



COMMUNITY
OWNERSHIP
SUPPORT SERVICE

Development Trusts Association Scotland

3

MODULE THREE: BUSINESS PLANNING COMMUNITY ASSET TRANSFER

THREE



**The Scottish
Government**
Riaghaltas na h-Alba

The Community Ownership Support Service is funded by the Scottish Government to support the sustainable transfer of public assets into community ownership. This advisor-led service provides communities and public bodies with advice and support on every stage of the asset transfer journey.

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► SECTION 1: About the Module**► 1.1 Aim of the module**

This module provides a guide to writing a business plan for a community organisation considering taking on an asset. It relies on the general principles used when preparing a plan for a new business. We use the term 'business' because taking on an asset will require you to adopt a business approach – whether you are a community development trust, charity or any social purpose vehicle.

This guide can be used and adapted for an existing business activity or for planning a major new development for an existing operation. This document can be used as:

- a reference source
- a training and development resource.

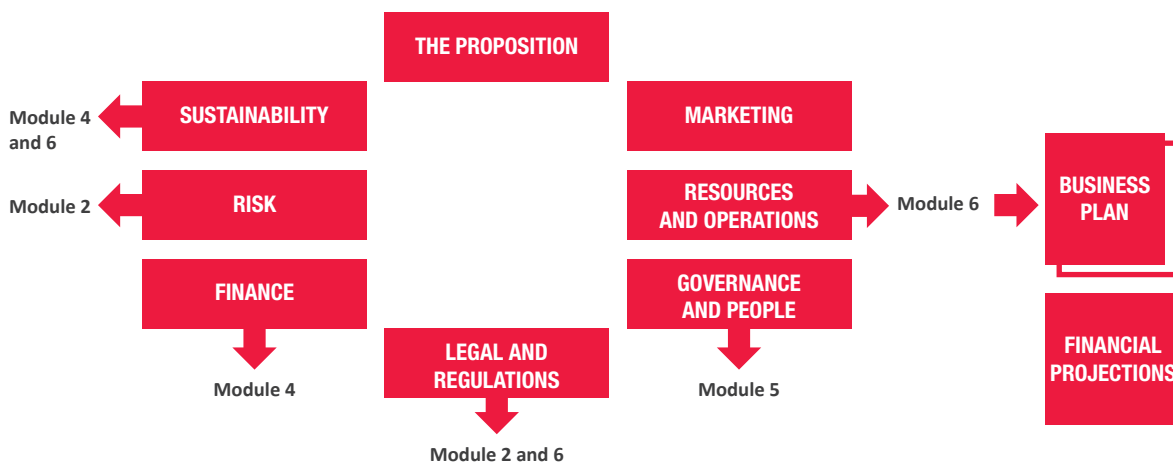
1.2 Learning outcomes

The module follows a set of general principles to prepare the basic requirements of a plan. From there you will refine your plan and provide the evidence which shows you have carried out proper research to demonstrate that the business will be economically sustainable.

The business plan is a living, breathing document. You are telling a story, and bringing a venture to life. It is about an organisation, *not just a product or an idea*. An organisation has many facets, and these are reflected in the various sections of the plan. Most critically, the sections are *highly interdependent*. They must be internally consistent and ‘hang together’. As you make changes to one section, you will find yourself having to go back and make adjustments to other sections.

When you are preparing your plan, refer to the other modules in this series. The diagram below shows how the modules relate to each other. You should pay particular attention to Module 2: Feasibility and Module 4: Finance, as the output from these modules would be useful to include in appendices to your Business Plan.

Fig 1.1: Business planning process



A business plan is an objective and fact-based document. Address the upside and the downside. Make clear you understand what can go wrong. Be conservative. The plan is not written in first person, so be sure to eliminate all use of ‘I’, ‘We’, ‘Our’, and ‘Us’. Use your organisation’s name to refer to the business.

The discipline of formulating the plan will help you see critical flaws in your idea, in your target market, your price, your cost requirements, your operational approach, your marketing methods, and so forth. You will have to continually adapt as you learn more about the business and the sector in which you will operate. Use the plan as a framework as it will help you to ‘tweak’ or adjust aspects of what you propose to do in ways that make the venture more viable.

► **SECTION 2: Writing a Business Plan - Overview**

► **2.1 Why write a business plan?**

A business plan is the most important single document in relation to your community organisation. It explains:

- what the business/enterprise project proposal consists of
- what value it brings to the organisation and to the community
- the role of the asset – land and buildings – in all of this
- why the project was selected
- how the enterprise will be delivered and managed
- how the enterprise will be monitored
- how the enterprise will be funded.

A business plan helps you to think through all aspects of your enterprise project: the sector, your customers, the competition and the opportunities and threats you face. It takes a close look at your organisation so you can objectively and honestly report on your resources, skills, strengths and weaknesses and decide what needs to be done to rectify any shortcomings.

A business plan will enable you to determine the financial aspects of your business model. It will allow you to prepare a financial report, cash flow forecast and a budget that will show you where you currently are and what your finances might realistically look like in the future. Refer to Module 4 for more detail on finance.

As well as informing your committee, members or others close to the organisation, a business plan allows you to show funders and other interested parties that your business is:

- financially viable
- provides value for money
- capable of being effectively implemented
- able to keep going into the future (be sustainable).

There are no golden rules to writing a business plan. Every project is different and this will be reflected in the business plan you create.

A guide to what your plan could contain is presented in the following pages. It is based on the main areas that a business plan should cover. These are:

- the summary (always written last)
- about your organisation
- the project/business model with key milestones, a work plan and monitoring plan
- the market you are working in and a related marketing plan
- resources and financial information including a fundraising plan
- a risk assessment.

▶ 2.2 Who should write your plan?

You know your own enterprise best and can determine what additional information should be added to any section. For example, a project heavily reliant on a building would have to include a maintenance schedule and should account for finance required for ongoing, and likely increasing, maintenance costs as the building ages. In addition, a ring-fenced financial reserve should be built up over time, to renew and invest in the building to reduce future repair costs.

It may be possible and practical for different people to work on different sections of your plan independently or in teams. Once each section has been put together you can then collate the information and create a cohesive plan.

Throughout the process continually ask yourself, 'what evidence is there to back my narrative?'

Sometimes it can be useful to involve business planning or sectoral consultants with expertise in the business field you intend to operate in to help you write the plan. This can be valuable because it offers:

- specialist expertise e.g. business plan writing
- specific sectoral knowledge e.g. running a cafe
- an outside perspective.

There are organisations that can help you identify relevant external expertise. DTAS/COSS can identify consultants. Some of your stakeholders – enterprise agencies, funders etc may also be able to make suggestions. Other sources of support might include Just Enterprise www.justenterprise.org/ where you may be able to access a small number of consultancy support days.

▶ 2.3 Essential review

Once you have completed the sections do not assume you have a complete business plan. You need to make sure it can be understood by others and that all of the evidence to back up your claims is accessible to an external reader.

Go back over each section adding information and clarifying anything that is not clear to the reader. Different people should carry out the review to those who have been involved in the writing, ideally someone who has no knowledge of your business.

▶ 2.4 General presentation and layout

This is a professional business document and should be prepared with that in mind. A business plan should not be too long; additional evidence that you wish to include for the reader can be taken out and held in appendices.

If you feel the need to create an appendix to give more detailed information, then do so. Some readers will want ALL the workings while others just need to be able to grasp the business model. Appendices should be filed together at the end of the main body of the plan, referenced appropriately in the main document and listed in the contents page.

► 2.4.1 General principles of presentation

As well as providing appendices for closely related detail, you should refer to key sources of information in the text of the plan (e.g. 'According to the Scottish Government Economic Strategy 2015'), but also include a complete set of references, with web links where available, at the end of the plan. You could also use page numbers and footers with the name of your organisation and the timeframe that the plan covers.

► 2.4.2 Make it interesting

Whatever sort of presentation you choose, it is important to bring the plan alive. Do not write a plan that consists of page after page of unbroken text. Readers absorb information in a variety of ways: through text, graphically, numerically and visually. Use headings and sub-headings to break up the text and tables, graphics or pictures to illustrate key points and bring the plan to life. Using tables and figures can significantly reduce the amount of text and a picture or diagram can tell a vivid story. Be sure that every table, figure and picture is numbered, titled, and referred to in the text.

The presentation is in your control and should be relevant to your type of business. For example, if this is an artistic venture, you might want to consider your style of presentation as part of your marketing or brand.

A business plan, with a new asset at its heart, will have a number of different audiences and readers e.g. the public authority (transferring organisation), funders, employees and stakeholders. Each type of reader will consider a business plan from a different viewpoint, so it may be necessary to modify the content of a business plan to meet the needs of the reader. An overview of what different readers look for is provided below.

Table 2.1: What different readers look for

Public Bodies	Funders
<ul style="list-style-type: none"> • Social impact of the asset transfer • Demand for the asset • Beneficiaries • Financial viability • Sustainability • Track record of delivery with examples • Team and experience • Community involvement • Adherence to legal issues and regulations 	<ul style="list-style-type: none"> • Social impact of the asset transfer • Demand for the asset • Beneficiaries • How the money will be used • Other sources of funding sought • How/when money will be repaid (if a loan) • How the money will be repaid in the event of failure/not achieving targets • Team and experience
Stakeholders	Employees
<ul style="list-style-type: none"> • Social impact of the asset transfer • Demand for the asset • Contributions to the aims and objectives of the stakeholder • Impact on the stakeholder • Team and experience 	<ul style="list-style-type: none"> • Social impact • Job role and responsibilities • Level of pay • Job security • Impact on current job role • Future plans

► 2.4.3 Make it easy to reference

Some business plans use numbering for sections and paragraphs. This is a matter of personal style. However you decide to present the document, you should ensure that appendices are referenced in the appropriate places throughout. This allows the reader to refer to the detailed evidence where appropriate.

Note on Business Plan Don'ts

- Don't make claims you can't back up
- Don't waffle
- Don't assume the reader knows the industry
- Don't leave out relevant facts and figures
- Don't overload on information
- Don't oversimplify
- Don't struggle with trying to make your plan fit a generic template

Every organisation will produce a different business plan as every organisation has a different story.

► 2.5 Introductory pages

► 2.5.1 Page 1 - Cover page

Start your plan with a cover page. Insert your logo or a picture, include the name, address and main contact details of the organisation, the date the plan was written and the term that it covers. A business plan could be for the next three years, five years, or potentially (although less usually) ten years. You could also include a calendar that lists intended review dates as the plan should be kept up to date and reviewed at least once a year.

► 2.5.2 Page 2 - Executive summary

The executive summary is always written last but should be the first page of a business plan. It includes:

- A description of the business
 - **what** will it achieve
 - **how** will you do it
 - **who** will benefit.
- Key financial information: overall cost of the business and the expected sources of funding
- How it fits with funders' or stakeholders' priorities?

► 2.5.3 Page 3 - Contents and appendices

A contents page showing each section and related sub-sections against page numbers helps the reader to find particular sections of interest to them. The contents page should also list the relevant, numbered appendices with clear titles for the information they contain. Ensure appendices are referenced, wherever relevant, throughout the plan.

Collate all appendices, give each an appendix number and file them in order at the end of the business plan.

You are now ready to present the main elements of your business plan.

► 2.6 Overall structure

► 2.6.1 Business plan template

The following template will help to put in place a research process which will ensure that the plans for developing and running a land or building asset are robust and realistic.

This template is just one example of what can be used. The column 'Section' relates to the section in this module that provides more detail on what to include and how to populate that part of a business plan. This will be the structure we follow in the remaining sections of this module.

Table 2.2: Using this module

Section	Business plan element	Details
8	Summary	<ul style="list-style-type: none"> Usually written last, this states who you are, what you want to do and how you intend to do it
3 see Module 5	Your Organisation	<ul style="list-style-type: none"> Track record, current plans, partnerships and people Quality control/standards or methods of impact measurement being used by the organisation, whether it's a new or existing one
4 see Module 6	Introduction to the Project/the Proposition	<ul style="list-style-type: none"> Project objectives Proposed programme for delivery Proposed impacts/benefits of the project Proposals for management and operation of the asset and the capital construction phase where relevant
5 see Module 2	Market and Promotion	<ul style="list-style-type: none"> Need - what is the target market? Supply - who else is in the target market and why can't they supply what is proposed? Demand - what it is and how does the project meet it? Pricing - how have charges been arrived at? Promoting - what methods have been chosen (online, direct to customer) and who will do it (in-house or external)?

6 see Module 4	Resources	<p>Financial projections</p> <ul style="list-style-type: none"> Should include cash flow (for at least the first year) Expenditure/profit and loss for each year of the plan's period <p>Explanatory notes</p> <ul style="list-style-type: none"> Should specify the assumptions on which projections are based and why. This should include assumptions about timing and levels of commitment for both income and expenditure.
7 see Module 2	Risk Assessment/ Management/ Mitigation	<ul style="list-style-type: none"> Analysis of Political Economic Social Technical Legal Environmental (PESTLE) issues or Strengths Weaknesses Opportunities and Threats (SWOT) to identify risks

The following tables provide example templates to guide the content of your business plan. Table 2.3 provides an overview of the key headings while table 2.4 gives a more detailed picture. Use whichever you find most useful for your needs

Table 2.3: Business plan template

Executive summary	This is a synopsis of a business plan. Its purpose is to summarise the plan in such a way that readers quickly become familiar with content.
Introduction/ background	Gives an overview of the background to the organisation and provides an insight into the proposition and its rationale.
The proposition	Describes the asset transfer offer and highlights the unique selling proposition and potential social impact.
Marketing	Provides an analysis of the marketplace, identifies the marketing objectives and describes the marketing strategies and tactics.
Resources and operations	Explains the resource requirements (e.g. equipment) and operational issues (e.g. maintenance and management systems.)
Governance and people	Provides details of the management team/board, staff, training and external sources of help, e.g. an accountant and a solicitor.
Legal and regulations	Describes the legal issues and regulations that need to be complied with.
Finance	The finance section will contain information on costs, sales assumptions, funding and financial projections.
Risk	Identifies the potential risks and risk management strategies.
Exit strategy	If applicable, an exit strategy can be included detailing how the end of the project will be managed.
Appendices	The appendices will include information that supports the main body of the business plan, e.g. evidence of market research and sample marketing documents.

Table 2.4: Content of a business plan

<p>1. Executive summary</p> <ul style="list-style-type: none"> • Purpose of the plan • Summary of the key information in the plan (generally in the same order they appear in the plan) • Overview of the proposition • Social impact • Target market and/or beneficiaries • Key resource requirements • Overview of governance and staffing • Summary of the finances 	<p>6. Resources and operations</p> <ul style="list-style-type: none"> • Premises • Equipment • Vehicle • Technology • Materials • Production process/service delivery • Maintenance • Management systems, e.g. quality, waste, accounting, monitoring and control
<p>2. History background</p> <ul style="list-style-type: none"> • Introduction (including a proposition summary) • Background/rationale • Project details, e.g. name, address, legal status, if VAT registered • Vision, mission and values • Aims and objectives • SWOT analysis • Future plans 	<p>7. Legal and regulations</p> <ul style="list-style-type: none"> • Legal structure/form • Premises regulations • Lease agreement • Insurance • Health and safety • Intellectual property • Data protection • Policies • Contracts • Consumer related regulations • Trading regulations, e.g. charity law
<p>3. The proposition</p> <ul style="list-style-type: none"> • Asset transfer form • The offer • Value proposition • Social impact 	<p>8. Finance</p> <ul style="list-style-type: none"> • Sources and application of funds • Sales projections • Cash flow summary • Profit and loss account summary • Balance sheet summary • Sensitivity analysis • Ratio analysis • Break-even analysis
<p>4. Marketing</p> <p>Market Analysis</p> <ul style="list-style-type: none"> • Market overview • Customers • Competitors • PESTLE/trends analysis <p>Marketing Strategy/Plan</p> <ul style="list-style-type: none"> • Objectives • Strategy/targeting approach • Marketing mix 	<p>9. Risk</p> <ul style="list-style-type: none"> • Types of risk • Risk management strategies <p>10. Sustainability</p> <ul style="list-style-type: none"> • Plans for continuation or withdrawal after project funding or beyond lease period • Handover asset to public body/another group • Merger/strategic alliance
<p>5. Governance and people</p> <ul style="list-style-type: none"> • Governance and accountability • Organisational structure • The team • Track record/experience • Professional memberships • Training plan • Professional services, e.g. <ul style="list-style-type: none"> • Accountant • Solicitor • Consultants • Architect 	<p>Appendices (examples)</p> <ul style="list-style-type: none"> • Price list • Market research • Letters of intent • Promotional material • Trademark information • Organisational chart • Job description • Person specification • Building plans/drawings • Lease agreement • Policies • Service level agreements • Financial projections • Project planning Gantt charts

▶ SECTION 3: The Organisation

The message of this section is that your organisation has credibility. Write it as though you are telling someone everything there is to know about your organisation but you only have two minutes to do so. It is surprising how much information you can get across in that time. More information to help you write this section is contained in Module 5.

▶ 3.1 Mission and vision statements

These give people a short summary of both yourself and your intentions for the future. There are lots of internet resources that will guide you on how to write a mission and/or vision statement if you don't have one already. Here is one to get you started – <http://www.diycommitteeguide.org/resource/vision-mission-and-values> – but there are many others, so do look around (see section 9 for more details).

▶ 3.2 Your story

This need not be lengthy but people should know where you come from and how long you've been in existence for. This is part of your story and if you get it right, it can help you make a connection with your reader. Think about what a 'reader' who knows nothing about you might respond to e.g. your founder's reasons for establishing the organisation, the clients you seek to help and why, your ethos or values etc.

▶ 3.3 Governing documents

Make reference to your purposes as you have them listed in your constitution or articles and include details on the full document as an appendix. This demonstrates that your project or business is established in accordance with your stated aims and objectives.

You will also include how your board is chosen and how many Directors you can have. Refer to your membership if you have a membership structure. Tell people how they join – you want to be open to all! You will also use this section to explain the power of voting members and the opportunity they have to exercise their vote. It is important to keep members informed of what the board is doing and you should explain how you keep your members informed and how often you consult them.

▶ 3.4 Track record

List previous projects and/or businesses that your organisation has been involved with. If you have done so much that it will mean writing a book, focus on the most relevant ones or the most recent. Alternatively you might want to group your achievements into different themes and create a diagram or table to list them. Pay attention to social, environmental and economic achievements. Explain where the money your organisation currently has comes from and how you manage it. If you have a lot of volunteers, outside of the board, then explain what duties they carry out and the policies that you have to attract and manage volunteer input.

► 3.5 Capacity to deliver

People and systems are important as a means of demonstrating your capacity to deliver. You should explain what skills are needed to do what you currently do and how you know what these are. For example, do you carry out a regular skills audit of activity and relate that to your management committee and volunteers?

Module 5 contains more information on Governance and People. There are tools in this module that can help you to review the skills of your board and identify any gaps you want to address. The director competency matrix is particularly relevant as a means of identifying your strengths and highlighting opportunities to develop your capacity e.g. by recruiting a board member with sectoral knowledge of your business plan proposal.

Table 3.1 Director competency matrix

Area of competency	Existing directors			Prospective directors		
	1	2	3	1	2	3
Core board knowledge, skills and experiences						
Leadership	●	●	●	●	●	●
Sector	●	●	●	●	●	●
Governance/Board	●	●	●	●	●	●
Financial	●	●	●	●	●	●
Detailed knowledge, skills and experiences						
Accounting/Audit	●	●	●	●	●	●
Advocacy/Communications/Negotiations	●	●	●	●	●	●
Development/Fundraising/Tendering	●	●	●	●	●	●
Community relations	●	●	●	●	●	●
Diversity (e.g. gender, culture balance)	●	●	●	●	●	●
Geography	●	●	●	●	●	●
Government/Public sector relations	●	●	●	●	●	●
HR/Performance management compensation	●	●	●	●	●	●
IT/e-commerce/Privacy management	●	●	●	●	●	●
Legal/Regulatory	●	●	●	●	●	●
Marketing/Sales	●	●	●	●	●	●
Facility management	●	●	●	●	●	●
Risks and controls	●	●	●	●	●	●
Operational/Organisational activities	●	●	●	●	●	●
Resource/Project management	●	●	●	●	●	●
Strategic planning	●	●	●	●	●	●

▶ 3.6 Engaging with the wider community

For most organisations it is essential to consult with those you directly affect. You should explain how you do this. It may be that you simply inform people or you may actively engage them in the direction your organisation takes. You should explain your approach to identifying the people you engage with and discuss the results so far. This will build a picture of how you operate and determine whether you act independently or keep abreast of the changing needs of those you have been set up to support.

The DTAS/COSS document ‘Involving Your Community’ sets out a number of ways you can do this. In the business plan, you should offer details on how you would engage (see table below for a list of techniques). Some funders are keen to know that you listen to the views of the community and act upon them.

Ways to engage and inform

- Newsletters
- Hosting a website, blogging
- Press and local media
- Social media – FaceBook, Twitter, YouTube
- Public meetings
- Image sharing – Flickr, Instagram
- Exhibitions and displays
- Questionnaires
- What relevant skills do you have?
- Focus groups and workshops
- Have you got wider community support?
- Appreciative enquiry
- World café events
- Specific topic meetings
- Larger consultation programmes including Planning for Real, Place Standard etc

Recap – You may find that there are activities specific to your organisation that you need to add. Do not hesitate to include additional information which may be relevant, but before you do, explore the rest of the sections in case your point is more suited to another section.

Table 3.2 Summary

Question	Answer
What is your mission and/or vision statement?	
What is your track record of delivery?	
Do your governing documents cover the proposed activity?	
Have you referenced local development plans or place plans?	
Have you got wider community support?	

► SECTION 4: The Business Model/Proposition

This section introduces your plans. It goes into more detail about what you want to do, why and how. It sets out what the role of the asset will be in your plans. Using the Business Model Canvas will help to articulate the main elements of the business for this section. Detailed information can be referenced in related appendices.

► 4.1 Business Model Canvas

A tool to assist in developing your ideas is the Business Model Canvas. A business model is a summary of the way in which your business will generate income. It is influenced by the business idea and the properties that make your idea unique. The Business Model Canvas shows how an organisation is going to achieve its objectives. It sets out your direction of travel.

The Business Model Canvas provides an overarching 'bird's eye view' of the proposed business that will be developed through the use of a new community asset. The key difference in a Business Model Canvas for a community enterprise, as opposed to a private one, is the focus on social impact. The Business Model Canvas provides the platform for a full business plan.

A new community enterprise will often be driven by the desire to make a difference and deliver real change. It is essential to take time to identify the business model which will best match the aspirations and improve the chances of the business surviving and delivering on its social impact.

Developing a clear business model for an organisation will:

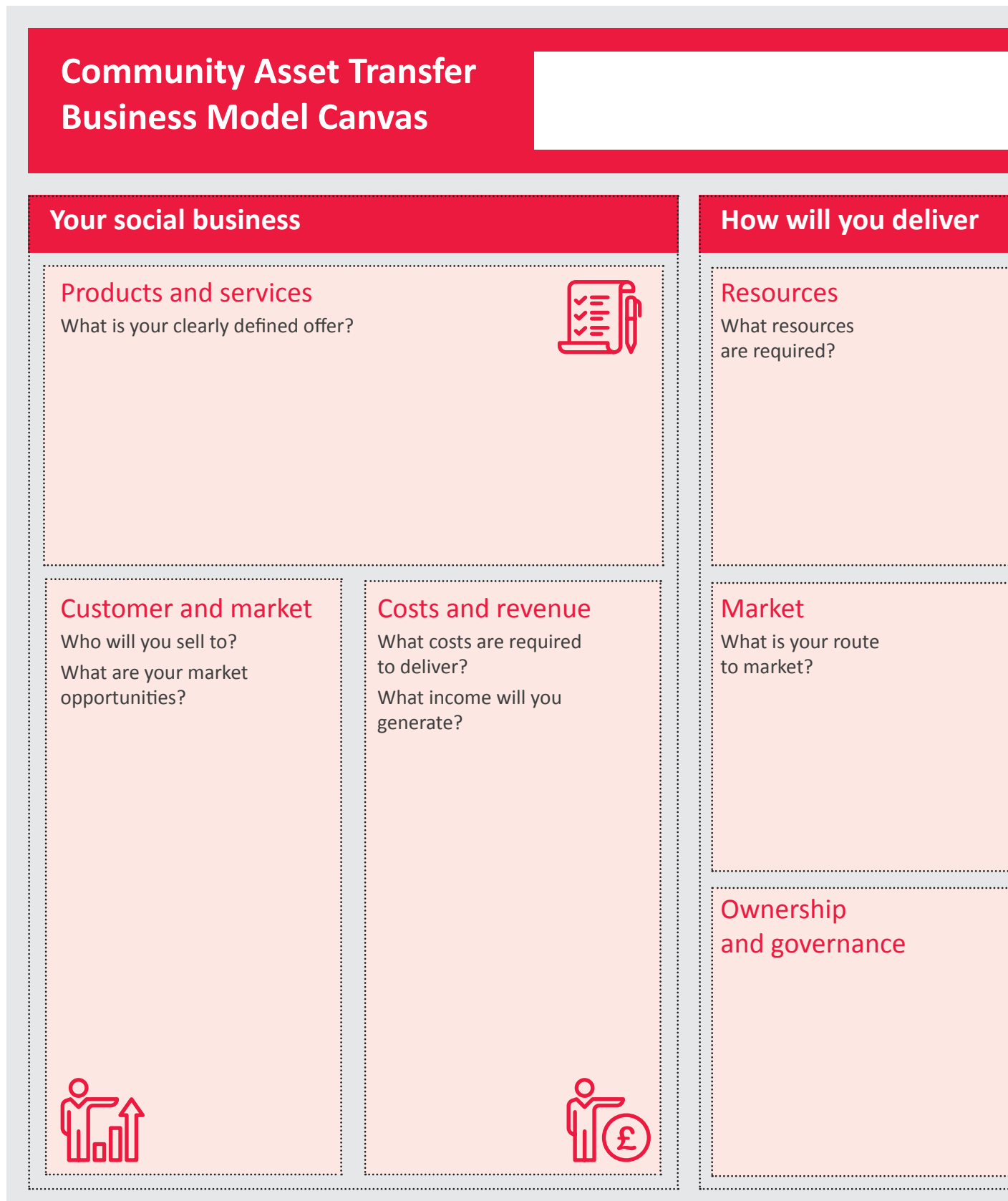
- Help to identify the potential challenges facing the enterprise
- Help to determine if the social enterprise is viable
- Help to find a way to balance a social mission with trading and managing a business
- Demonstrate how the organisation does business – you may, for example, require a new type of organisation to effectively deliver a business that is related to but distinct from your current one
- Demonstrate how it generates all its revenues
- Clarify what value the business offers and to whom.

Community Asset Transfer Business Model Canvas

It is important to identify the correct business model for each organisation. This model outlines the need for organisations to identify both the business and social impact to be delivered from the asset, and to clarify how both can co-exist to ensure the viability of the new proposal.

In the template, illustrated overleaf and available as a pull-out at the back of this module, use the questions in Table 4.1 to populate the nine elements of the community asset transfer Business Model Canvas. Provide the key information on both the commercial and social value propositions and ensure that there is a coherent relationship between the two.

Fig 4.1: Community asset transfer business model canvas





Your social impact



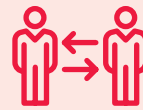
Social problem

What problem(s) are you trying to solve?



Stakeholders and partnerships

Who will benefit from the work and who else can contribute?



Impact

What tangible social impact will you have?



Table 4.1 Community asset transfer business model canvas questions

	Key Questions	
Products and services	<p>How are you planning to use the asset?</p> <p>Exactly what will you provide to your customers/users and stakeholders?</p> <p>What are the benefits to customers/users?</p> <p>What problem are you solving for your customers/users?</p> <p>How is your offer different?</p> <p>Why will customers/users buy from you rather than the competition?</p> <p>Why will customers/users keep coming back?</p>	
Customer and market	<p>Who are you selling/delivering to and why will they continue to buy from you?</p> <p>What kind of relationship do your customers/users want with you?</p> <p>How can you ensure that customers/users 'fall in love' with your offer?</p>	
Costs and revenue	<p>What revenue will you generate from each part of your operation?</p> <p>What are the costs associated with the delivery of each element?</p> <p>What business model will you use to maximise income and ensure sustainability?</p>	
Resources	<p>What financial resources are needed to deliver?</p> <p>What skills are needed?</p> <p>What premises and equipment are needed?</p> <p>Who will your suppliers be?</p> <p>Do all these resources need to be in your enterprise or can they be accessed through partnerships?</p>	
Market	<p>How will you make this organisation stand out?</p> <p>How will customers/users find and access this business?</p> <p>How will you follow up with customers to ensure they repeat purchase?</p> <p>How will you deliver to customers/users?</p>	
Ownership and governance	<p>What will the best legal structure be for your organisation?</p> <p>What style of leadership and management will this organisation require?</p> <p>Who will be board members?</p>	
Social problem	<p>What social problem are you addressing?</p> <p>Who would pay for these desired social impacts?</p> <p>Who understands it?</p>	
Stakeholders and partnerships	<p>The separation of beneficiaries and paying customers, typical for many social enterprise business models, is rarely seen in the commercial context. Similarly, social enterprise has a broader range of potential funding sources than a typical charity or commercial business.</p> <p>Understanding who your key stakeholder groups are and what their needs and priorities are is an essential element of the business model/business planning process, and an important input in helping you to define your value proposition statements:</p> <p>What partnerships are critical to achieve your objectives?</p> <p>What motivations underpin these partnerships?</p> <p>How do you demonstrate the value of these partnerships?</p> <p>How will stakeholders be involved?</p>	
Impact	<p>What tangible impact will you have – outcomes?</p> <p>How do you measure your impact – indicators & Key Performance Indicators (KPI)?</p> <p>What evidence of impact will customers, funders, partners require – data collection and stakeholder engagement?</p> <p>How will you showcase and demonstrate the impact?</p>	

► **4.2 What will your business plan consist of?**

A business plan is a planning tool, normally produced as a result of the business planning process. It is a document that describes a business or social enterprise idea, the goals and the proposed plans. It will also contain the financial projections (see Module 4 for more information on this). An asset transfer business plan will articulate the proposition as laid out in the Business Model Canvas and critically how it will be implemented, e.g. asset development, marketing strategies, resource requirements, and people and governance.

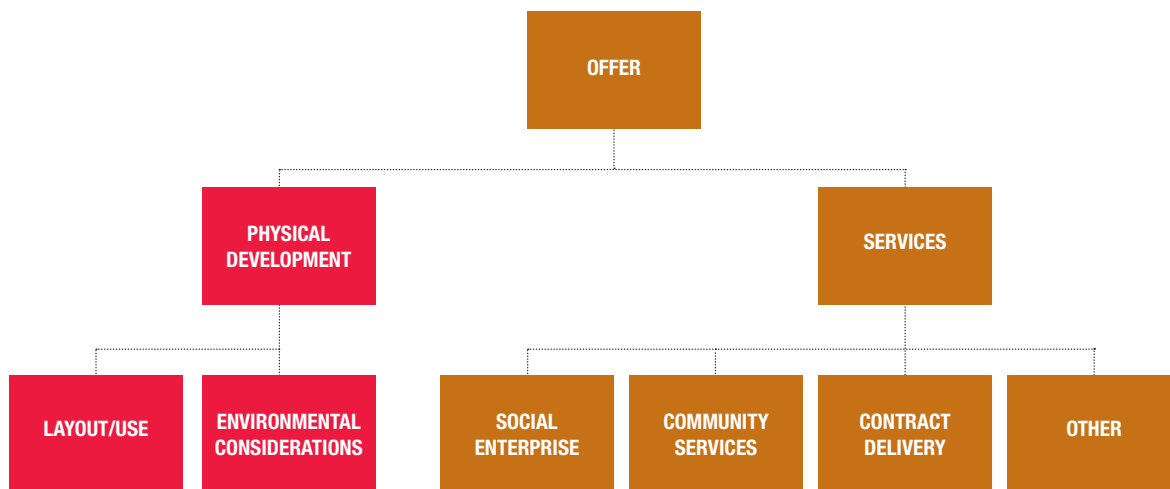
► **4.3 What the business will deliver**

Articulating the offer (essentially what the business/service is or how it intends to deliver) remains among the most important goals of the business planning process. If the offer is not considered and developed, the business plan will fail to attract investment to ensure the asset transfer takes place.

It is critical that an organisation is clear in terms of the asset transfer project and what it will offer the local community post transfer. It is important that consideration is given to both the physical space and the services to be offered from within the space. The potential for income generation, which will be the key component of achieving viability and sustainability, needs to be at a level that will sustain the organisation and ensure service delivery continues should funding cuts be imposed.

Figure 4.2 demonstrates the key areas to consider in relation to community asset transfer in terms of the offer. These consist of the physical asset and services. Both are clearly interlinked, as the configuration of the building needs to factor in what social enterprise activity, community services and contract delivery may take place from within the space.

Fig 4.2: Key components of the offer relating to community asset transfer



► 4.4 Physical Development of the Asset

► 4.4.1 Layout

It is important to engage the services of professional advisors as detailed in Module 2 as early as possible in the process e.g. an architect is key if refurbishment or rebuild is part of the development, because the proposed use of the asset will impact upon the design.

The building's transformation is often a primary focus of both the professional input and business planning process. It is critical to keep focused on what the space will be used for and the building's configuration rather than the excitement of a cutting edge design. It is critical to envisage how the building will flow, what every inch of the building will be used for, who the users will be, beneficiaries and customers e.g. does part of the building need a separate entrance to allow a business or social enterprise access to their office at all times without accessing the communal space?

It is important to remember that an organisation taking on the ownership or management of an asset will bear the brunt of all the mistakes that take place during the development.

The planning stage is crucial in terms of assessing these key points and ensuring that the building is developed to meet users' needs most cost effectively. Table 4.2 provides an example of how an organisation might start to record the potential use of the internal space to develop their offer. For this example the activity (i.e. the services offered) has been divided into four areas:

- social enterprise
- community services
- contract delivery
- other.

Table 4.2 Use of the asset space

Space	Social Enterprise	Community Services	Contract Delivery	Other
Office 1	For rental (monthly)			
Office 2	For rental (hot desking)			
Office 3		For youth services		
Office 4		For women's counselling		
Office 5			For healthy living	
Office 6				Main reception for building
Hall 1	For the daycare			
Hall 2		Youth club - evenings/ mums and tots - mornings/ homework club - afternoons		
Hall 3	For rental to groups in the area, 5-a-side football, exercise classes etc.			
Kitchen 1	For the outside catering			
Kitchen 2				All staff to use communal space

▶ 4.4.2 Environmental considerations

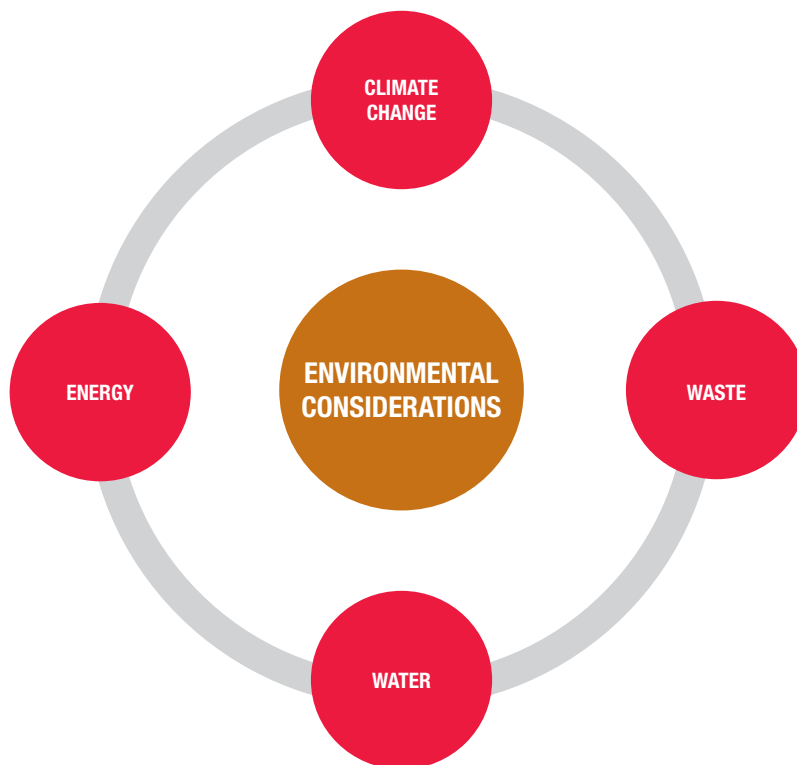
It is vital that an organisation takes into account environmental factors in relation to the physical development of their project. Investment at the early stage of a development can make a dramatic impact on an organisation engaging in asset transfer. Full cost recovery is always a key priority of successful and sustainable organisations. Effective planning in terms of environmental impact will cut costs for an organisation and sustain community enterprise within a building for many years to come.

All projects will be distinct and in order to evaluate the potential for reducing environmental impact the following considerations should be factored in at the planning phase:

- is the project a refurbishment or newbuild?
- how will the building be used?
- the ownership arrangements (existing and planned)
- the funding arrangements (existing and planned).

In relation to environmental factors, organisations should consider the following key areas at the outset in terms of the asset.

Fig 4.3: Environmental considerations



It will be necessary to communicate to the appropriate professional advisors, namely the design and build team, in terms of environmental considerations. Table 4.3 highlights a number of factors that an organisation should research prior to finalising their development.

Table 4.3: Environmental factors

Climate Change	Waste	Water	Energy
Make use of the sun	Reduce	Beware of flooding	Use less processed materials
Watch out for water	Reuse	Beware of drought	Increase levels of insulation
Reduce heat loss	Recycle as a last resort	Identify ways to slow passage of water in construction phase	Passive solar heating
Use energy efficient systems	Watch out for hidden waste	Identify ways to save water	Specify energy efficient appliances
Reduce electrical energy consumption	Beware of waste in construction phase		Turn off heating and lights when they are not needed

► 4.5 Milestones and year 1 work plan

Once you have explained the business idea you need to consider and articulate how you intend to get started and the major milestones that will get you where you want to go. Module 6 may help you think through what you need to know here.

The milestones will vary for each business but might include:

- appointment of staff
- opening of new premises
- launch of new service.

► 4.5.1 Action planning

Go back to the previous sections and decide what your major milestones would be within each of these sections. Set a target date to achieve each milestone you have listed.

Once you have your milestones, create a work plan around this. Explain what actions are required to get you from one milestone to the next. Be concise and use only 3 to 5 actions to achieve each milestone.

► 4.5.2 Monitoring plan

To make sure you know your business is working, and operating the way you want it, set up a plan to regularly monitor your work. This is good practice and will enable you to assess whether the business is working, or not. Monitoring allows you to make any necessary changes as soon as you notice issues occurring.

This is normally expected by funders. Those investing in you want to ensure that they are receiving good value for their investment. They will expect you to report on your work. Setting up a monitoring plan within your day-to-day work will give them the confidence that you will be able to keep track of the outcomes you aim to achieve.

► 4.5.3 Success indicators

Think carefully about all of the things that will indicate the success (or otherwise) of your enterprise. What questions would others ask? List all of the things that it would be possible to measure. Remember to think about social, environmental and economic factors.

What is the action?	What resources do you need? List all the things you will require to achieve the outcome e.g. venue, other people, money, etc.	Who will do it? Name of a person in the room during action planning who will take responsibility.	When will it be done? Specific date: day/month/year. The responsible person must agree with this date and report on any delay.	How will you know it has been done? What evidence will there be that the action has been carried out?

► 4.5.4 Data collection and review

This section looks at methods of collecting the data and building this into your day-to-day operations. You may wish to go back to the section on how your business will operate if you need to change a fundamental part of your operation to allow you to collect data.

To make sure that the data is collected properly you will need to build this responsibility into someone's role. Think carefully about which role is best placed to carry out monitoring, how much time it might take, who they will report to and how often they will report.

Analysing and understanding what has been collected is important. Depending on what you have chosen to evaluate, it may take some time before you see trends appearing in your analysis. Some of the data you decide to monitor will give an immediate result and other features will result in comparison over time.

You must use the data and analysis results or there is no point in collecting and analysing it. Make sure the organisation is reading regular reports and taking monitoring results into consideration as you take decisions on the direction of your business. This information will be useful in terms of:

- monitoring progress
- maintaining control of contractors
- reviewing staff roles
- informing the board of progress
- reassuring funders and investors.

► 4.6 Social impact

Social impact is what distinguishes community enterprise from other forms of business. It is important you are able both to articulate it and show stakeholders and funders you can measure it.

This is especially important when thinking about a community asset. Stakeholders will want to see what community benefit you will bring so you need to think about how you support the case for the community benefit you anticipate.

There are a variety of tools and models you can use to help you think through and evaluate your impact. From logic models and theories of change through to social auditing and external evaluation. Evaluation Scotland is a good source of information on this: www.evaluationsupportscotland.org.uk/

The following tool might help you think through your social impact.

Fig 4.4: Social impact

Impact		Stakeholders and Partnerships	
What problem(s) are you trying to solve?		Who do you need to help you?	
<ul style="list-style-type: none"> Low expectations High unemployment in our local community 	<ul style="list-style-type: none"> Stigma and local employer preceptions 	<ul style="list-style-type: none"> The community Jobcentre Plus 	<ul style="list-style-type: none"> Transport services Local college
What resources are needed?		What are your key activities/milestones?	
<ul style="list-style-type: none"> Financial support Volunteer input 	<ul style="list-style-type: none"> Member fees Support in kind 	<ul style="list-style-type: none"> Community volunteers recruited Employers engaged 	<ul style="list-style-type: none"> Building ready Projects started
Intermediary outputs		Outcomes	
<ul style="list-style-type: none"> Number of clients retained Qualifications gained Work placements achieved 		<ul style="list-style-type: none"> Number of clients sustaining employment 	
Impact on conditions			
<p>Gap with national unemployment rate has fallen by x% (local data)</p> <p>Applications to college from local area has increased by x% (data supplied by local college)</p> <p>Employers reporting increased willingness to hire from community (employer survey).</p>			

Recap – The following table provides a quick recap of this section. Can you answer the following questions and if not what do you need to do to address any gaps?

Question	Answer
Can you explain what benefits the business will offer?	
Have you considered all of the different types of reader for your plan?	
Have you carefully considered how you will use the space within the asset?	
Do you have an action plan of the steps you need to achieve your aims?	
Do you have a monitoring plan to check your progress against your aims and objectives?	

▶ SECTION 5: The Market

▶ 5.1 Introduction

It looks at the structure of your sector, who the competition is, who you can work with to strengthen your position, how you know who your customers will be, where they come from, how much they will spend and how you will keep them happy and returning.

▶ 5.1.1 Describe the market you are operating in

You should describe the geographical area your market encompasses and what regulations your market operates under. A childcare provider, for example, needs to show they are up to date with regulatory requirements and also demonstrate how they intend to keep up to date with changes.

You should also describe any changes you have identified in the size of your market over the past five years to show if it is shrinking or growing. Information sources for this might include Business Gateway.

Don't forget there are spatial aspects to your market. The wedding or pet care sectors may be growing across the UK but you should also consider the nature of the market you are likely to encounter – where will you draw your customers from and to what extent do local competitors exist? A community building, for example, may find that its market is a very specific geographical community and its success is likely to lie in capturing the loyalty of that community. The same project may then go on to consider how it might break into new communities/markets.

A list of information sources to help you might include the following:

Primary research

- Experience/knowledge of working in the sector
- Past projects/delivery of services
- Monitoring and evaluation of projects/programmes provided
- Face-to-face survey/questionnaire
- Telephone survey/questionnaire
- Postal survey/questionnaire
- E-survey/questionnaire
- One-to-one meetings
- Focus group/panels
- Attending a conference, trade show or exhibition
- Observation/mystery shopping

Secondary research

- Government reports/policies
- Public body reports/research
- Stakeholder reports/research
- Feasibility studies
- Social impact assessments
- Market research reports
- Census data
- Directories
- Competitors' websites, annual reports, brochures, etc.
- Magazines and newspapers
- Books and publications
- Trade associations and bodies
- Internet

▶ 5.1.2 Entering the market

Think through how you will establish your business and your client base and be honest about the challenges of attracting customers. Show that you have addressed these by demonstrating how you will overcome difficulties.

Be aware that it may take time to establish a customer base and that this will affect your cash flow. How will you attract new customers? What might the implications of this be for your marketing strategy? Think about how you will address these issues and demonstrate that you are aware of the challenges.

▶ 5.1.3 Main competitors

This should identify all of your competitors in the geographical area you are working in and also any future potential competitors. Your competitors are those organisations that compete for the same customers that you are targeting. This might be organisations that do similar things to you – or it could be organisations providing different activities that your potential customers might want to spend money on rather than come to you e.g. attending a cinema rather than your community event.

Explain how these competitors will affect your business and how your business might affect them. Again the Business Gateway is a good starting point to find out more about competitors. You can also do your own research online, looking at competitor websites and understanding their business model and marketing.

▶ 5.1.4 Procedures to keep up with competitors

Show that you have looked at the success of others in the same market. Finding out about your competitors to write your initial business plan is important but competition changes and evolves all the time. You need to address how you will know about these changes and keep up with the competition as well as react to opportunities that may arise.

Establishing procedures at an early stage will help you to keep up with external influences. Relevant trade or professional journals and good practice networks, for example, can provide information on new legislation, guidance and standards. Try to develop systems which will help you achieve this e.g. once a year obtain information on the space-hire charging structure of other community centres.

Another approach is to explore good practice and quality standards in your field. Keystone, for example, is delivered through SCVO and provides a set of standards and good practice which community halls and facilities can use to demonstrate that they are operating within minimum standards and above: www.scvo.org.uk/services/keystone.

Studying your competitors is an important way of improving your performance. Table 5.1 provides examples of how you might do this:

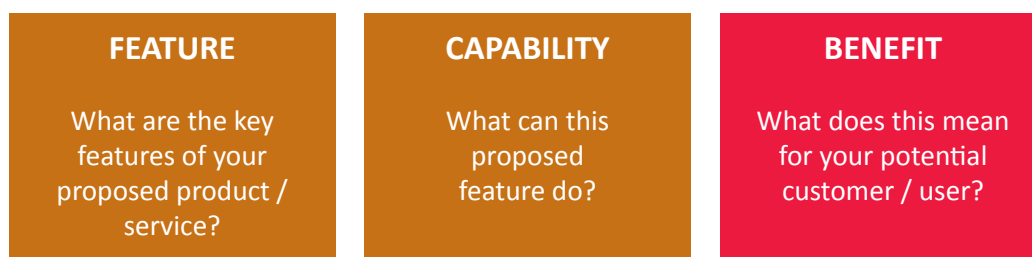
Table 5.1: Competitor's strengths and weaknesses

Competitor	Strengths and Weaknesses	How are you going to compete?
Social enterprise		
Daisies Daycare	Well established, good staff, expensive, old building	Promote the social enterprise angle, offer longer opening hours, promote it as a new building
Community Services		
Grove Youth Club	Well established, good volunteer support, old building, no new activities	New building, new innovative activities following market research with users
Contract delivery		
Steadmore Healthy Living Programme	New organisation to health arena, weak staff, poor user support	Well established, excellent stakeholder support, high user numbers, strong relationship with contracting body

► 5.1.5 Uniqueness

You need to have something that marks you out from the competition, so consider what that is and explain why it will attract customers to your offer. What makes you different or sets you apart? This might come from your pricing structure, the nature of your service e.g. having local, trained staff who understand your customers, your location or a combination of factors. Try and encapsulate this in a single line. It can be a key promotional or selling point for you.

One way to think through your unique selling point is to think in terms of 'Feature', 'Capability' and 'Benefit' (see below):

Fig 5.1: Features, capabilities and benefits

Don't forget that as a community organisation your uniqueness may come from your social value. The creation of social capital or cohesion as a result of your activities may make you stand out from other providers, especially private sector ones. You should be aware, however, that social impact does not mean you can provide a lower quality of service.

► 5.1.6 Partnering

Partnership can be a crucial factor in your plans for sustainability. Building partnerships with others will strengthen your enterprise. Consider whether you might be able to work in partnership with competitors to strengthen both organisations. And consider complementary businesses that you could encourage to work in partnership with you. This could also be public bodies as well as private businesses.

Partnership can be an effective means of sharing good practice. It can also give you a commercial advantage if it allows each partner to play to their strengths, for example, in a competitive tender. Thinking though your competitive strengths is important because only then will you understand which partners add value to what you offer in a tendering environment.

There is a growing range of sources of support for this including:

- Partnership for Procurement: www.p4p.org.uk/
- Ready for Business: www.readyforbusiness.org/

► 5.1.7 Your customers

What do your customers want to buy? How much will your customers pay for what you have to sell? What research have you done to prove your assumptions? Are your customers grouped into different categories? For example: tourists, local people, men, women, children, single interest groups, etc. Reference all your research in your appendices. There are tools which can help you do this:

Fig 5.2: Segmentation, targeting, positioning (STP)

SEGMENTATION	Break down a market into homogeneous groups
	Develop measures of attractiveness
TARGETING	Select target segments
	Develop positioning for each segment
POSITIONING	Develop a marketing mix for each segment

This is a vitally important part of your business plan. If you are proposing to run a café, survey prospective customers. What would they eat? When would they eat? What would they pay? Speak to other organisations who have done this. Get hold of their research and adapt it for your own needs. Asking the right questions of the right people can fundamentally change the financial assumptions on which your business plan is based.

▶ 5.1.8 Customer service

Critical to success is keeping your customers happy. If they do not come back you will soon run out of customers. How will you do this and what systems will you have in place to ensure customer satisfaction is maintained on a day-to-day basis? Look at how your competitors do it and learn from them.

If you survey your customers take time to look at the results on a regular basis and act on them. It takes confidence for someone to give honest feedback but it can be worth its weight in gold - so welcome it! Engage staff and volunteers to think about how you respond. You may need to respond differently to different types of customer group.

▶ 5.2 The marketing plan

Once you understand the wider market you are operating in and what your customers expect and need and will pay for, you must decide how best to let people know you exist. This is your marketing plan and includes all of the methods of communication such as printed media, word of mouth, social media, etc.

You will be attracting different types of customer depending on what service you are offering. It will be useful to break these down into categories and devise a plan that would attract and appeal to the interests of each category of customer.

▶ 5.2.1 A mission/vision statement

The mission and vision statements help you market your business. A short statement that encompasses what your business is all about, and why it is different, is essential for effective marketing. You should work on producing only one statement that will appeal to all of your prospective customer groupings.

It can be helpful, in terms of marketing, to encapsulate your unique selling point in a phrase:

Our service is different from that of competitors because...

► 5.2.2 Letting people know about your business

There are many ways to inform people. You should decide which of the available options are most appropriate for a particular type of customer and your business. You should also be able to articulate how you know what you have chosen will be effective. The tools below are one means by which you might structure this:

Table 5.2: Methods of promotion

Promotion	Advertising	Sales promotion	Public relations	Personal selling
Traditional	Signs Newspapers Magazines Brochures Business cards Exhibitions Trade shows Leaflets Posters Mail shots Merchandise Newsletters Radio Directory	BOGOF (Buy one get one free) Competitions Coupons Discounts Free consultations Free trials Gifts with purchases Loyalty incentives Opening offers Sales letters Special offers Trade show offers	AGMs Social impact reports Awards Competitions Editorials Press releases Newsletters Endorsements Networking Forums and advisory groups Presentations Launches Radio talk show Referrals Word of mouth Sponsorship	Cold calling Conference selling Elevator pitch Networking event Industry event Sales agents Distributors Sales representative Sales meeting Sales presentation Telemarketing
Digital	Online ads, e.g. • Pay per click • Pop up • Google ads • Banners • Facebook ads Website Viral campaigns Digital news flash Search engine optimisation Short messaging service	Digital coupons Digital vouchers Facebook ads Facebook competitions QR (quick response) codes	Social media • Facebook • Twitter • LinkedIn Blogs Forums Podcasts Linkages to other websites Interactive edutainment	Email Webinars LinkedIn Skype Conference calls

► 5.2.3 Monitoring the effectiveness of your marketing

Spending money on marketing is unavoidable if you want people to know you exist. It is important that you have a way to check that the money you are spending is having the effect you want and continues to do so over time. Implementing opportunities for customers to feedback on where they find out about you is one way to check what marketing works and what does not. Checks should be proportionate to the financial implications of the marketing method you used.

Recap—The following table provides a quick recap of this section. Can you answer the following questions and if not what do you need to do to address any gaps?

Question	Answer
Can you describe the market you are entering?	
Can you identify your competitors?	
What is your uniqueness?	
Who can you build relationships with?	
Can you identify your customers?	
What do you need to do to attract and keep customers?	
Can you identify your key factors for success?	
What are the opportunities and threats to your business?	
How will you know your marketing is successful?	

▶ SECTION 6: Resources / Financial Information

Module 4, Financial Planning, covers this area of a business plan in more detail.

▶ 6.1 Introduction

There are several different ways to display your business financial calculations. To make it simple this work book uses the templates provided by Business Gateway. These can be downloaded from:

- <http://www.bgateway.com/starting-up/business-plan-template>

Depending on your business, the information may become quite complex but the principles are the same for each of the templates. The template can be changed and additional items added to reflect your situation.

▶ 6.1.1 Template 1 – Start-up costs

This template answers the question: how much do you need to spend before you can begin to trade?

You might be building new premises or refurbishing a building. You might need to buy specialist machinery or you might need to set up a home office. You may need legal advice or other professional services to advise you before you begin. Most of your start-up costs are known as Capital Costs.

▶ 6.1.2 Template 2 – Cash flow forecast

Cash flow is critical for any enterprise. Without money in the bank you cannot operate. This forecast focuses on when money will come in and then relates that income to when money will be spent. Sometimes, fundamentally sound enterprises have gone out of business because they had insufficient cash flow to pay staff or keep a building open.

Many funders, for example, will pay you only after you have spent the funds. Once you can prove you have spent the money and it appears on your bank statement, you submit a claim and they pay you back. In this circumstance, you need to consider how you are going to cover the costs until that money comes back to you. Overdrafts, bank loans and other options to support cash flow need to be considered. Support for cash flow is known as **operating capital**.

When setting up a new enterprise you need to plan for the months you are not generating income. The template takes you through a simple scenario split into two 6 monthly sections. It may take much longer for your business to be set up before trading can begin or it may only take a matter of weeks. Whichever it is you need to plan carefully.

Preparing a cash flow forecast shows the reader that you have carefully considered how your business will be able to continue to operate in times of low, or even zero, income.

The cash flow forecast includes total expenditure shown against a month-by-month spreadsheet of when the expenditure is incurred and the same month by month total income when you expect to receive money.

▶ 6.1.3 Expenditure/Costs

Working out your expenditure answers the question: how much does it cost to run the business?

Costs can be broken down into 4 areas:

- **Capital Costs** – the physical items you buy when you start up your business, such as tools, equipment, premises, etc.
- **Variable Costs** – incurred to produce your product or service, for example postcards and gift items to sell in the visitor centre, flour and sugar for cakes to sell in the café, etc.
- **Fixed Costs** – incurred to keep the business going whether or not you are selling products or services, for example telephone bills, office rental, staff salaries, insurance, advertising and marketing, etc.
- **Revenue Costs** – incurred to maintain the effective running of the business, for example renewal, maintenance, repainting, staff training, etc.

Fixed costs and revenue costs are those that you need to keep a close eye on as they are not directly connected to the products or services you sell and can easily get out of hand.

▶ 6.1.4 Income

Income is all of the money that flows into your bank account. This includes funding, loans, donations, sales, interest from the bank, etc. The term revenue can also be used to refer to income but, as it can be confused with revenue expenditure, we will use the term income.

▶ 6.1.4.1 Using the cash flow template

When you work through the sections of your plan you should be thinking about what everything will cost you and how much income you will generate. As you complete each section, write a list of what will cost you money and a second list of what will generate income. Do not enter these into the spreadsheets yet.

▶ 6.1.4.2 Grouping the costs

Once you have all of the cost items, go through them and decide if they are Capital, Revenue, Variable or Fixed Costs. Once you have decided, separate them into the four categories then decide if they should be reported individually or grouped together.

For example, telephone bills and broadband could perhaps be grouped together into one item which you call 'office costs'.

You also need to explain how you have estimated these costs. Put your explanation of your estimates into an appendix.

▶ 6.1.4.3 Grouping the income

You will then do a similar exercise for income, using appropriate headings. For example, funders, sales, interest, donations, etc.

You also need to explain how you have estimated your income. Put your explanation of your estimates into an appendix. This will include how you decided on your prices, number of customers, level of sales, etc.

▶ 6.1.4.4 Completing the cash flow

Now you have your lists, enter all the items into the appropriate place in the Cash Flow Template. The next step is to fill in all of the figures that you have estimated, month by month for the next year. Remember to include an appendix to explain how you have decided on these figures.

The template has a column for estimated amounts and a second column for actual amounts. Use the second column once you are operational to compare your estimates against the reality.

▶ 6.1.4.5 Profit and loss accounts

This adds up all of the income that you get from selling your products and/or services (income) and then subtracts all of the costs incurred in operating the business (cost). The result is called 'net profit' and shows the health of your business.

The profit and loss accounts should cover a period that makes the most sense to your business. That could be monthly, quarterly or annually. Most common is annually but it does not need to be. Comparing profit and loss accounts information over several periods and often several years gives a clearer financial picture of how you are doing.

For a new enterprise, you need to make some assumptions and predictions to prepare a forecast of your potential profit and loss accounts. Using the templates helps you to work that out. An existing business can use historical information to help with predictions.

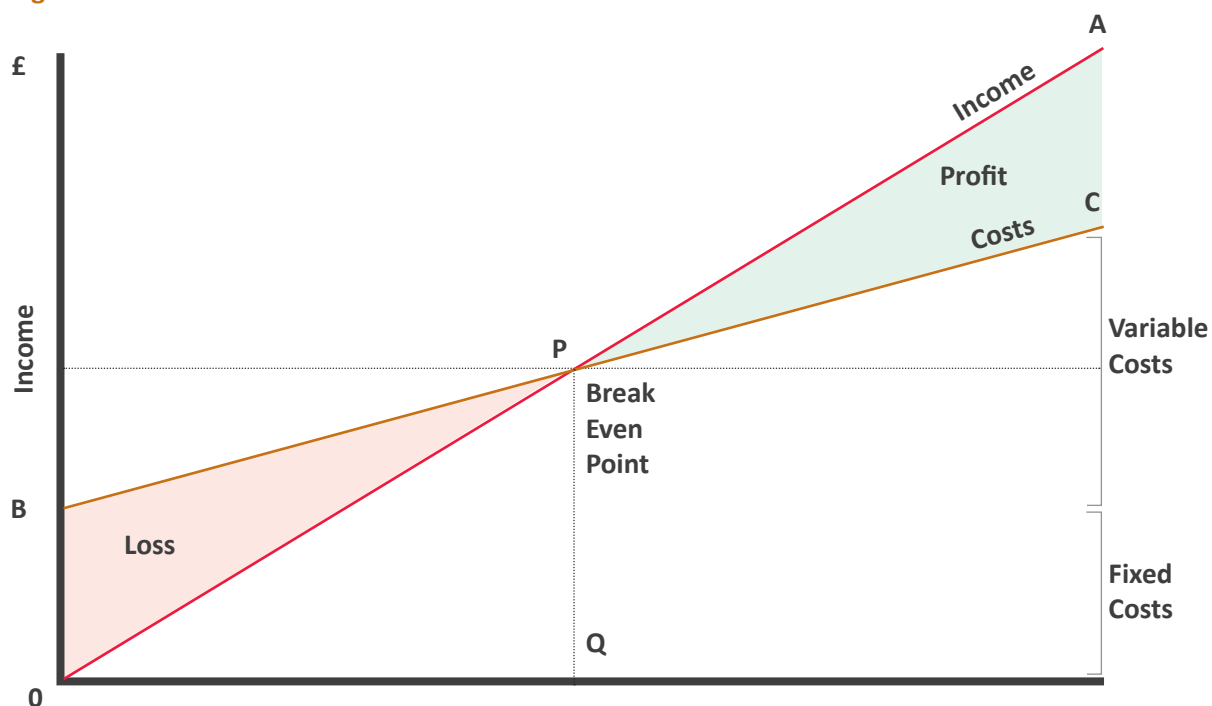
Table 6.1: Example of a profit and loss forecast

	Year 1	Year 2	Year 3
Value of Assets	10,000	8,000	6,000
Gross Income on Sales	100,000	150,000	200,000
Cost of Sales	-40,000	-60,000	-80,000
Gross Profit	70,000	98,000	126,000
Fixed Costs	-10,000	-12,000	-14,000
Depreciation	-2,000	-2,000	-2,000
Operating Profit	58,000	84,000	110,000
Interest and other investment income	500	550	600
Profit before taxes	58,500	84,550	110,600
Taxes (profit before taxes transferred)	0	0	0
Net Profit for the Year	58,500	84,550	110,600

► 6.1.4.6 Break-even point

Now that you have your figures and have explained your reasoning for these figures you need to consider where your break-even point lies. This is important as it shows you how much you need to be earning to make a profit. The diagram below explains how to work out your break-even point. Knowing where your break-even point is allows you to set your prices to compete but also to generate enough to keep you operational.

Fig 6.1: Break-even Point



Fixed Costs are items that you must pay but that do not change whatever your operation levels e.g. loan repayments, rates, insurance, etc.

Variable Costs are items which change dependent on output e.g. heat and light, telephone and internet costs, production costs, stock items, etc.

A = total income

C = total costs

P = break-even point

Q = line showing level of output required to break-even

B = line showing level of income required to cover fixed costs

Profit – anything that falls within the triangle created by P, A and C markers will be a profit.

Loss – anything that falls within the triangle created by 0, B and P markers will be a loss.

▶ 6.2 Fundraising plan

This section indicates how you plan to raise funds for your project in the longer term and should detail:

- a strategy detailing the organisations and funding sources you intend to approach including why and when you intend to approach them
- other fundraising plans, e.g. local fundraising events.

This is a relatively straightforward section of your plan. It can be a table listing the funders you have approached or intend to approach to satisfy the immediate requirements of your business. It should show the current status of applications and the total amount you expect to receive from each source of funding.

Ongoing finance: if you have determined, from your other financial forecasts, that you will need to continue to raise funds to add to the income you are generating you should detail how much you will need over the longer term. Detail the methods you will use to raise ongoing funds in a separate list.

▶ **SECTION 7: Sustaining the Enterprise, Assessing Risk**

▶ **7.1 Introduction**

It is important that the enterprise you develop, and the asset at its heart, can be sustained into the future. Your audience, especially those you are asking for funding, want to know that you have considered potential risks and have developed strategies to deal with them. In the process of developing the business plan, identification of potential risks will not only result in a better plan but also better prepare you to successfully manage the enterprise.

We recommend you think carefully about how you carry out the tasks involved. The value is as much about the process of developing a shared understanding of your organisation, the challenges it faces and your response to them as it is about what you write down from it. Involve your board, staff and volunteers in the process. It can be a good way of unlocking and using the varied knowledge that people in the organisation bring. Stakeholder organisations could also help. You may want to think about an external facilitator for this part of the process.

▶ **7.2 Risk analysis**

A PESTLE analysis is one means to think about risk and your response to it.

PESTLE stands for:

- P – Political
- E – Economic
- S – Social
- T – Technological
- L – Legal
- E – Environmental.

To carry out your PESTLE analysis ask these questions of each of the elements below.

- Which are of most importance now
- Which are likely to be most important in a few years
- What are the factors influencing any changes?

▶ **7.2.1 Political**

What are the key political drivers of relevance?

This might include worldwide, European and government directives, funding council policies, national and local organisations' requirements, institutional policy. Political factors often have an impact on organisations and how they do business. Organisations need to be able to respond to the current and anticipated future legislation, and adjust their marketing policy accordingly.

How might Brexit affect your plans for example? Will it limit the potential for match funding, drive up your costs or make it more difficult to recruit staff? Alternatively it might provide opportunities e.g. more inward tourism opportunities.

▶ 7.2.2 Economic

What are the important economic factors?

This might include funding mechanisms and streams, business and enterprise directives, internal funding models, budgetary restrictions, income generation targets.

Economic factors have a significant impact on the level of surplus you can generate. Factors include economic growth, interest rates, exchange rates, inflation, disposable income of consumers and businesses and so on.

▶ 7.2.3 Social

What are the main societal and cultural aspects?

These might include societal attitudes to education, particularly in relation to government directives and employment opportunities. They might also include general lifestyle changes, changes in populations, distributions and demographics and the impact of different mixes of cultures and the shared belief and attitudes of the population. If you run a leisure centre, for example, it's important to be aware of how customer demands might be changing e.g. demand for customised training, compatibility with Fitbit recording etc. After all, if you invest time setting up a gym with weights and running machines when people increasingly want customised fitness programmes or group-based classes, your venture may be quickly falling behind changing client demands.

▶ 7.2.4 Technological

What are current technology imperatives, changes and innovations?

This might include major current and emerging technologies of relevance for teaching, research or administration. We all know how fast the technological landscape changes and how this impacts the way products are marketed. Technological factors affect marketing and the management thereof in three distinct ways:

- New ways of producing goods and services
- New ways of distributing goods and services
- New ways of communicating with target markets.

▶ 7.2.5 Legal

Current and impending legislation affecting the role

Examples might include our exit from Europe and the role of European standards, and the effect of national proposed and passed legislation. Legal factors could include health and safety, equal opportunities, advertising standards, consumer rights and laws, product labelling and product safety. Enterprises need to know what is and what is not legal in order to trade successfully.

► 7.2.6 Environmental

What are the environmental considerations, locally and further afield?

This could involve local, national and international environmental impacts and the outcomes of political and social factors. These have become important due to the increasing scarcity of raw materials, pollution targets, doing business as an ethical and sustainable company, and carbon footprint targets set by governments (this is an example where one factor could be classed as political and environmental at the same time). These are just some of the issues community organisations will face. More and more consumers are demanding that the products they buy are sourced ethically and if possible from a local, sustainable source.

Once you have completed the PESTLE analysis you will be in a position to develop a SWOT analysis.

► 7.3 SWOT

A SWOT analysis measures the impacts on a business idea, a proposition or a project.

SWOT stands for:

- S – Strengths
- W – Weaknesses
- O – Opportunities
- T – Threats.

This tool is used to evaluate the Strengths, Weaknesses, Opportunities and Threats involved in analysing the risks of a social enterprise. You specify the main objective of the venture and then identify the internal and external factors that will have a positive as well as negative impact.

Each organisation or business has to deal with both internal and external factors that affect them. Use the first two sections (Strengths and Weaknesses) to identify all of the internal factors. The last two sections (Opportunities and Threats) will identify all of the external factors.

A SWOT analysis that does not produce or help towards producing realistic and achievable goals is useless. Below are “sample” questions that you could ask for each section. These are just a short selection and will differ from objective to objective and from organisation to organisation. The important point to take away is that the right question will help to produce a valuable SWOT analysis.

► 7.3.1 Strengths (Internal factor/Positive influence)

- What are we best at
- What intellectual property do we own that can help us with this objective
- What specific skills does the current workforce have that can contribute to this objective
- What financial resources do we have for reaching this objective
- What connections and alliances do we have
- What is our bargaining power with both suppliers and intermediaries?

▶ **7.3.2 Weaknesses (Internal factor/Negative influence)**

- What are we worst at
- Is our intellectual property outdated
- What training does our workforce lack
- What is our financial position
- What connections and alliances should we have, but don't?

▶ **7.3.3 Opportunities (External factor/Positive influence)**

- What changes in the external environment can we exploit
- What weaknesses in our competitors can we use to our advantage
- What new technology might become available to us
- What new markets might be opening to us?

▶ **7.3.4 Threats (External factor/Negative influence)**

- What might our competitors be able to do to hurt us
- What new legislation might damage our interests
- What social changes might threaten us?

▶ **7.4 Risk Assessment**

Following your analysis you should carry out an assessment against the risks you have identified. It may only be necessary to include the assessment in the main body of your plan, however you should include the analysis in the appendices to show the full process.

One way to proceed is to create a table with 4 columns:

- **Column 1** – list all of the risks you have identified.
- **Column 2** – what is the possible impact on the business?
- **Column 3** – decide if they are High, Medium or Low risk. You can colour code these to show clearly where the highest risks lie. For example use a traffic light system to indicate High/red, Medium/yellow and Low/green.
- **Column 4** – outline what you would need do to mitigate against these risks.

The table (7.1) below is just one example of how you might show assessment of risk. There are many other options and an internet search could provide a different method more suited to your situation. However they follow a similar approach listing the risk, impact, level and mitigation.

Table 7.1: Example of a risk assessment table

Risk	Possible	Risk Level	Mitigation Method
Low customer numbers	Loss of sales and profits	High	Multifaceted marketing plan
High employee turnover	High marketing costs	Medium	Employee satisfaction committee
Accident – customer injury	Profits, goodwill	Low	Safe practices – insurance
Accident – employee injury	Profits, employee loyalty	Low	Safe practices – insurance

▶ SECTION 8: Summary

▶ 8.1 Executive Summary

The summary, sometimes known as the Executive Summary, is referred to in the section about general presentation and layout. This should always be written last after you have completed all of the other sections.

Viewing each of the other sections as a summary of the information you possess and the research you have carried out helps you to see the Executive Summary as a condensed version of all the other sections.

You should refer to the main points contained in all of the other sections and bring them together, concisely and clearly. Attempt to get this onto one page if you can but no more than one and a half pages. It includes:

- A description of the business:
 - what will it achieve
 - how will you do it
 - who will benefit?
- Key financial information – overall cost of the business and the expected sources of funding
- How it fits with funders or stakeholders priorities.

▶ 8.2 Contents page

This is required to help the reader to navigate easily to a particular place of interest to them. A reader may be interested, for example, in the business idea or in the financial information and will wish to navigate straight to that page after reading the summary. A contents page, listing sections and pages, makes this easy.

The contents page should also list appendices. The appendices are the documents that give the reader the detail behind the information contained in each section. They will be dependent on your business but could include:

- copy of constitution
- brief biographies containing relevant experience of key board members/staff
- feasibility study
- detailed architectural plans/drawings
- details of community/stakeholder consultation exercise
- market research information
- relevant photographs
- detailed financial forecasts
- notes explaining assumptions made in the financial forecasts
- audited accounts
- latest annual report
- letters of support for the project from stakeholders/other funders/users
- offer letters for funding secured
- photocopies of press cuttings.

▶ **SECTION 9: Other Support Available**

▶ **9.1 Business advice**

Just Enterprise – www.justenterprise.org Specifically to support social enterprise
Business Gateway – www.bgateway.com Training and advice for all business types

▶ **9.2 Industry/Market analysis**

Government sources

- You can download historical accounts from Companies House at – www.companieshouse.co.uk
- Check intellectual property rights and how you can protect your own with Intellectual Property Office at – www.ipo.gov.uk
- Research demographics for market analysis with National Statistics at – www.statistics.gov.uk

Online Newspapers – www.onlinenewspapers.com Where you will find lots of information.

Google News – www.google.com then select News from the menu bar underneath the banner. This will take you to any online article for a particular topic. Typing in a relevant theme could provide a great deal of insight to your market.

▶ **9.3 Mission and vision statements**

Vision statement ideas: Top Non Profits
www.topnonprofits.com/examples/vision-statements/

Vision statements explained:
www.jiscinfonet.ac.uk/infokits/mission-vision-values/vision-statement/

Mission statement ideas and how to write one:
www.articles.bplans.co.uk/writing-a-business-plan/mission-statement/367



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