

Business plan template and guidance

A guide to developing a business plan for your organisation, to apply for funding from The National Lottery Heritage Fund.

Introduction

What is a business plan?

A business plan sets out the financial and organisational aspects of your business. It shows:

- an overview of your organisation
- the financial status of your organisation
- the context in which your organisation sits
- how you wish to develop your organisation

A business plan is not the same as a project plan. It focuses on the overall organisation and not specific activities.

If you already have a business plan, then there is no need for you to produce another in order to apply to The National Lottery Heritage Fund. This is a guide for developing a business plan should you not already have one.

We are using the following headings for a business plan, which you can use as a template:

1. Executive summary
2. About your organisation
3. Governance and management structures
4. Strategy
5. Market appraisal and your approach
6. Financial appraisal
7. Risk register
8. Monitoring and evaluating your organisation
9. Organisational impact assessment

10. Contact details for your organisation

11. Appendices

As every organisation is different you may wish to present the information under different headings or add additional content that better explains how your organisation works.

Your business plan doesn't need to be a long document. Try to make sure that you are as concise and clear as possible. **Most importantly the plan needs to be a document that you can refer back to and update in the general course of running your organisation.**

Who should produce a business plan?

The business plan is a key document for any organisation and can be used to inform your stakeholders about the vision of your organisation, the types of activities you are pursuing and the impact you are trying to achieve.

If you are applying for a National Lottery Grant for Heritage of over £250,000, we will ask you to submit your current business plan with your first-round application. If you are successful, you will be expected to update and develop this to reflect the longer-term sustainability of your project. You can allocate some budget within your grant request to help you do this.

Under the National Lottery Grants for Heritage programme £3,000-£10,000 and £10,000-£250,000, we can support individual organisations, partnerships or consortia to deliver a wide range of activities to increase their resilience or take on the management of heritage, including applying for funding to develop a business plan.

Before writing your plan

Things to consider before producing your business plan:

- What work needs to be done in order to complete the plan? How will you go about gathering your evidence?
- Does the plan require seeking expertise on areas such as market analysis, taxation or legal matters?
- Who will write the plan? How will you engage staff and trustees in the process?
- What are the timelines for the business plan to be approved?

Writing and reviewing your plan

The template below will provide you with a basic framework for developing a business plan for your organisation.

At the end of each section there are prompts to help you review your plan once you have prepared a draft in order to identify areas which may need further work.

Additional sections and information should be added as required by your organisation. Links to additional resources can be found at the end of this document.

Once you have a draft of your business plan it is a good idea to review it in order to assess its strengths and weaknesses, address any gaps and ensure it's as clear, concise and logical as possible.

- Does the business plan present a strategy for achieving your aims and your mission?
- How sustainable is your approach?
- Do you need to address any gaps in capacity or your organisational resilience?

Executive summary

Your business plan should start off with an overview of the contents of the document. The summary should be concise, set the tone and highlight the most important information. It should include:

- An overview of your organisation including your mission statement and what you want to achieve
- The key aims of your organisation for the period of the plan (usually 3-5 years)
- Key elements of your strategy including how you will assure the longer-term financial future of the organisation
- The main risks facing your organisation and how you plan to manage these in the short, medium and long term
- An explanation of how your organisation is resilient enough to meet challenges. This could include financial information, how you will ensure governance and management structures are fit for purpose,

and the monitoring and evaluation processes you have in place

- Any additional key information

Prompts for reviewing this section

- Have you provided a well-structured summary which highlights key points from the plan?
- Is your summary no more than two pages long?
- If someone with no prior knowledge of the organisation were to read your summary alone, would it make sense?

About your organisation

This section should provide information on the structure, objectives and activities of your organisation, including:

- when and why it was started
- its purpose, aims - including your mission statement - and key successes
- the key areas of activity, products and or services that you deliver, how they are distinctive and how will they be developed over the course of the plan
- details of the targets you have set for each area of activity
- legal status, eg unincorporated association or trust, or incorporated by Act of Parliament, Royal Charter, as a company limited by shares/guarantee, (Scottish) Charitable Incorporated Organisation, or Industrial and Provident Society. Indicate whether it is a Community Interest Company, or is registered or recognised as a charity.
- whether it has a membership of individuals, and if so the number of members
- the names of any other entities with which it has a formal association (e.g. any bodies with which there are funding agreements or that have the right to nominate multiple board members)
- whether it is a partnership of different organisations with a shared interest, identifying the other organisations/stakeholders you will be working with, the basis of the arrangement, and whether it is formal or informal). Summarise any partnership agreements.
- the number and roles of paid staff (give the number of paid staff – both in total and Full Time Equivalents) and explain the tasks they perform within the organisation

- the role of volunteers(give estimates of the number of regular volunteers, the tasks they do within the organisation, and the total number of hours they work on each task every year)
- Describe how you fund your organisation's activities, noting any sources which account for a particularly large proportion of your income and, if these come from a funding body, when this funding will be subject to review.

Prompts for reviewing this section

- Have you accurately described your organisation's purpose and main areas of activity, and how you are distinctive?
- Do you highlight key successes?
- Is it clear what services or products you offer and how you intend to develop them?
- Have you set clear targets?
- Is the structure of your organisation clearly set out in a way that is easy to understand?
- Have you included key information about your legal set up and how you staff and fund your core activities?

Governance and management structures

This section should explain your organisation's management structure, decision-making processes and lines of communication and reporting. Providing a simple organogram/network diagram to show your governance, management and staffing structures.

Governance summary

This section should provide an overview of the governance in place within your organisation to ensure that business plans and strategies are approved and monitored.

Describe the size and composition of the governing body (e.g. council, board of trustees, board of directors) and, where appropriate, arrangements in place for succession planning and board development training. List the roles covered by your senior management team.

You should explain the make-up of your board and their engagement with the organisation, particularly in relation to:

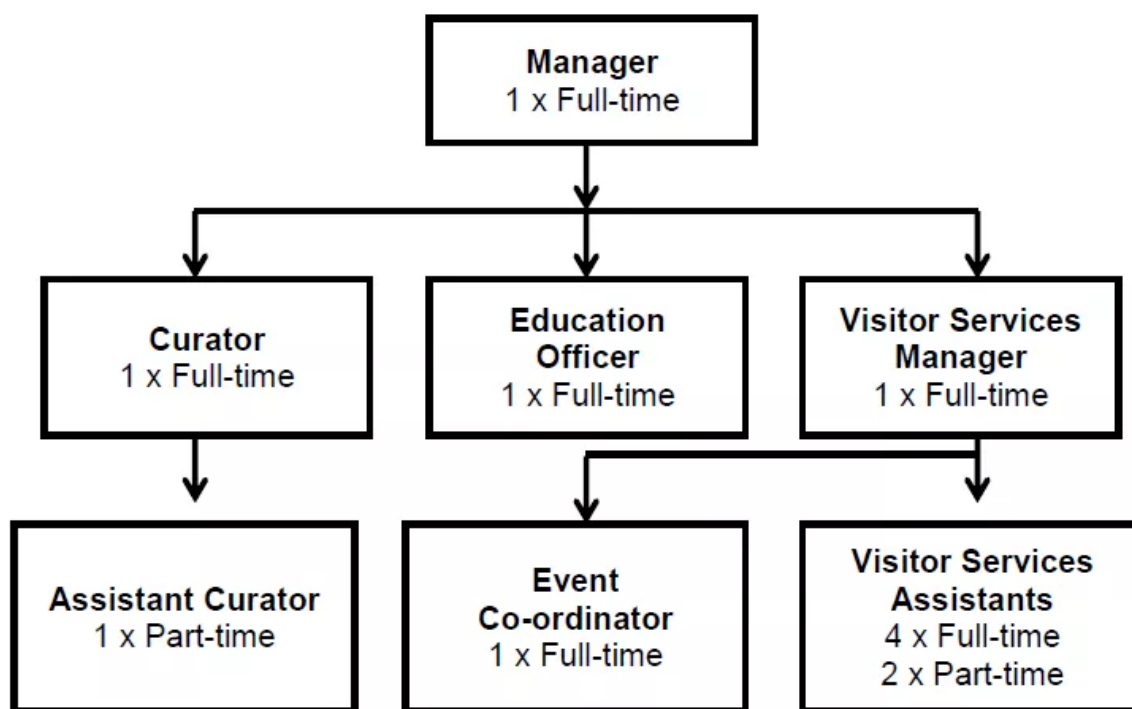
- business planning, pricing policies and marketing strategies
- financial management and administration
- fundraising
- approving potential projects and maintaining oversight
- commissioning advisers and consultants

Summarise the functions of any sub-groups, describing their membership, roles and responsibilities, specifying any delegated powers they are authorised to use. Indicate how frequently such groups meet.

Management structure

You should include simple organograms or network diagrams. These should show each job title in your organisation in a box and use lines to represent the reporting and supervisory relationships between different positions. There is no need to include an individual's name.

Show how many post-holders are employed in each position and whether they are full-time, part-time or volunteers.



Each post-holder on the organogram should be listed on an accompanying schedule, which summarises the purpose and functions of that role.

You should provide information on your recruitment policies for core staff. If your organisation engages external advisors on a regular basis you should give details of the company, their role and how they relate to the post-holders on the organogram.

Volunteers

If volunteers are a key part of your organisation you should explain:

- The roles volunteers play in the organisation, including the types of responsibilities the volunteers have
- How many volunteers the organisation works with
- How many volunteer hours
- The role within your organisation responsible for managing volunteering and how this is monitored

Prompts for reviewing this section

- Have you covered how your organisation is managed and governed in a clear way? Is there any information missing?
- Have you included the main challenges which you face in running your business?
- Is it clear what skills and experience are needed going forward? Have you included information about how you develop skills within the organisation?
- Are there plans included for developing your structure and processes in the future?

Strategy

In this section you should include a more detailed overview of the aims of your organisation for the period of the plan and how they relate to your organisation's overall mission, setting out the key activities you will undertake in order to achieve them.

Include any projects that you plan to take on, demonstrating how they will work together to achieve your organisation's aims. You should include information on the impact additional projects will have on your organisation and how you plan to address those impacts.

Include dates and a timetable for reviewing and updating your strategy.

Market appraisal and your current approach

Include the approach of your business, relevant pricing strategies and use evidence to explain how your business will reach its market. Market analysis should be proportionate to the scope and size of your organisation.

Describe your current market

- Is the profile of your heritage of local or national interest; is it well known?
- Is it valued by a wide cross-section of the public or a more limited special-interest group?
- How many customers have you had each year over the past 10 years?
- What proportion are family groups/schools?
- What are the demographics of the current audience - their age, gender, income, education, and occupation?
- Where do they live - locally, from the surrounding region, in this country or overseas?
- What proportion of customer contacts are repeats?

Show you know your market

- On a national or regional basis, is your market growing, failing or stable?
- How does this relate to your organisation's experience?
- Are there any national socio-economic trends or policies that will have any impact on your market?
- What would be the impact of change in the political, economic, social and technological environments in which you operate?

Consider your target market

- Who are the people most likely to access your service?
- Are they single or repeat customers?
- What are their needs, behaviours, tastes and preferences?
- Think about what research has shown you so far.

Review the competition

Find out what organisations are in competition with yours. All organisations have competition of some sort, even if they might not be exactly like your organisation. Look at how they price their activities, the competition's business strategy,

strengths and weaknesses.

Develop a competitive strategy for your organisation

Do a SWOT analysis. A SWOT analysis looks at the strengths, weaknesses, opportunities and threats to your organisation.

Use evidence-based information and remember to include internal and external factors. Describe what is unique and special to your organisation and include disadvantages you have.

Outline your marketing strategy

Base your marketing strategy on evidence and include pricing policies.

The evidence you need to do the analysis might come from:

- data you have collected, over as long a period of time as is achievable
- national data, for example, the Taking Part survey (in England), national tourism surveys), National Statistics and local authority statistics
- existing market research
- market research commissioned to estimate potential markets and the potential popularity of the business with your target market
- reviewing operations that are similar to those you propose in your own area and further afield, using annual accounts available online from the Charity Commission (England) or Companies House

Prompts for reviewing this section

- Have you clearly set out who your target audience is?
- Does this section show that you are aware of the size of your market, who your main competitors are and how successful they are?
- Have you given an overview of your marketing strategy setting out your current pricing strategy, your approach to developing your audiences and your route to market?

Financial appraisal

This section should include a general financial assessment of your organisation, an overview of your total financial need to support your day-to-day operation and details of your financial model, which includes your main sources of funding.

Provide supporting documents in an appendix, detailing:

- a forecast income and expenditure account
- a cashflow forecast showing the expected monthly cashflow
- statements of assumptions underlying the forecasts

Include detail of assumptions made in your calculations. An assumption is anything that you are relying on to make forecasts. For example, the average number of visitors you are expecting based on the previous year, or any unknown costs of materials. Make sure you also include details of any reserves.

You may want to undertake a sensitivity analysis to show what your finances would look like if your projections fall short by various amounts, for example between five and 20 per cent. What would the risk to your operation be if either of these scenarios were to occur and what action might you need to take?

Prompts for reviewing this section

- Have you described how your organisation operates financially in a way that is easy to understand?
- Have you included an overview of your total financial needs, what your main sources of funding are and how your main activities contribute to achieving this?
- Have you included an expected cashflow forecast and income and expenditure forecast?

Risk register

The purpose of assessing risk is to see if there are any weaknesses in your organisation and to consider any threats to it from outside sources. There are several well-established methods of assessing factors which are affecting, or may affect, your organisation. A risk register is a document, usually set out as a table, that lists all the risks identified by an organisation and prioritised in order of importance.

For each risk, outline:

- the nature of the risk, eg technical, market, financial, economic, management, legal
- a description of the risk
- the probability of the risk happening: low, medium, high, or %

- the effect the risk could have, eg on cost, time, performance
- the level of effect: low, medium, high, or %
- the overall effect
- how you would deal with the risk

Prompts for reviewing this section

- Have you listed the key potential problems that your organisation faces? On reflection, are they the main risks or can the list be reduced?
- Have the risks been properly calculated?
- Do you need to do any further thinking about how risks will be mitigated?
- Are there any alternative courses of action that have not been considered?

Monitoring and evaluating your organisation

In this section you should set out your plans for monitoring and evaluating your organisation's performance and impact, to ensure you are meeting your aims and achieving your mission.

To monitor the performance of your organisation you will need to gather different kinds of information at various stages. You should set a series of milestones, financial targets and performance targets in order to track these.

Evaluation should be carried out regularly using the monitoring information. You should summarise your planned approach and include details of milestones. Your approach should show when you anticipate evaluating your achievements and should specify the scope of the evaluation and whether your organisation plans bring in any expertise to help you to assess the extent to which you are meeting your aims.

You should plan to gather any required baseline information from the earliest opportunity, which will help you evaluate performance and the impact being made by your work.

Prompts for reviewing this section

- Have you included detail of the changes you want your organisation to make? How does this link to your mission and aims?
- Have you set out how you intend to monitor progress? Will you need any external advice?

- Have you detailed what success looks like? How will you know if you have achieved your targets?
- Do you have a plan for linking your findings into future decision-making? How do you report back to your board of trustees?

Organisational impact assessment

This section will be most helpful if you are applying to us for project funding.

Within an application we want to see how your proposed project will impact on your organisation and your current work.

In your business plan, describe how the project will have an impact on your organisation and its finances for a period of five years from the end of the project:

How will any additional costs created by the project continue to be funded?

These costs can include additional staffing and housekeeping costs, business rates, maintenance obligations arising from implementing the buildings maintenance plan, and implementation of the conservation management plan. Document these additional costs in a table. Where the project is expected to lead to reduced expenditure (for example, reduced energy expenditure, productivity gains due to improved technology), include the costs of the savings in the table to give the planned net additional cost or saving.

What additional volunteer input will be required?

Tell us about additional numbers of hours to be worked, and the number of additional hours required. You should also indicate how, and from where, these volunteers come, and the impact on your volunteer management and training arrangements.

Are there any changes in governance or management that could affect the project?

Tell us about any relevant changes to board composition or committee structure, or variation in individual duties or responsibilities. If the structure will

be different during the operating phases of your project, provide separate diagrams to explain the arrangements. Additionally, outline any other material change in how the organisation will be managed as a consequence of the project.

Provide the following financial projections:

- a statement of unrestricted funds financial activities, or of income and expenditure where the organisation is a local authority, university or other large organisation where the scale of the project is immaterial to the organisation's total financial circumstances. Where the organisation has a trading subsidiary, its projections should be consolidated with those of its parent.
- the organisation's balance sheet
- the assumptions on which the financial projections are based
- a sensitivity analysis

In carrying out this financial impact appraisal you should:

- use the market analysis you have carried out in the course of your overall business planning to give details of your market size and the income generated. The assumptions should clearly show the basis on which the numbers have been calculated.
- demonstrate that the general trend will be for the organisation to generate annual surpluses on its unrestricted funds.
- you should base your analysis on your latest completed financial year if you have been in existence for that length of time (or the current year budget) and use this as a starting point for your projections so that you can clearly assess the net impact on your financial position from the incremental, on-going income and expenditure caused by the project you are proposing.
- include in the sensitivity analysis the income items that are most critical to the organisation's success, are most uncertain, or contain the greatest risk. By adjusting these by percentages between 5% and 20%, depending on their nature and risk, it is possible to see the impact on the reported surplus.

Contact details for your organisation

At the end of your business plan, include contact details:

Head office

Website

Address

Telephone number

Email address

Appendices

Appendices include additional information to support your plan. For example, evidence or reports you have commissioned, external advice, financial information or visuals which support the plan.

When you have completed the plan, review your appendices to make sure that you haven't missed any relevant detail. Check whether you have included information in the main business plan that should be listed in this section instead.

Additional resources

[DIY toolkit, Nesta](#)

A toolkit on how to invent, adopt or adapt ideas that can deliver better results. Includes a template for [SWOT analysis](#).

[Small Charities Programme](#)

Resources and templates relating to business planning, including a template for developing a cashflow.

[Business planning guidance for arts and cultural organisations, Arts Council England](#)

Good practice business planning guidance for the arts and cultural sector

[The Sustainable Sun tool, NCVO](#)

Practical ideas and support to help your business work towards financial sustainability.

[The Audience Agency](#)

A guide to how you might go about starting to benchmark your organisation.

[Scottish Council for Voluntary Organisations](#)

Various business planning resources

[Creative & Cultural Skills](#)

A tool to help you think about the resilience of your business

[Wales Council for Voluntary Action](#)

Various resources to help you run your organisation

[The Princes Regeneration Trust, Building Resources, Investment and Community Knowledge](#)

Includes an example of sensitivity analysis

[Bplans.co.uk](#)

Sample business plans for various industries

[Small Charities Coalition](#)

Resources relating to evaluation and impact

[New Philanthropy Capital](#)

How to build a measurement impact framework

Glossary of terms to do with business planning

Accounting period

A period of time used to identify and relate financial information. The major accounting period is the twelve-month financial year. Annual accounting periods in the public sector run from 1 April to 31 March. An annual accounting period can be any 12 months, not even concluding at a month's end.

Asset

An item of value owned and controlled by the organisation that has a useful life longer than a single accounting period.

Balances

The cash accumulated from surpluses in successive accounting periods.

Balance sheet

A statement that shows, on a fixed point in time, an organisation's assets and liabilities, their value, and how they were paid for.

Bank overdraft

Money advanced to enable to meet short-term cash-flow. Overdrafts are repayable on demand, and usually require collateral for the total amount of money being borrowed.

Budget

An organisation's annual operating programme, defined in terms of money.

Business rates

Also known as National Non-Domestic Rates (NNDR), a tax levied on the value of their property, which with council tax is the major source of funds for local council services.

Capital spending

Expenditure on the acquisition of assets.

Capital income

The incoming funds you will use to pay for your capital spending.

Capitalisation

Method of accounting for fixed assets by which the cost of the asset is reported on the balance sheet rather than as an expense on an income and expenditure account. The cost of the asset is written down over its useful life by depreciation. Where fixed assets increase in value over time, there should be periodic revaluations so that the balance sheet reports a reliable estimate of the asset's value.

Cash-flow

The pattern of an organisation's income and expenditure, and the impact on its cash balances; having surplus cash in hand after being able to meet all debts on the day they are due is a 'positive' cash-flow; not having cash to meet debts as they fall due is a 'negative' cash-flow.

Cash-flow statement

Forward projections of an organisation's cash status, showing when balances are likely to be under most strain, when a bank overdraft or other short-term funding is required. The need to borrow is mitigated by the amount of working capital available.

Consolidated ('group') accounts

Accounting statements where the accounts of a holding organisation and all its subsidiaries are amalgamated into one, as though it were a single entity.

Contingencies

Money set aside in a budget or cost-plan to meet the cost of unforeseen items/eventualities.

Cost-plan

A list of the elements of the project identifying the costs associated with each.

Creditors

A person or organisation to whom money is owed and (in the balance sheet) the total of such sums.

Current assets

Either cash or things convertible into cash within a short period of time, such as short-term investments, trading stocks and debtors.

Current expenditure

Spending on day-to-day items such as payroll, purchase of goods and services, rent and maintenance of assets.

Current liabilities

Amounts of money owed by the organisation that are due to be paid in the near future, normally within a year – including creditors and bank overdrafts.

Debtor

An individual or organisation owing money and (in the balance sheet) the total money owed in this way.

Deficit

Your organisation would be in deficit if its spending was more than its income in any accounting period.

Depreciation

The permanent loss of value to an asset from whatever cause; or writing-off the value of fixed assets over their useful life. All tangible assets have to be depreciated.

Fixed asset

A valuable item of lasting value and not used up for operating purposes in a single annual

accounting period: includes land, buildings, machinery and vehicles

Full cost recovery

Full cost recovery enables voluntary sector organisations to recover their organisational overheads, which are shared among their different projects.

Income and expenditure account

A statement showing what surplus or deficit has been made over an accounting period by a non-profit-making organisation, and how it has been applied. In the case of commercial companies called a profit and loss account. In annual accounts usually subsumed within the statement of financial activities.

Intangible asset

An asset that does not have a physical appearance (e.g. the goodwill associated with a business; investments).

Liabilities

The organisation's financial obligations to other parties.

Net assets

The difference between fixed and current assets and total liabilities. If liabilities exceed assets, there are net liabilities.

Net current assets

The difference between current assets and current liabilities. If the latter exceed the former, these are net current liabilities.

Payments in advance

Sums paid out of a current year's income for the benefit of a future year. It is a current asset.

Prepayments

Income received in advance of it being due, and for which services will be performed in a later accounting period. It is a current liability.

Project progress chart

Sometimes called a Gantt chart, this is used to illustrate, in bar-chart form, information on the progress of a project. It shows the duration and start dates of all the elements of a project.

Reserves

Part of an organisation's capital, consisting of accumulated surpluses (Balances), surplus values created by revaluing assets, restricted funds, and sums set aside for specific purposes.

Restricted funds

Funds where donors have specified how the resources should be used and where the organisation does not have the power to vary those wishes. Includes Endowment Funds.

Statement of financial activities

A single accounting statement which analyses all capital and income resources and expenditures, and contains a reconciliation of all movements in the charity's funds, identifying income received for specific purposes.

Stocks

Items held for conversion to cash at a later date, including materials, finished goods, components, bought-in parts and work in progress. Included in current assets.

Surplus

Your organisation would be in surplus if its income was more than its expenditure in any accounting period.

Tangible assets

Assets that have a physical identity.

Turnover

Revenues from the sale of good or services, usually after deducting value added tax, trade discounts and goods returned. In public authorities it is sometimes used to refer to gross revenue expenditure.

Unrestricted funds

These are resources that can be spent on anything that furthers the organisation's purpose.

Working capital

Capital available on a day-to-day basis for the operations of the organisation – current assets less current liabilities.