

What to look for in a mutual **business** **plan**

What should you be looking for in the business plan?

- ▼ It's a key part of the process of setting up a new organisation
- ▼ What should the business plan do?
 - Describe the key features of the idea in a clear, concise and organised way.
 - Communicate the idea and clearly set out what is needed to get the new organisation up and running.
 - Provides useful preparation for a possible procurement process and be a key reference document for stakeholders.

What's in a business plan?

▼ Key components of a business plan:

1. Vision
2. Market analysis
3. Service definition
4. Operating model
5. Governance
6. Legal form
7. Team
8. Stakeholders and communications
9. Resources and finances
10. Transition plan

Key questions to ask?

Is there a clear vision?

- ▼ Defining the **vision** is one of the most important things you do.
- ▼ The vision should encompass:
 - What service will be provided?
 - Which part of the community will be served?
 - What will make the new organisation special /unique?
- ▼ Paint a picture of where the new organisation is headed, it needs to be:
 - Clear, short and easily digestible
 - **Inspirational** and **motivational** rather than specific and factual.
- ▼ Think about the positive **social** and/or **environmental** impact that your consortium will have
- ▼ The vision should think beyond current working parameters and traditional boundaries.

Is there a market for the proposed services services?

- ▼ Whilst the new org may have an initial contract with their parent organisation – they should be looking at other customers.
- ▼ There should be a clear understanding of the key dynamics of the market that they will be competing in?
 - What do the customers want?
 - Who are the competitors?
- ▼ How have services been priced?

Are these the same services/new services?

- ▼ Forming a new organisation gives staff the chance to help deliver better services within the community:
 - They should be creative
 - What is going to make the service they offer special and successful?
- ▼ Have the services been built around their **track record** and the skills and experience that they bring to bear.
- ▼ Have they looked at their services with a critical eye (using the market analysis)
- ▼ Have they taken the opportunity to expand the scope of their offer in a way that will genuinely **improve outcomes** for the community.

Have they a well defined team?

- ▼ Inclusive **leadership** from the outset is critical.
- ▼ There must be an individual or small group who will drive the project forward.
- ▼ An early priority for the leadership is to ensure that they have the right skill sets to transition and run the service.
- ▼ Failure to have leadership in place will lead to failure.

What are the governance arrangements?

Sliding scale between two main options:

- ▼ Governance via a broad membership
 - Will this be representative?
 - How would the governing board be selected?
 - Is a practical model for a commercial organisation?

- ▼ Governance via a selected/representative Board
 - Composition of the Board
 - How would the board be appointed?
 - Role/power of the Board
 - Who is the Board accountable to?

Have stakeholders been engaged with?

- ▼ The team should conduct a thorough stakeholder “exercise”: from identification to prioritisation.
- ▼ They should have a plan to ensure stakeholder engagement right from the start.
- ▼ Key stakeholders include:
 - Colleagues & board
 - Commissioners
 - Service Users / Beneficiaries
 - Delivery partners
 - Clients
 - Influencers
 - Advocates & referees

Finances - Is the new organisation financially viable?

- ▼ The business proposition needs to be financially viable:
 - Have the team clearly identified the resources they will need to deliver your service? Do you have a clear understanding of costs?
 - Will **income** at least match **expenditure** ?
 - Can they demonstrate growing income streams?
 - Will they have a system in place to manage their finances effectively?

Finances – Has cash flow been considered?

- ▼ **Cash flow** is vital to the survival of any organisation, and to ensure you will be able to deliver any contract awarded to you:
 - Forecast when cash will flow out (to pay the bills); and
 - When cash will flow in (payments for your services).
 - Manage the peaks and troughs in your annual cash flow: how to address the potential gaps of working capital as a consortia?
- ▼ Consider all sources of funding & financing options (legal forms permitting)
- ▼ Secure expert help to produce your financial forecasts.

Questions?

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