

CHAPTER

8

WRITING A BUSINESS PLAN

TEAM PRAYER

Heavenly Father, please bless our project to provide activities for our church family and the families in the community that will promote growth, development, relaxation and enjoyment. Please provide all of the wisdom, finances, and resources that we will need to meet the needs of our community. We ask You to provide generosity, competent professionals, and skilled labourers for the construction. Father, stir up the faith in me so that I will walk by faith and not by sight and give to this vision.

Creating a business plan can sound daunting, but when you bring everything together, it will help to give you confidence that you can deliver your project! In other words it will give you the answer to the question is your project viable?

The business plan will largely be about the delivery of the new activities that will take place after the building project is complete.

However, it will also need to include information on how you are going to deliver the building part of the project i.e. your project plan. (See Chapter 7).

It will also provide the evidence that your funders may need to see if your project is going to be viable. It will need to contain the answers to the following questions and by this stage, you should have most of this information to hand.

CASE STUDY

ST DAVID HOPE CHURCH, ISLINGTON, DIOCESE OF LONDON, COFE

www.hopechurchislington.org

Population: 215,667 (2011 Census)

In 2013, the Anglican church of St David, Holloway, re-opened – after being closed and declared redundant in 1984 – after extensive refurbishment.

Funded through the redevelopment of adjacent church land for private and social housing, as well as significant fund-raising by the Parish, the congregation got a bright, new worship space. The local community got a beautifully designed venue, which has hosted many community events and youth and children's groups. It enjoys a strong income stream from renting out space.

It was very different in 2004. The church was only being used on Sunday afternoons by a Greek Orthodox congregation, which then moved to other permanent premises. This could have been the end of St David's. However, since 1992 nearby St Mary Magdalene had established a community project (The Paradise Project) in St David's Church Hall, adjacent to the old church and had recently encouraged around 30 people to re-start a congregation there on Sundays.

The hall was also well used through the week, rented out for community uses or by the Paradise Project. With a growing congregation on Sundays, it became clear, it was not a large enough venue.

So in 2004 they decided to take on the refurbishment of St David's church. It needed investment – the fuse box hadn't been touched since the 1930's - and was arranged in a formal style that did not fit the worshipping style of the congregation. However with the help of the Revd Jonathan Rust, Curate at St David's from 2000 – 2003 and later Associate Vicar the congregation decided to demolish the hall and build new private and social housing, which would generate capital to encourage further grants and donations and fund a comprehensive refurbishment of the main church building.

The project took nine years, opening in 2013. It cost over £4m, so the church had to fundraise £1.6m and it took many turns including complications in securing planning permission, which was finally granted in 2009.

The refurbished church now offers:

- On the ground floor - a well-equipped commercial standard kitchen, toilets, offices and a prayer room, an attractive reception area and the main church worship space
- Upstairs – two floors of space, wrapped in a ‘u’ shape around the main worship space, currently used by The Courtyard, a specialist school for children with autism, part of St Mary Magdalene Academy, the local Church of England secondary school
- In the basement – seven classrooms and a ‘cinema room’ by the Academy during school hours, but by the church and other community groups at other times.
- Two parish flats – a one-bed flat is part of the church complex and a two-bed flat in the adjacent housing development. In the neighbouring seven-storey housing block, there are 30 private flats (which were sold), nine social housing units managed by a Housing Association and the church also owns a four-bedroom Vicarage flat and a two-bedroom flat for use as a parish flat. The scheme won a design Award at the LABC Awards for Building Excellence 2014.

Together with St Mary Magdalene’s, St David’s runs activities for all – including concerts, outreach events like Soul in the City and even an (outdoor) Pet Service.

The church earns over £160,000 per year from renting out its spaces so that some £130,000 net per year is available for it to spend on what it chooses.

WHO ARE YOU AND WHAT DO YOU WANT TO DO?

A description of your group, your ideas and vision, an overview of the project and its aims and intended beneficiaries i.e. what do you want to achieve and how will your project do this?

WHERE ARE YOU?

A description of your location and community, which is your community profile and the proposed premises for your project. You can include details like maps or an outline plan in an Appendix

WHY IS YOUR PROJECT NECESSARY?

The results of your community audit and any consultations you have undertaken. This is your market research that shows how you have identified the need. You should also make clear that you have checked out the competition, identified a real gap in the market and are proposing a different or complementary service to that which already exists. You need to demonstrate that you're fully aware of the marketplace you're planning to operate in and that you understand any important trends and drivers.

WHAT SYSTEMS WILL YOU HAVE IN PLACE?

To oversee the development and long-term management of any new activities. This will include your organisational structures and your policies and procedures.

Outline any legal matters you have to comply with and how you are going to sort them out i.e. permissions for building works, legal agreements with partners.

HOW ARE YOU PLANNING TO DO IT?

This is your project strategy – sometimes called your implementation plan. This is a detailed description of your project and how it will be set up, managed and how new activities will be managed and operated in the long term.

How will your project be managed?

Who will be involved in the delivery and management? Will you be employing staff and/or volunteers? How will you recruit them?

Identify the skills required and how you will obtain them. Set out your own background and skills and the structure and key skills of your staff and volunteers etc.

Remember people are your most valuable resource. Describe your partners, volunteers, and the time put in so far.

What resources and equipment do you already have and what will you need to make the project happen?

Describe your assets, which will include premises. Outline any building works involved – and attach plans.

What kind of equipment will you need and where you will get them? What about any IT requirements?

HOW MUCH WILL IT COST?

You need to compile a financial plan or budget which shows the costs of developing the project (Capital Costs) and secondly, the financial out-goings once the new activities are up and running (Revenue Costs). It is important to divide your costs like this as most funders will usually only fund one kind.

Capital Costs

These will be your start-up costs, which will include professional advice, building costs, and marketing.

Capital funding refers to money paid for one-off items. The refurbishment or installation of new equipment or solar panels are examples of one-off items i.e. not something that takes place every day of the week. Replacing fixtures and fittings, like chairs and pews and installing new heating systems, cookers, lighting, toilets, and furnishings are all examples of capital expenditure.

Full Cost Recovery: for voluntary organisations, some funders including the **National Lottery Heritage Fund** (formerly the Heritage Lottery Fund) will also accept part of an organisation's overheads (sometimes called 'core costs') as part of the costs of the project. They will expect this to be calculated using Full Cost Recovery. The funders' guidance notes will explain where you can get help on this.

Revenue costs

Revenue funding relates to the day-to-day running costs incurred by new activities. This would include any regular utility bills (electricity, gas, water, and phone), rates, insurance, and the salary costs of a paid worker or expenses for volunteers. You may also be paying rent for using a part of the building. Depending upon your project, some funders may offer grant money towards some revenue costs. If, for example, part of your project is to establish a crèche in the Church one day a week, then employing a worker or co-ordinator to run the crèche for the first year may be included as part of your project. The worker's salary would be classified as revenue expenditure. A funder may be willing to offer some grant money towards this cost to help kick-start the project (sometimes referred to as 'pump-priming'), but they won't pay the worker's salary forever.

Don't forget ongoing maintenance and the replacement of equipment. This will also include obligations towards paying for maintenance or repair costs for part of the building under a rent or lease arrangement.

Identify as many of these as possible, and try to predict what they will be in the future.

In all these financial aspects, as far as possible be clear about all the assumptions you are making e.g. how much one of something costs and how many you will need in a year and how many days you will be open. Use existing expenditure information for the building as a starting point.

Budgeting

Budgets can be produced for a whole organisation, or for individual projects (or both). A budget should include an overall figure for the cost of the project and any income that has been secured to cover these costs.

When producing a budget, being realistic can help a great deal, even if you do not have an exact figure for every detail. Estimate costs that you don't have exact figures for, but be as exact as you can. Find quotes for similar products or services through the internet. Consider all relevant or likely costs that may affect the overall budget.

Have a breakdown of costs for each service or function, including the costs of admin and rent for each of your projects. Never underestimate your likely costs in order to make your project seem less expensive than it really is. This will only lead to a shortfall in finances later on and create problems for you when trying to deliver the project. Similarly, try not to overestimate costs, especially if you are looking for funding to cover these as this may reduce how much support you are offered if it is believed that others can do it more efficiently.

CASE STUDY

ST MARY'S CHURCH, BRECON, CHURCH IN WALES

www.stmarysbrecon.org.uk // www.stmarysbrecon.org.uk/towercafe/about-tower-cafe

Population: 8,250 (2011 Census)

St Mary's Church is a large Grade II* listed building of medieval origin situated in the centre of the small, but thriving, town of Brecon.

Having talked for a while about wanting to open up the church for wider community use, just under 10 years ago, the PCC decided to act. They started with a "talking wall" at an initial workshop where the congregation posted suggestions (using Post-it-Notes). This was complimented by a thorough review of local facilities and an examination of the 2001 Census material, to discover more about the local demographics.

Consideration was given to the historical and geographical position of St Mary's church, where it was thought of as being at the centre of several concentric rings. The inner circle represented the congregation and St Mary's Church. The second circle symbolized the commercial premises and political influences of the town. A third circle denoted the residents and social networks in the town while the outermost circle represented both national and international charities operating in Brecon that could benefit from any potential developments at the church. This model formed the starting point for contacting participants for the community review.

The comprehensive community review invited local organisations (eg. public sector organisations, local traders, charities, residents, etc) to submit a 'statement' of what facilities they wanted. This resulted in the church receiving 117 statements which yielded 22 suggestions (many similar suggestions were made.)

The PCC then started implementing the first priority suggestion which was to open a café, closely followed by the removal of pews to create flexible seating areas. Initially, the parish did a footfall count to see if there would be enough people coming past the door to warrant opening a café. Once they had established this was viable, they borrowed £7,000 from a parish fund to buy catering equipment, tables & chairs. The cafe then opened for a trail period of 6 weeks in the first summer and was run solely by volunteers (no wage costs). They paid back the borrowed money within this time.

Next year the cafe was open for 6 months using a mixture of volunteers and paid staff. Now the cafe is open all year and is run as a VAT registered not-for-profit limited company with the incumbent, churchwardens and treasurer as directors. Planning permission was needed for a change of use in order to operate the café and St Mary's church has been assessed for local business rates, also paying for commercial waste disposal.

Résumé for 2013/4: St Mary's Church has a thriving cafe in the south aisle which sells good quality local produce where possible. It has food preparation, storage and display areas (although the cooking facilities are limited). It employs 9 part-time/job share staff plus students in the summer. Turnover for a full year of trading was 70k. This produced a profit of 20k due to work done by volunteers at all levels (eg. payroll, admin, etc). It is also used for other activities during the day and evening.

Résumé for 2014/6: In 2014 the original directors stood down as per the terms of the company guidelines and two members of the PCC took over the running of the Tower Café: during this timeframe the company ran into some administrative and financial problems. In addition, urgent roof repairs meant that the Tower Café suspended trading 31 August 2016 for the duration of the building project. Several longstanding members of staff were made redundant.

Résumé for 2016/7: Although closure of the Tower Café was a sad time for the congregation and the townsfolk, nevertheless it was an opportunity for a new set of directors to reassess the running of the café and the company administration when it reopened. During this period the new set of directors joined the Federation of Small Businesses, an organization that provides its members with free legal advice on employment law and access to many other benefits such as template policies and procedures, reduced banking fees and fuel costs. Also a major decision to employ a manager was made, charged with the day to day running of the Café with advice and support from the directors. A generous 'start-up' grant from the Diocesan Mission Fund (£9K) was provided in August 2017.

The Tower Café re-opened for business on 18 September 2017 much to the delight of the congregation and our 'regulars'. Our 'regulars' are young mums who use our large play area and the elderly who come for coffee maybe stay for lunch and possibly stay for tea! Seven members of staff were appointed, attended a two day induction course that included company ethos and policies, fire drill and first aid. Future ongoing training will include working with the Dementia Friendly group. The local Job Centre were extremely helpful during the staff selection process with the result a collaborative partnership has been established whereby a job seeker will be jointly supervised by a director, the manager and a work-coach from the job centre.

The congregation, staff and directors are keen and have made approaches to re-establish community connections such as, exhibitions for health awareness and local charities. A newly developed Heritage area will use volunteers who also act as 'welcomers' to St Mary's.

HOW ARE YOU GOING TO FUND IT?

Your plan will need to include details of where you are applying for funding. Funders will ask to see how much you have already raised from other sources e.g. grants and donations, community fundraising activities. Most funders will not provide 100% of your funding needs and will expect you to raise a fixed percentage from other sources, which is usually known as match-funding or partnership funding. (See Chapter 10).

Many funders will also expect your community group to make a small financial contribution to the project – perhaps 10%. In this way you demonstrate to funders your commitment to your project by ‘risking’ your own cash.

In-kind Support

Some funders will allow you to include volunteer-time/in-kind donations as a financial contribution to the start-up costs or revenue costs as part of your match-funding. In other words you can include the ‘cost’ of the work performed by volunteers and an ‘income’ from the volunteers doing the work in your budget. This makes no difference to the overall cash you will need but if a funder requires that you put in 5% of the project cost then the ‘value’ time of volunteers can make the overall amount available larger or decrease the cash you have to put in.

This can be a way of increasing your own financial contribution to your project. Funders will be happy to advise you on the type of in-kind support they will consider.

For example, if a project needs to clear some church land to create a play area for local

children, you could ask for volunteers to do the work instead. The funder will specify what they will allow as the volunteer rate e.g. £8 per hour. So if five volunteers spent two hours each, clearing the land, the financial value of that work is:

$$2 \text{ hours @ } £8 \text{ per hour} = £16 \times 5 \text{ volunteers} \\ = £80.00.$$

A contractor may have charged £150 to do the work. So not only have your volunteering efforts reduced the total cost of your project, you may have saved your potential funder some money too. That’s why some funders will put a value on volunteer time. This does mean you need to estimate the time that volunteers will contribute and, once the project has started, to keep accurate timesheets.

Parish Resources has produced a template timesheet for recording volunteer hours. www.parishresources.org.uk/capital-campaign-workshop-resources-2017

The **National Heritage Lottery Heritage Fund** includes its approved rates within the guidance provided for all its grant programmes and also here www.heritagefund.org.uk/publications/volunteering-guidance#heading-9

Businesses that have strong links with the community may be prepared to help your project by offering free use of labour, or equipment. It’s important that this ‘value’ is recorded too.

Revenue funding

Once the new activities are up and running, where is your income going to come from? What is your rental structure, charging policy? Charging an appropriate rental for using the space is common and there is more guidance on hiring arrangements in Chapter 9.

You need to show how your project will cover your costs. Creating a spreadsheet is a good way of doing this. There is more on this in Chapter 9.

If you are taking out a loan as part of your finances, then show how you plan to repay it.

HOW ARE YOU GOING TO PROMOTE AND MARKET THE PROJECT?

How will people find out where you are and what you do - and how much will it cost to tell them? Will you use leaflets? Adverts in the local press? Signage? A website? Get your project listed in local directories? Host special events? How much can you do yourself and with volunteers? Will you need to pay for some professional marketing?



St Peter's, Hereford, design detail after floor was raised

HOW WILL YOU MEASURE THE SUCCESS OF YOUR PROJECT?

In your planning stage you will have identified your specific objectives to describe exactly what you are trying to achieve.

You need to identify criteria, or indicators, that will provide reliable and valid measures for each of these objectives.

You will also need to develop measures that tell you what is really happening. Once again, these measures (or indicators) should be based on your **objectives**.

CASE STUDY

BULL STREET MEETING HOUSE, PRIORY ROOMS, BIRMINGHAM, FRIENDS CENTRAL ENGLAND AREA MEETING

www.theprioryrooms.co.uk // www.peacehub.org.uk/about

The 1930's Bull Street Meeting House in busy central Birmingham is a successful conference centre. Its commercial success helped lead to the establishment and funding of the adjacent Quaker-run Peace Hub.

All public areas of The Priory Rooms Meeting and Conference Centre are fully accessible and it offers nine versatile meeting rooms that can accommodate from two to 200 delegates, a variety of day delegate packages, and a range of catering and refreshment options.

While the Friends have the exclusive use of the building on Sundays, it is widely used by a range of organisations during the week and all profits from the centre are either re-invested into the building or donated to Central England Quakers (CEQ) projects.

In addition to the projects, the Priory Rooms support annually, in 2017 they helped CEQ create a Peace Hub next door. The Peace Hub came about when previous tenants Johnsons Drycleaners decided to relocate. CEQ owns the building and saw an opportunity to create a resource centre about peace and justice in the city centre.

The Peace Hub features a large shop window showcasing Quaker peace campaigns and projects; a television screen displays visual information inside and there is comfortable seating for visitors. Archive material from Quaker history is on show and staff will answer questions about Quaker history and current peace objectives.

TOP TIPS



- Collect all of your action plans, strategies, and policies together to create your project business plan.
- Before, during and after the development and realisation of your project you need to keep both your business plan and budget up to date. It may be useful to schedule a review of these documents at regular intervals to keep your project on track. Maintaining a business-like approach is vital.
- In-kind support needs to be documented. If a business is willing to offer you help, ask them to invoice you and then add to the invoice *'This is In-Kind Support, do not pay.'*

CHAPTER 8 CHECKLIST 

Have you collated all of your plans, policies, and strategies into one business plan?

Have you identified all forms of in-kind support that your project can call upon and established systems (e.g. timesheets) to enable you to claim it?

Are you clear what type of funding your project requires and whether your funders offer this support?

Have you thought about how you are going to market your project?

FURTHER RESOURCES 

The Churches Conservation Trust in partnership with the Princes Regeneration Trust have produced a developing Business Plan toolkit which focuses on this crucial part of the process for achieving funding and ensuring long-term sustainability. It is illustrated with helpful hints and case studies from other community groups that have gone through the process. 'It is intended to be accessible to all, especially those who have never looked at a business plan, let alone tried to put one together'.

www.visitchurches.org.uk/what-we-do/regeneration-and-communities/project-toolkits.html

The Near Neighbours Project (funded by DCLG) has produced a guidance note on creating a budget for your project. The first thing you need to think about in fundraising is developing a project budget. This should show the costs of running your project and where your income is coming from e.g. donations or grants.

www.cuf.org.uk/Handlers/Download.ashx?IDMF=0da2b220-a22e-4614-9d87-f564577d6a2a

The **NCVO** website has guidance on writing a Business Plan for community groups on its website

www.knowhownonprofit.org/tools-resources/business-plan-template