



Community &  
Voluntary Services  
cheshire east

# Business Planning

## session 5

# Take away task feedback

- What was difficult?
- Any surprises?
- Do you have targets – are they SMART? What market research have you done, or might you do?



# Aims and Outcomes

To equip you and your organisation to plan for the future, and understand where your services fit in the wider sector

By the end of this session you should have increased:

- Ability to identify resources needed to fulfil your business plan
- Confidence in preparing a full cost recovery budget
- Understanding of income generation methods

# What we'll cover today:

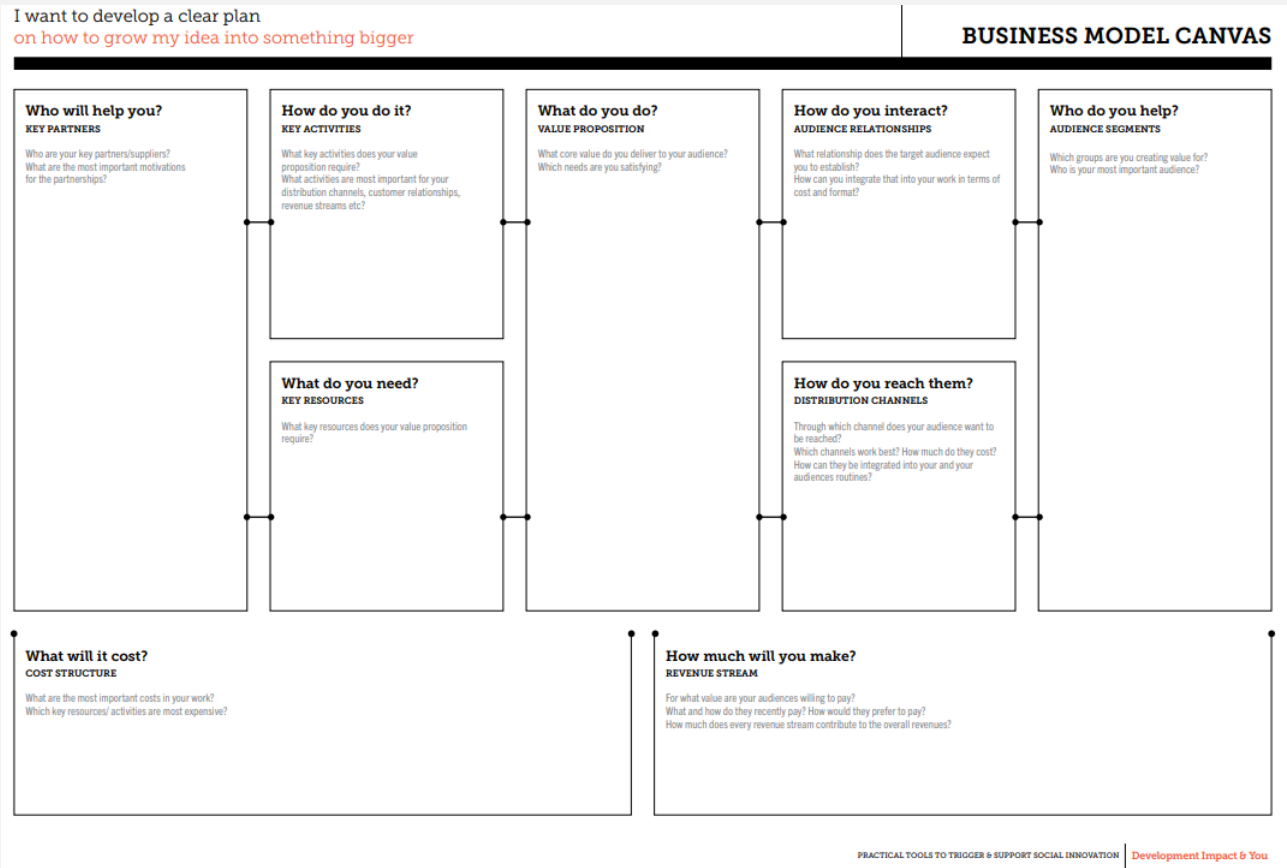
- Operational plan – resources
- Full cost recovery
- Budgeting and cash flow
- Pricing strategy
- Income generation plan



# Planning in action

Aim 1.....													
Delivery area	2020-21 achieved	21-22 target (minimum)	RAG (against target)					Activity	Quarterly milestones				Team / individual Lead
			Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Total		Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	
11-16 youth club	35 young people attending regularly	20% growth - 7 new members	2					Run weekly sessions for young people ages 11-16	Marketing through schools and community venues - for new members	'bring a friend' evening	Christmas party – all welcome	All members included in planning and purchasing new equipment	Volunteers and club leader
		Retain 80% of current members (28)	18						Introduce new games and activities	Event and trip planning with members	Christmas gifts for existing members		
	? – not measured	75% attendees increase confidence	70%					Incorporate sessions to learn new skills and develop confidence through performing arts					trustees

# Business Model Canvas



# Full Cost recovery

## Direct Costs

Potatoes  
Oil  
Salt  
Crisp maker salary  
Packaging  
Deep fat fryer



## Indirect Costs

Marketing budget  
Packaging design  
Management  
Equipment maintenance  
Insurance  
Rent

# Scenario

The 'Young Knutsfordians' youth club meets in a school hall, in the town centre. It covers the age group 11-16 and meet on a Friday evening. They want to expand and open another day a week for 7-11 year olds, using volunteers and one staff member. They are just at the planning stage of this, but want to get the new session running for September.



# Budgets

- Salary costs, NI, Pension
- Utilities
- Insurance
- Recruitment costs
- Training
- Marketing
- Travel expenses
- Equipment –laptop, phone
- Activity costs – craft, sports equipment, trips
- Refreshments

# Break

Back in 5.....



# When do you need it? Cash-flow

Up-front?

During the Project?

Responding to change

What is the urgency? What level of risk?



# Pricing Strategy

- Pricing for market penetration
- Economy pricing
- Pricing at a premium
- Price skimming
- Psychological pricing
- Bundle pricing
- Geographical pricing
- Promotional pricing
- Value pricing
- Captive pricing
- Dynamic pricing
- Competitive pricing

# Sources of income for voluntary organisations

## Plan your organisation's future funding

There are four main streams of income. Each is accessed and managed differently and relies on a particular relationship, whether with an individual or an organisation. Having a good relationship with the donor, funder, purchaser or customer is crucial.

## Asking and earning

Working with gifts or grants, you usually define the aim of your work and ask for support to make it happen. With contracts and the open market, the purchaser or customer usually defines what they want to pay for and you earn income by meeting their requirements.

## Gifts

### Donor relationship

Gifts are made to further the mission of the organisation. This includes community fundraising, individual giving, regular donations, philanthropy, corporate support, legacies and much more. Often this income is unrestricted, as the donor trusts the organisation to use the money to achieve its aims.

## Grants

### Funder relationship

Restricted funding to deliver specified outputs or mutually agreed outcomes. Most often there is an application process, the funder has clear expectations about what will be achieved and they will monitor how the grant is used.

## Contracts

### Purchaser relationship

Payment for provision of products or services according to agreed terms with a third party purchaser from the public, private or voluntary sectors. There is usually a competitive tendering process at the start and contract management throughout to check that the objectives are being achieved.

## Open market

### Customer relationship

Selling products or services to customers, not as part of a long-term structured contract. The open market includes trading and enterprise activity such as providing education, training, paid-for advice, selling publications or other retail. Trading can directly further the organisation's mission or can be purely to generate profit. Any surplus income is unrestricted.

### Donor or customer?

Income from sponsorship, membership and fundraising events can be gifts or can be in the open market. It depends on whether the person or organisation is understood to be getting a product or service in exchange for their money. If they are, they are a customer, if not they are a donor. This affects tax and Gift Aid.

### Social investment

Social investment means the different types of financing used to create social impact. This includes loans, bonds, capital, equity and many other types of investment in voluntary organisations. Full details are available on Social Investment Made Simple <http://ncvo.org/SocInv>

### Investment income

Investment income includes rent from property, dividends, and interest on deposits. Investments by voluntary organisations generate a small but significant share of the sector's overall income. Wise investment is part of sound financial management, as discussed on the NCVO website [www.ncvo-vol.org.uk/sfp](http://www.ncvo-vol.org.uk/sfp)

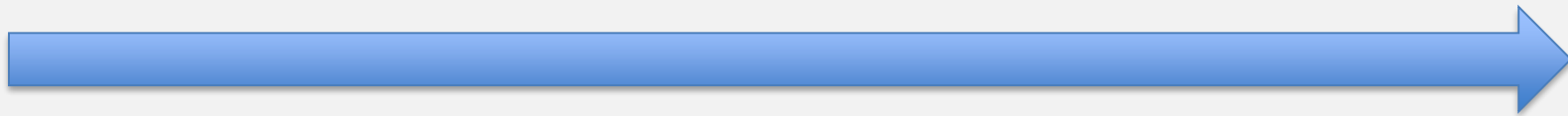
# Gift Economy – Open Market

Donations

Grants

Contract

Trading



# Income Generation plan

- How much is needed?
- When is it needed
- What method of income generation will you use?
- Who will be responsible?

# What is a business plan?

## Component Parts

1. Executive summary
- ✓ 2. About your organisation
- ✓ 3. What we do
- ✓ 4. Our market
- ✓ 5. Market research and testing
6. How we reach our market
- ✓ 7. Market analysis
- ✓ 8. Operational plan
- ✓ 9. People, management and governance
- ✓ 10. Our impact
- ✓ 11. Cost and income structure
- ✓ 12. Financial forecasts
13. Risk map



# Questions

- Take away task
- Future Weeks