

Writing A Business Plan For A Social Enterprise

One of the most important things to think about when starting a social enterprise is the creation of a business plan. This will **map** out the **journey** of the business and all the areas it needs to **develop**. It is important to develop a detailed **strategic plan** with S.M.A.R.T. **objectives** to ensure **sustained success**.

Why is a Business Plan Required?

Primarily, a business plan helps you strategically manage your business and make effective decisions on its future development. Strategic planning is essential to ensure sustained success in a social enterprise.

An effective business plan will show how your business will move from A to B, from where you are now to achieving your key goal, and the strategy to be followed to achieve this. It will include S.M.A.R.T. objectives so that the business can sustainably achieve its aims. Risks will be identified in the plan and strategy will be drawn up to deal with them.

S.M.A.R.T. Objectives are:

- **Specific** – clearly focussed on one thing to achieve
- **Measurable** – quantifiable so they can easily be seen to be achieved or not
- **Achievable** – of reasonable challenge
- **Realistic** – of reasonable ambition
- **Time bound** – with a deadline attached

The business plan is primarily for you but also your stakeholders; bank managers, business advisers, contractors and funding organisations, to show them how your business will progress and succeed.

TIP – *Think about what others would want to see in the plan if they were considering lending your business money or working with you.*

Business Plan Sections

1) Executive summary



This section should be written last and be as succinct as possible. It should tell the reader about the social issues your business addresses, your solution, your target market, a financial snapshot, your resources, and what you have achieved to date.

It should read like a sales pitch. Most potential investors never make it past this section so it should inspire and motivate the reader to want to learn more about the business.

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

2) Description of business



- 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/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.

3) Need for the business



How relevant is the business to your customers and your beneficiaries?

This section should demonstrate the need for the business. You could include national, regional and local policy to show that your business is in line with government policies.

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

– Refer to factsheet 'How to Carry Out A Feasibility Study for a Social Enterprise'.

4) Market analysis



This section should tie into the market relevance of the enterprise and include evidence of demand from beneficiaries and customers. A thorough competitor analysis should be undertaken.

Beneficiaries are the individuals that the social enterprise exists to help. Customers may be companies, public sector organisations or funding organisations contracting with you to serve the beneficiaries.

Consider in the market analysis:

- Market size – statistics on the size of the market (in terms of the number of customers and the value of the industry)
- Customer segmentation – divide the customers in the market into 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 target markets are (both beneficiaries and customers)

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

4) Human Resources (HR) plan



This section needs to provide an overview of the owners of the enterprise including relevant experience, roles and responsibilities. Include a hierarchy representing the management structure as it is now and a proposed future structure.

Details of the following should be provided:

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

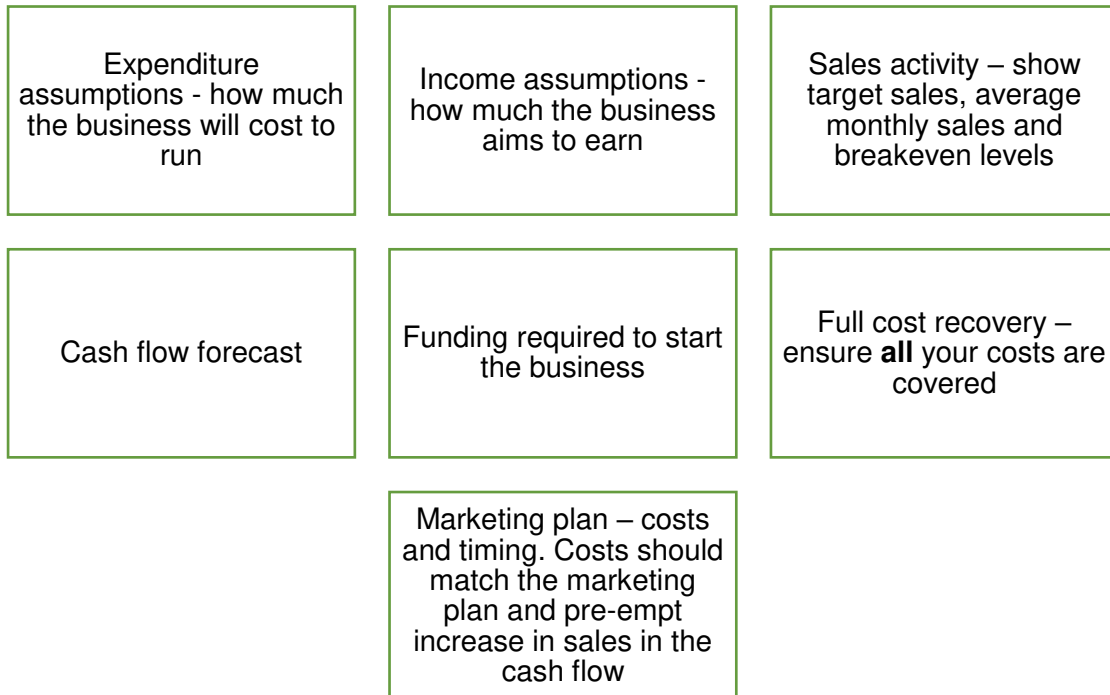
TIP - Attach CVs with pictures of board members and senior management in the appendices.

5) Finance plan



This section should provide details of the financials, which should correlate with the business objectives. Use the introduction to provide details of banking arrangements.

Include:



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

6) SWOT, PESTLE and risk analysis



Include a SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) to identify internal strengths and weaknesses of the business, and external opportunities and threats (outlined in the PESTLE).

A PESTLE analysis identifies key external influences on the social enterprise, on a local, regional and national level.

- Political – tax/ international trade tariffs/ public sector spending
- Economic – inflation rate/ unemployment/ foreign direct investment
- Social – cultural trends/ demographics
- Technological – innovation/ research/ technological awareness
- Legal – consumer laws/ safety standards/ labour laws
- Environmental – weather/ awareness of climate change

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) and explain what actions you will take to mitigate the risks.

7) Marketing plan



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

Use marketing methods tailored to the values of customer segments	Show all cost inputs and how much business you expect to get for each marketing methods	What level of sales of do you require to cover the costs of each type of marketing (and create a profit)?
Marketing schedule and promotion methods	Details of products/services and the business USP	Pricing and sales strategy

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

8) Future developments



The long-term strategy for the social enterprise should be included in this section. You should explain where you want the business to be next year, in three years, in five years, etc depending on the scope of your plan.

9) 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

- Government Website <https://www.gov.uk>
- SEE Ahead – business support <https://seeahead.co.uk>

- School for Social Entrepreneurs <https://www.the-sse.org>
- Locality <https://locality.org.uk>
- NCVO – third sector business support <https://www.ncvo.org.uk>
- Social Enterprise UK <https://www.socialenterprise.org.uk>
- Social Enterprise Yorkshire & Humber <https://seyh.org.uk>

