



How can I create a business plan?

Drafting a business plan does not have to be a complex process. The list below explains the key areas that a plan should include:

Business plan format

Include an introductory page at the front of the plan to provide all of the necessary contact details including names of key personnel, addresses, telephone, fax, mobile numbers, email addresses and a web page address if applicable.

1. Executive summary

The executive summary should be your sales pitch of the plan. It should be written in such a way as to encourage the reader to want to read on. It should contain a brief summary of the reasons why the plan has been drafted comprising 5 or 6 paragraphs at most and it should fit ideally on to 1 page of A4 paper. The paragraphs should "cherry pick" the key points from the plan and could cover areas such as:

1. The purpose of the plan
2. Setting services
3. The market opportunity
4. The management team
5. Details of track record to date, if any
6. Financial projections
7. Funding requirements, if any

If this is a finance raising business plan please state in paragraph 1 of the executive summary how much you are seeking, what the money is for and what kind of finance you think might be the most appropriate.



2. Background and history

Include a brief potted history stating when the setting was formed and outline any key moments in the past. Key moments could include times of fluctuating performance, changes of key personnel, actions taken etc. In summary brief comments explaining how the setting has progressed from where it started to where it is today.

3. Objectives and strategy

a) Objectives

Provide bullet points detailing the organisation's objectives to cover the next 3 years. For example:

- To grow the setting occupancy by x% per annum over the next 3 years
- To expand childcare provision to capitalise on an identified opportunity in the locality
- To improve the staff costs to income ratio from x% to y%.

b) Strategy

Provide further bullet points stating the key elements of the organisation's strategy i.e. what will the setting do in order to achieve the above objectives? What are the reasons why this particular course has been chosen?



4. Your services

What services are offered currently and what changes, if any, are planned for the future? In particular:

How many places are offered for each setting?

What is the current occupancy level?

Comments on recent Ofsted reports

Brief details of the premises, staffing and key operational issues

Any other comments if appropriate and relevant

5. Local demand for your service (childcare, for example)

The paragraphs covering the executive summary, the local demand for childcare, the management team and the financial summary are generally the most important elements of most business plans. Within this paragraph you need to demonstrate your knowledge of the local area and the need for childcare in that area and the fact that your setting will be and will continue to be successful. Commentary could include:

Key research information on the local demand for childcare

Details of current providers in the locality

Details of how quality is measured

Critical success factors

What is it about the setting's services that are so special?

This could be for example its location, quality of service, lack of competition and facilities offered

The benefits and drawbacks of the current location



Include a SWOT (strengths, weaknesses, opportunities and threats) analysis for the setting. Typical areas and examples to cover are:

5.1 Strengths

Below are some typical examples of setting strengths which might help. Some may not apply to your setting; there may also be other strengths which do apply that are not covered:

Positive cash flow .growing income and profitability	Good or excellent Ofsted report
A good local reputation and strong brand name	Management strength
An established customer base	Efficient administration
Quality services	Skilled employees and effective training and development
	Good premises and equipment

5.2 Weaknesses

Some typical examples

Strong local competition	Inability to take outside advice
Poor planning and monitoring	Poor location and run down premises
Failure to delegate appropriately and train successors	Outdated equipment
Expertise locked up in a few key personnel	Undercapitalised
Losses incurred leading to poor cash flow	Poor or unacceptable Ofsted rating



5.3 Opportunities

Some typical examples of opportunities are listed below:

Deterioration in a competitor's performance	The introduction of sound financial backing
Improved access to potential new customers and markets, for example new housing in the area	Political, legislative or regulatory change
Word of mouth recommendations from existing parents	Economic trends
	Social developments

5.4 Threats

Some typical examples of threats are listed below:

Improved services from local competitors	Political, legislative or regulatory change
Key personnel leaving	Economic trends
Lenders reducing credit lines	Social developments
Rent reviews	New technology
Legal action	



6. Sales and marketing

Key issues listed below are centred around how you will market and raise awareness for your setting. Some issues to consider are:

Is the setting high quality and high price?

Has the setting got a good or excellent Ofsted rating?

Explain how price sensitive your services are

Look at each service offered identify where you will make your profits and where there is scope to increase margins or sales

What unique selling features do you have, if any?

What kind of marketing has been or will be undertaken? This could include for example; direct marketing, advertising, PR. Explain which method you will be using and why it is right for your setting

What level of selling activity will be done and does this relate to the planned increase in sales levels?

7. Organisation and management

This is another crucial area of the business plan. It is the quality of the management team that will drive the business and ensure that it achieves its objectives. Don't hold back, if you have skills then state them clearly here. Brief paragraph summaries are suggested below with reference to full CVs, if provided, in the appendices:

Details of the organisation's structure with comments

Details of any recruitment or training plan with time scales and costs

Key personnel details to include background, skills, experience and achievements to date. (Essentially, a mini CVs to explain why these key people are going to achieve the organisation's objectives)



8. Financial performance

The plan should contain 2 years' historical accounts, if available, together with forecasts to cover at least 2 years ahead. The forecasts should include predictions of future income and expenditure and cash flow if possible.

In this section you are adding your comments to the recent figures and you should specifically address:

Any recent trends in income, costs and profits generated or losses incurred

Consider including a sensitivity analysis for example; what happens if occupancy levels fall by 10%

Commentary on the forecasts for, at least, 2 years ahead including the underlying assumptions. Specifically state how the predicted income will be

achieved and how costs will be

managed

Comment on any financial requirement that has been identified and how this will be funded

9. Typical appendices

Include any supplementary information which does not form part of the main plan.

It is not essential to include anything here but do so if you believe that it strengthens your case. Information that you might include could be:

Management CVs

Market research data

Product literature examples

Other summaries relevant to the proposal