

Developing a Business Plan

A business plan is integral to every successful business.

It doesn't need to be very long or time consuming to produce, but once you have written one, it's important to make sure that you use it to manage your business.

If you just put it in a drawer and forget about it then it won't help you to become successful.

Business plans should be constantly reviewed to check whether you are achieving what you set out to.

A business plan is a broad document complementing your setting improvement/Ofsted action plan, and will cover all aspects of your business:

- Quality – this should link to your improvement plan
- Current demand for childcare
- Future demand for childcare
- Occupancy rates
- Costs
- Pricing plans
- Marketing and sales
- Staff management
- Competition
- Your services

There isn't a fixed format for a business plan, but there are some key things that you ought to include to make sure that you're thinking about all elements of the business:

- **Overview of the business**
Including basic information about the organisation, contact details etc.
- **Aims and objectives of the organisation**
It's important to describe the services that you provide and any new services that you intend to develop including information about opening hours, the age range of children that you look after, the number of children you are registered for and information about your quality standards and expectations.
- **Management and reporting structure**
This section should be about the type of organisation that you are (e.g. sole trader, private limited company, company limited by guarantee, voluntary committee-run group), who is involved in the management of the organisation, what their roles and skills are etc. If you are considering changing your legal status, you should include information about that. If you have a constitution or governing document and an organisational chart, you may want to include that.

- **Operational information about the business**
Including information about your premises, policies and procedures, and processes for administration such as late payment etc.
- **Market research & marketing**
This section will include information about your surrounding area and who your customers and competitors are. You could also include any information about links to partner organisations such as schools. Any market research that you have done should be summarised with the key analysis included in this section. Your marketing and sales plans and ideas should also be included here.
- **Staff information**
Including details of staff employed, their hours, rates of pay, qualifications and specific roles and responsibilities.
- **Financial management**
You should include your annual budget and cash flow forecast here as well as explaining the underlying assumptions that have helped you to reach your figures, such as your likely occupancy levels and staff requirements. You may also want to include information about your break-even point and pricing structure and policies here.
- **Quality**
Details of any quality awards held and information about your recent Ofsted inspections should be included here together with any plans for improvement and development.
- **Action plan**
You may want to include an overall action plan for business development, particularly if you decide that there are lots of changes that you want to make or things that you want to develop. It might be useful to undertake a SWOT analysis (see below) early on in your business planning process, as this could help you to identify particular areas for work.

Lots of templates are available online that you can use to help you put your plan together, or you can write one yourself.

Some tips when preparing a business plan are:

- Concentrate on describing who you are going to sell your services to, and how you know that people will buy them
- Find someone who writes or reviews business plans to look over what you have written and give you feedback
- Include notes on the assumptions behind forecasts of income and expenditure

SWOT Analysis

A SWOT analysis is a simple tool to help you to analyse the strengths and weaknesses of your business so that you can plan to make the most of your strengths and address any weaknesses. It also helps you to think longer term about what opportunities might arise for your business and what threats could damage your business.

You might find that having a few colleagues, or even customers, do the SWOT analysis with you is helpful and gives you different perspectives on your business.

STRENGTHS	WEAKNESSES
What do you do well?	What isn't going too well? (such as increasing numbers of late payments and debts)
What do others think that you do well?	What could you improve? What might be losing you customers?
OPPORTUNITIES	THREATS
What opportunities are coming up? (such as a new housing estate or new employers nearby)	Could any of your weaknesses cause the business to fail?
What trends have you identified? (such as an increased need for places for older children)	What are your competitors doing? Are there any trends that threaten your business?