BUSINESS PLAN OF AN FPO

Caption needed

Introduction

- **Get to know each other through introduction**

- **Purpose of the training and session flow**

- **The ground rules of the workshop, which may include:**

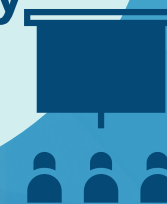**Switching off or keeping the mobile in Silent Mode**

Cross Talks are not permitted

To raise questions please put up your hands

Participation in full session-do not go away

Remain attentive to instructions given for small group work etc.

OBJECTIVES

To sensitize the participants on the need for BP at FPOs and to enhance their understanding on various components of a Business Plan

To educate the participants on the prerequisites for initiating the process of developing a Business Plan

To help the participants to understand the facilitation process and the basic qualities that participants should have while facilitating the BP development with the concern FPOs

To enhance the ability of the participants in facilitating development of a BP for FPOs which whom they are working

LET'S GET STARTED!

Business Plan

A business plan is the road map of your social enterprise program, it directs your stakeholders and staff on how they will execute the intervention, manage the program, and ultimately realize the program's goals and objectives.

A business plan:

- Articulates the mission of your program

- Defines a strategy based on needs of the target population and customers, market conditions, industry forces, operating environment, and institutional profiles

- Outlines specific actions to achieve program goals and objectives

- Establishes targets for planning, measuring, and improving performance

- Motivates employees

- Communicates your ideas and plans to your stakeholders (board of directors, donors, partners, clients)

- Projects necessary resources, costs, and revenues of your program

- Provides a basis for sound decision making

Why is a business plan important?

The success of your social enterprise depends largely upon the decisions you make. A business plan is fundamentally a planning tool, it allocates resources and measures the results of your actions, and it helps you set realistic goals and make decisions. A lack of planning leaves you poorly equipped to anticipate future decisions and actions you must take to run your social enterprise.

Several tools that facilitate planning and decision making

Design Tool: The rigors of developing a business plan help you think through the design of your intervention and conceive a program that is realistic and doable within the given context. The critical perspective to determine whether what you are planning is feasible, and how it can best be implemented.

Strategic Planning Tool: The combined tasks of inward and outward examination in a business plan, from institutional self-assessment to competitive analysis, help you plot a strategy for your social enterprise program.

Performance Tool: A business plan is an operating plan that guides the management of your social enterprise program and helps you work effectively toward its success. It allows you to set realistic targets and thus also provides a basis for measuring and monitoring your program's performance against these targets within the given context. The critical perspective to determine whether what you are planning is feasible, and how it can best be implemented.

Communications Tool: The business plan communicates your program's mission, management approach, objectives, and proposed methods of achieving the objectives to staff, leadership, clients, and donors.

Several tools that facilitate planning and decision making

Financial Tool: The financial section of the business plan serves several financial management functions. The budget establishes how resources will be allocated in your program. Financial statements help you understand your financial position and the cash needs of your business.

Human Resource Tool: A well-articulated program mission, clear goals and objectives, and a comprehensive plan are the keys to rallying motivation and teamwork in your social enterprise program.

Management Tool: It is important for the social enterprise program management team to continually refer to the business plan to ensure that the enterprise is not going off course and that the business plan accurately reflects changes in the strategic environment or market conditions.

Marketing Tool: The target market segment of the business plan gives you important information from which to derive your marketing plan. Market research techniques help you identify who your customers are and where they are located, in addition to distinguishing their preferences, needs, and desires.

Business Plan Essentials

A good business plan conveys your ideas, goals, and plans for the social enterprise program. To accomplish this, a business plan should:

Indicate focus: What is the core thrust of your social enterprise?

Demonstrate an understanding of the target market: Who are your customers; where are they; and what are their needs and wants?

Evidence an appreciation of stakeholders' interests and needs: üWhat are the essential interests of your donors, leadership, staff, clients, management, and partners; and how are their needs embodied in your social enterprise program?

Confirm that your business concept is solid and market driven: How does your business concept respond to the market, and what strategy will you use to weather this concept in the face of changing market conditions?

Prove there is a sufficient market to support the products or services you are selling: Is there a large enough pool of potential customers with a need or desire for, the income for and the willingness to pay for your products or services to support your business? Is this market reachable?

Post financial projections that are healthy and realistic: Do your financial projections clearly show that you will be able to meet your financial objectives.

Demonstrate that key staff and management personnel are competent and experienced: What skills and experience do your management and staff have to operate your business successfully?

What is VMOSA?

One way to make that journey is through strategic planning, the process by which a group defines its own "VMOSA", that is, its Vision, Mission, Objectives, Strategies, and Action Plans.

VMOSA is a practical planning process that can be used by any community organization or initiative.

This comprehensive planning tool can help your organization by providing a blueprint for moving from dreams to actions to positive outcomes for your community.

Why should your FPO use VMOSA?

There are many good reasons, including all of the following:

💡 **The VMOSA process grounds your dreams. It makes good ideas possible by laying out what needs to happen in order to succeed. It does this by giving both structure and direction to your initiative.**

💡 **By creating this process in a group effort (taking care to involve both people affected by the problem and those with the abilities to change it), it allows your organization to build consensus around your focus and the necessary steps your organization should take.**

💡 **VMOSA allows your organization to focus on your short-term goals while always keeping sight of your long-term vision and mission.**

V (Vision): the dream

- **This dream is generally articulated by one or more phrases or vision statements, which are brief proclamations that convey the community's dreams for the future.**
- **By developing a vision statement, your organization makes the beliefs and governing principles of your organization clear to the greater community and as well as to your own members.**

Your vision communicates what your organization believes are the ideal conditions for your community; how things would look if the issue important to you were perfectly addressed.

There are certain characteristics that most vision statements have in common. In general, vision statements should be:

Understood and shared by members of the community

Broad enough to allow a diverse variety of local perspectives to be encompassed within them

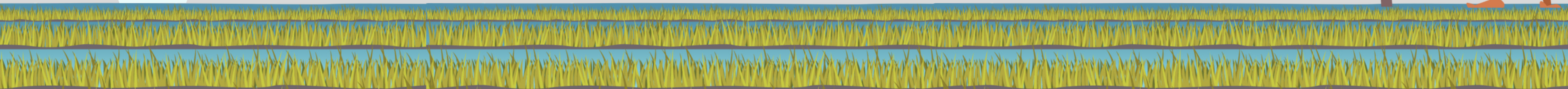Inspiring and uplifting to everyone involved in your effort

Easy to communicate - for example, they should be short enough to fit on a T-shirt

Here are a few vision statements which meet the above criteria:

Healthy children

Education for all

Peace on earth

M (Mission): the what and why

- Developing mission statements are the next step in the action planning process.
- Mission statements are similar to vision statements, but they're more concrete, and they are definitely more "action oriented" than vision statements.
- The mission might refer to a problem and how your organization might go about fixing the problems it has noted.
- The activities which are taken by the organization to achieve the Vision goal.

An organization's mission statement describes what the group is going to do, and why it's going to do that.

Some general guiding principles about mission statements are:

Concise: Although not as short a phrase as a vision statement, a mission statement should still get its point across in one sentence.

Outcome-oriented: Mission statements explain the overarching outcomes your organization is working to achieve.

Inclusive: While mission statements do make statements about your group's overarching goals, it's very important that it does so very broadly. Good mission statements are not limiting in the strategies or sectors of the community that may become involved in the project.

Example of mission statement:

"To promote child health and development through a comprehensive family and community initiative."

O (Objectives): how much of what will be accomplished by when

- **Objectives are the broad goals that refer to specific measurable results of the initiative.**
- **An organization's objectives generally lay out how much of what will be accomplished by whom.**

Once an organization has developed its mission statement, its next step is to develop the specific objectives that are focused on achieving that mission.

There are three basic types of objectives. They are:

Behavioral objectives: These objectives look at changing the behaviors of people (what they are doing and saying) and the products (results) of their behaviors.

Community-level outcome objectives: These are related to behavioral outcome objectives, but are more focused more on a community level instead of an individual level.

Process objectives: The final type of objective is process objectives. These are the objectives that provide the undergirding or implementation necessary to achieve your other objectives.

S (Strategies): the how

- The next step is developing your strategies.
- Strategies explain how the initiative will reach its objectives.
- These strategies range from very broad strategies that encompass people and resources from many different parts of the community to very specific strategies that take place on a much smaller level.

> Organizations will have a wide variety of strategies that include people from all of the different parts, or sectors, of the community.

Examples of broad strategies include:

A child health program might use social marketing to promote adult involvement with children

An urban revitalization project might enhance the artistic life of the community by encouraging artists to perform in the area

Five specific strategies can help guide most interventions

Providing information and enhancing skills (e.g., offer skills training in conflict management)

Enhancing services and support (e.g., start a mentoring programs for high-risk youth)

Modify access, barriers, and opportunities (offering scholarships to students who would be otherwise unable to attend college)

Change the consequences of efforts (e.g., provide incentives for community members to volunteer)

Modify policies (e.g., change business policies to allow parents, guardians and volunteers to spend more time with young children).

A (Action Plan): what change will happen, who will do what by when to make it happen

An organization's action plan describes in great detail exactly how strategies will be implemented to accomplish the objectives developed earlier in this process.
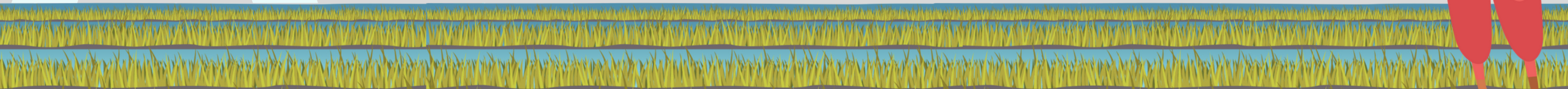
There are three basic types of objectives. They are:

💡 Specific (community and systems) changes to be sought, and

💡 The specific action steps necessary to bring about changes in all of the relevant sectors, or parts, of the community. The key aspects of the intervention or (community and systems) changes to be sought are outlined in the action plan.

Governance Plan

💡 Governance describes "the process of decision-making and the process by which decisions are implemented or not implemented.

💡 It assures that corruption is minimized, the views of minorities and marginalized groups are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

💡 Good governance has eight major principles:

- Participatory

- Follows the rule of law

- Transparent

- Responsive

- Consensus-oriented

- Equitable and inclusive

- Effective and efficient

- Accountable

Convergence Plan

Convergence is pooling up of resources, energies and strategies of all the stakeholders for pursuing a common goal

Increase in social capital: Collective planning and implementation among different stakeholders will enhance social capital. This will also improve management and work output.

Increase in physical capital: The process will aid in creating durable assets and will also improve land productivity.

Enhanced economic opportunities: Income opportunities, savings and investments may be generated through several activities.

Strengthening of democratic processes: Convergence awareness and planning at the grass root level will lead to greater ownership of projects.

Facilitate sustainable development: Convergence efforts through creation of durable assets, rural connectivity, productivity enhancement and capacity development lead to sustainable development.

Human Resource Management

Verifying the staffing requirements of the business: Small businesses often have a very small number of employees. It is only as the business expands that the staffing needs increase.

To outsource from contractors or hire full time employees: Many small businesses prefer to get smaller jobs done through contractors who have contract labor. As operations expand, the business owner has to decide whether he would like to continue with his contracting arrangement or opt for recruiting full time employees.

Training the employees for the business: Every business has specific requirements and new employees need to undergo a period of training to get to understand their job fully.

Rewarding the best employees: One effective method to fight high attrition rates and making employees stay, is to devise good rewarding strategies for the best employees.
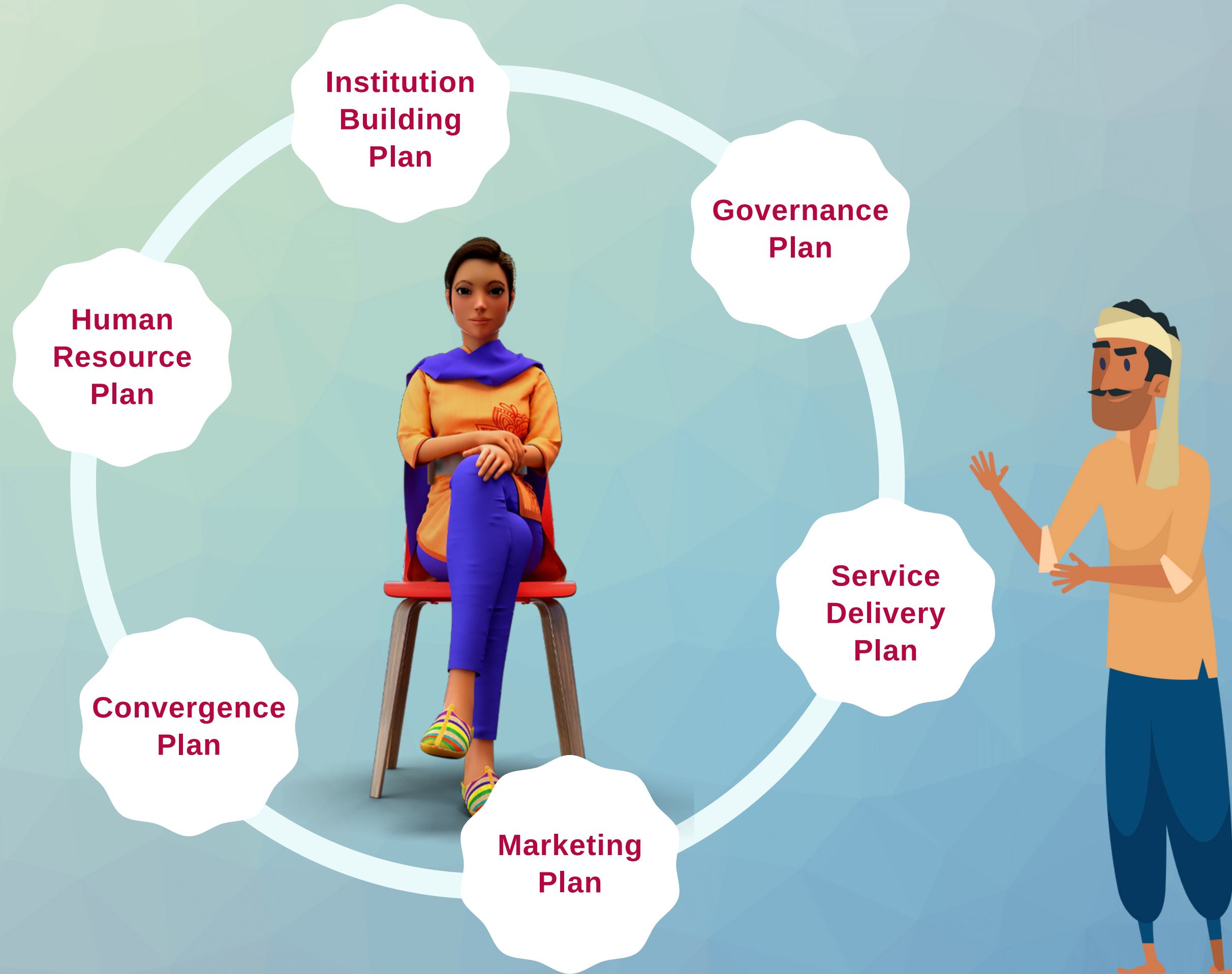
Adopting best practices in the business to retain talent: The small business should also attempt to stay at par with other businesses in its field of specialization and adopt all the best practices used by others to keep employees happy.

Rewards and remuneration: Proper remuneration packages must be developed, keeping in mind the years of service, the increments annually, the post-retirement benefits, health insurance and so on.

External training programs: A small business can get maximum benefit from a work force that is abreast of the latest technological developments in their field.

A well: Developed human resource management system will always work for the betterment of the small business.

Factor Influencing a Business Plan

Institution Building Plan

Governance Plan

Human Resource Plan

Service Delivery Plan

Convergence Plan

Marketing Plan

Business Plan Sample for FPOs

💡 **Steps to be followed to prepare the Business Plan**

1. First fill assumption sheet from base line survey
2. Institutional development and Governance plan
3. Service plan- inputs
4. Service plan- extension services
5. Service plan- Procurements
6. Service plan-Trading Activities
7. Service plan-Storage
8. Service plan-Processing
9. Capital investment Plan
10. HR plan-put only first year cost and increase by 10% every year as increment
11. Five year consolidated plan-Do not enter any manual entry if working in excel
12. Do not enter any data in grey colour columns
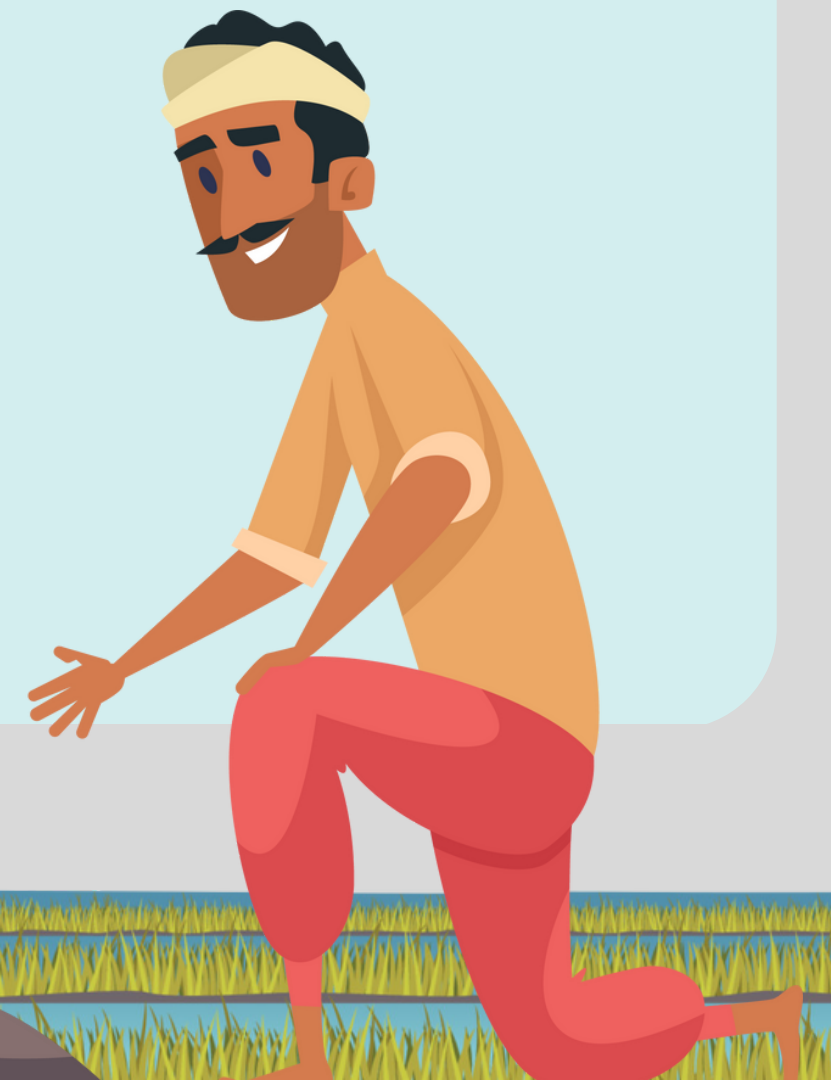
ACCESS Development Services
22, Ground Floor, Hauz Khas Village
New Delhi – 110016

www.accessdev.org