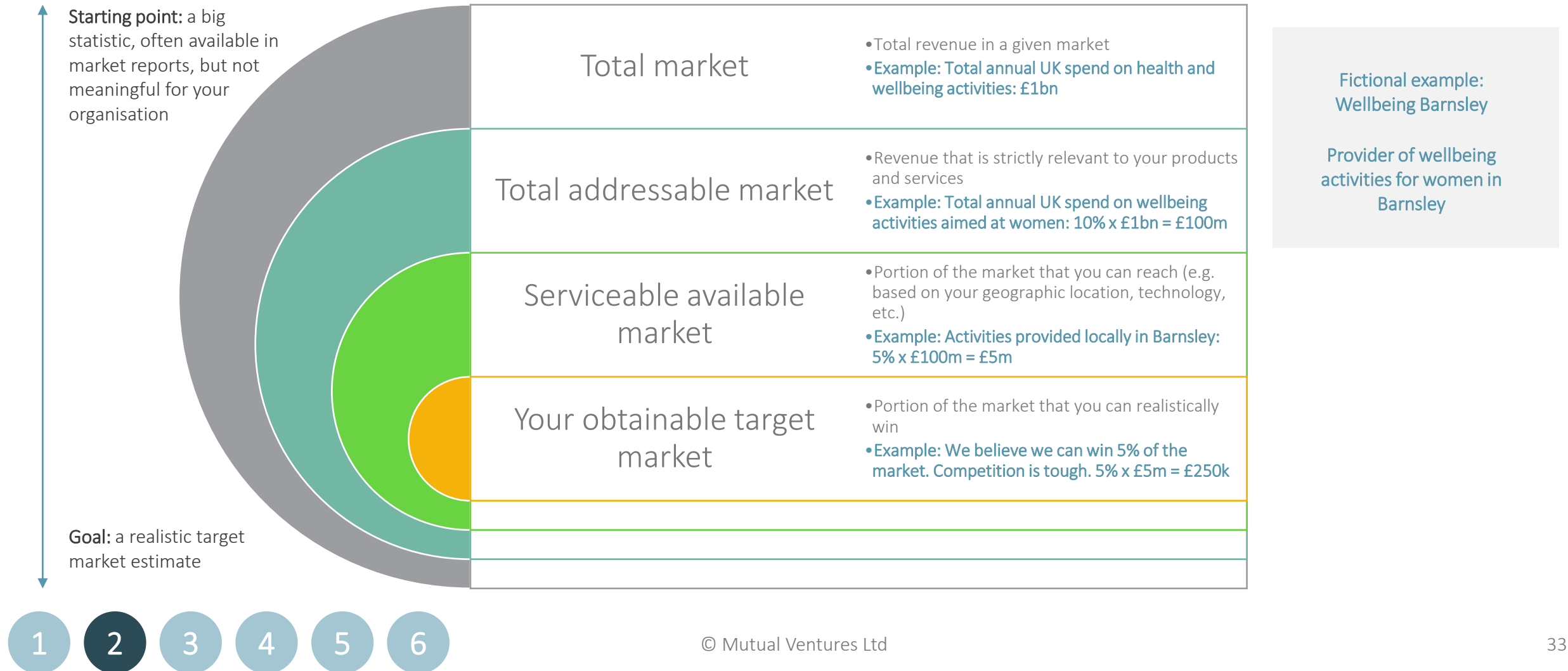
- ▼ **Go/no-go decision based on the viability of your products or services:** Does sufficient demand exist?
- ▼ **Planning business activities:** Understanding how many people may use your product or service is critical when planning your operations, e.g. Do you have enough capacity to serve your customers? Are your premises big enough? For online services – do you have sufficient server space to service your customers?
- ▼ **Estimating potential profit or loss:** An estimate of your market size will help you develop your revenue and cost projections.

Practical tips

- ▼ **Document your assumptions:** Create a list of assumptions to help your reader understand and validate them.
- ▼ **Try out different approaches:** Carry out 'top-down' and 'bottom-up' analysis (see next slides. Are your results close to each other?
- ▼ **Be realistic:** Of course you believe in your products and services. But unrealistic estimates will weaken your credibility with investors.

Estimating market size – ‘top down’ approach

A ‘top down’ market sizing approach allows you to estimate a realistic target market size using a high-level statistic as your starting point that will be fine tuned in a number of steps.



Estimating market size – ‘bottom up’ approach

A ‘bottom up’ market sizing approach uses estimates based on information about specific groups of individual customers and price they are willing to pay for your products or services.

Data required for the bottom-up market size estimate is often collected from market research with your prospective customers (e.g. surveys, focus groups).

Fictional example - continued:

Wellbeing Barnsley conducted a survey with 120 women living in Barnsley (1% of the population of women). 20% of them said they would attend wellbeing activities once a month if their price was £10.

Based on this data, your annual market is: £288,000

120 (survey sample) x 20% (interested) x £10 (price per activity) x 12 (months) x 100 (extrapolation on total population)

Assume optimism bias 15%, annual market adjusted for optimism is **£244,800**. ‘Top down’ estimate was £250k.



3. Products and services

Products and services - introduction

What is it?

Clear statement / description of each of the products and services you provide or will provide:

- ▼ The problem: issues that your products or services address
- ▼ Your solution: how your products or services address the problem, their scope and key features
- ▼ Target customer group and benefits for the customer
- ▼ Your USP / competitive advantage.
- ▼ Product/service diversification (ANSOFF).

What will it be used for?

- ▼ To introduce the reader to your portfolio.
- ▼ To explain the competitive advantages that your organisation has.
- ▼ To support the development of marketing strategies.
- ▼ To inform the operational plan.
- ▼ To inform the financial analysis.

Products and services – ANSOFF Matrix

	Market Development	Market and Service Diversification
New Market	<ul style="list-style-type: none">- Offering existing service to new customers, or in a new geographical area	<ul style="list-style-type: none">- Offer new services in new areas and to new customers- Greater risk- Clear strategy needed
Current Market	Improve current services <ul style="list-style-type: none">- Increase market share through securing additional customers for existing services	Service development <ul style="list-style-type: none">- Introduce new service offerings into the existing market- Deepen customer relationship
	Current Service	New Service



4. Marketing strategy

What is it?

Overview of your marketing and sales strategy including:

- ▼ Product or service: how it meets the needs of your customer
- ▼ Place: channel by which your product or service is sold (e.g. selling online, in stores, through sales agents)
- ▼ Price: pricing strategy, including discounts
- ▼ Promotion: advertising, sales promotion, publicity, social media strategy

What will it be used for?

- ▼ Carefully build your brand (e.g. naming, promotion).
- ▼ Describe how you will attract and retain customers.
- ▼ Describe how a sale will actually happen.



5. Operational plan

What is it?

Description of your objectives and how you will meet them including:

- ▼ Short, medium and long-term SMART objectives
- ▼ Performance indicators
- ▼ Key strategies and tasks
- ▼ Allocated responsibility
- ▼ Timelines and budget
- ▼ Staffing and resource requirements (IT, premises, back-office support, etc.)
- ▼ Risk register and a process to monitor progress

What will it be used for?

- ▼ Provide a clear picture of how you will achieve your objectives, your key milestones and your timetable for action.



6. Financial plan

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What is it?

- ▼ Cost and income structure
- ▼ Profit and loss analysis
- ▼ Cashflow analysis
- ▼ Funding requirement
- ▼ Scenario analysis (base, best and worst case)

What will it be used for?

- ▼ To confirm whether your plan is financially viable.
- ▼ To confirm whether you have viable cashflow.
- ▼ To understand the profit and loss for each product/service.
- ▼ To inform strategy development for each product/service.
- ▼ To identify opportunities for the product/service (e.g. cost reduction, revenue growth).



Summary

Summary – Suggested 5 steps



1. Pick a business plan format that works for you and the key stakeholders who will be reading and using your business plan.



2. Gather all the necessary information and conduct the market research you will need to complete your business plan – see [Checklist](#) overpage



3. Prepare a draft business plan. You may use templates provided in this presentation. It doesn't have to be perfect, long or complete.



4. Discuss your draft with your coach if you have any doubts or questions.



5. Prepare a more finished product.

Remember, the business plan is a living document. Refine it and use it as the blueprint to your success.

Checklist

The checklist below covers information you learned during this session and organises the content based on the sections of the business plan. Use the checklist to measure where you are in the process of collecting the necessary material.

Preparing to Write a Business Plan	Y / N
I have decided the type of business plan to write.	
I know the audience of my business plan.	
I know the need my organisation provides to the market/community.	
Section 1: Organisation overview	Y / N
I have Vision and Mission statements.	
I know my goals/objectives.	
I know the values that drive my organisation.	
I know the legal structure of my organisation.	
Do I anticipate my management structure changing?	

Section 2. Market overview	Y / N
I know my sector's current size and what share of that market I will have.	
I know the regulation and trends in my industry (growth, consumer preferences, product development)?	
I know the advantages and/or disadvantages I have over my competitors.	
I know the barriers to entering this industry (e.g. high initial capital costs, unique technology, customer need for brand recognition, etc.).	
I know what customers buy and why.	
I know the price my customers will pay for my product or service.	
I know the market segments or groups that are more likely to buy my product.	

Checklist - continued

Section 3. Products and services	Y / N
I know what product or service my organisation provides.	
I know what factors give me a competitive advantage or disadvantage.	
I know the lifecycle stage of my product or service.	

Section 4. Marketing plan	Y / N
I know how to communicate with my customers.	
I have tailored product offerings, prices, distribution, promotional efforts, and services toward identified market segments.	
I have identified new markets that I can successfully target.	

Section 5. Operational plan	Y / N
I know my plan to grow my organisation.	
I know my inventory and suppliers.	
I know the principal members of my organisation that will be critical to grow and their roles.	

Section 6. Financial plan	Y / N
I know my current and future (five years) funding requirements.	
I have completed a Profit and Loss projection.	
I have completed a Cashflow projection.	
I have aligned my financial projections with my funding requirements.	

Assembling the Business Plan	Y / N
I have included a concise Executive Summary.	
I have appendices that include materials and list of assumptions needed to support what I claimed in my business plan.	
I have a cover page.	
I have a table of contents.	
I have asked two people to review my business plan.	