



## Writing a business plan for a social enterprise

When starting a social enterprise there are many things to think about. One key aspect to consider is how to create a plan, mapping out all the elements that the business needs to develop.

It is important to get the plan right with achievable objectives and realistic time limits to ensure success.

### **Why is a Business Plan Required?**

First and foremost a business plan helps you manage your business and make effective decisions on its future development.

It will show how your business will progress and succeed.

It identifies risks and shows how you will deal with them.

### **Who is the Business Plan for?**

The business plan primarily is for you but also for your stakeholders, bank managers, business advisers, contractors and funding organisations.

**TIP** – Think about what you would want to see in the plan if someone wanted to borrow money from you

### **Business Plan Sections**

- i) Executive summary

This section should be written last and be no longer than a page. Tell the story of your business in brief, how it started, what have you achieved to date, how you want to do it and where are you going to get the resources from.

It should read like a sales pitch which is best done last. It should inspire and motivate the reader to want to learn more about the business and to continue reading the rest of the plan.

**TIP** – Use a snapshot of figures to show your projected financial growth and social and / or environmental impact.

ii) Description of business

This section should include:

- The name and location of the business
- The type of legal structure adopted and why this structure has been selected
- The regulations that the business is required to comply with
- Details of the services, products and activities the business will offer
- Aims and objectives. This section should be split into social aims and business objectives. The social aims can be outlined as the basis to measure the business's wider social impact. Business objectives should be short, medium and long-term correlating to the financial projections.

iii) Need for the enterprise

How relevant is the business to your customers and your beneficiaries? This section should justify why the business is needed and demonstrate you have proved the need. You should include national, regional and local policy to show that your business meets government policies.

**TIP** – policies that you quote should be relevant, recent and sourced correctly and come from the feasibility study. The feasibility study should feed into this section.

iv) Market analysis

This section should tie into the relevance of the enterprise and include evidence of demand from beneficiaries and customers.

Beneficiaries are those individuals who are least likely to pay and most at need.

Customers may be companies, public sector organisations or funding organisations contracting with you to serve the beneficiaries.

A thorough competitor analysis should be undertaken.

Consider in the customer analysis:

- Market size – include statistics on the size of the market both in terms of the number of customers and the value of the industry as a whole.
- Customer segmentation – divide the customers in the market into different groups based on common characteristics.
- Value drivers – identify what every customer segment values when it comes to your industry. Are customers willing to go out of their way to get the right product or service?
- Decision process – include details of who actually purchases the product or service
- Concentration of customer base – give details of where the various target customers are targeted (both beneficiaries and customers)

**TIP** – work out a percentage breakdown of paying customers and non-paying beneficiaries using a pie chart.

#### v) People plan

This section needs to provide an overview of the owners of the enterprise including relevant experience, roles and responsibilities.

Include a flow chart representing the management structure as it is now and the proposed future structure.

Details of the following should be provided:

- Board members
- Senior staff members
- Staff
- Partner organisations
- Supporters

Attach CVs of board members and senior management in the appendices.

#### vi) Finance plan

This section should be used to provide details of the financials. Use the introduction to provide details of banking arrangements.

Include:

- How much the business will cost to run (expenditure assumptions) – this should
- correlate with the business objectives
- How much the business aims to earn (income assumptions) – this should correlate with the business objectives
- Sales activity – show target sales turnover, average monthly sales and how many sales per month are required to break even.
- Cash flow forecast
- Funding required to start-up the business
- Full cost recovery – what the business needs to make to pay back the money that has been invested into the business before trading starts
- Marketing plan – what will it cost and how long will it take to sell your activities? The costs for marketing should correlate with the marketing plan activity and pre-empt increase in sales in the cash flow

**TIP** - If applying for funding, create two cash flows – one with funding and one without.

vii) PESTLE / SWOT and risk analysis

Include a PESTLE analysis identifying key external:

- Political
- Economic
- Sociological
- Technological
- Legal
- Environmental factors that may impact on the business, locally, regionally and nationally

Include a SWOT analysis – identify the key internal ‘strengths’ and ‘weaknesses’ of the business. Identify key external ‘opportunities’ and ‘threats’ outlined in the PESTLE.

Level of risk (low, medium or high)

How you will mitigate the risk (Actions 1, 2 and 3)

For the risk analysis use the weaknesses and threats identified in the SWOT. State what level of risk they each possess (low, medium or high). Explain what actions you will take to mitigate each risk.

viii) Marketing plan

This section should outline how you will promote your business to the markets you have identified.

Use appropriate marketing methods tailored to the expectations and values of each customer segment.

Show all costs inputs and how much business you expect to get for each marketing methods.

What level of sales of products or services do you require to cover the costs of each type of marketing (and create a profit)?

Include a marketing schedule and promotion methods.

**TIP** – promotion is not the only method of marketing. There are many types of marketing methods including relationship marketing and pricing strategies.

ix) Future developments

Explain where the business will be in the long-term

x) Appendices

Include all supplementary information to the main body of the business plan such as (consultation work, CVs, feasibility work, letters of support, HR policies, cash flow and letters of intent).

Where to go for Further Help

[www.seeahead.co.uk](http://www.seeahead.co.uk)

[www.gov.uk](http://www.gov.uk)