



Association of
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Museums

Helping Heritage
Organisations Prosper

Success Guides

Successful Business Planning

By A Different View





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Front cover picture: “A goal without a plan is just a wish” –
the Watts Gallery in Surrey has achieved a dramatic
transformation, with the aid of business planning.
Watts Gallery

Successful Business Planning

By A Different View

You may already have a Forward Plan, Strategic Plan or Corporate Plan (a number of different terms are used). This guide flows on from those to describe how you will achieve your goals in detail.

“A goal without a plan is just a wish.”

— Antoine de Saint-Exupéry

A business plan is a road map showing potential funders, trustees, stakeholders and most of all you, where you are starting from now, where you aim to go and how and when you are going to get there. It will also show them your plan for sustainability and how you will attract and generate the funds you need to pay for what’s necessary.

This guide will take you through the process of business planning in logical steps, show you what information you will need and who should be involved in formulating the plan.

Who Will Be Involved?

Everyone! You will need to get input from every level of your organisation.

Involving everyone improves the plan by ensuring that a rounded and more accurate picture of your current situation is established, and ensuring buy-in for your vision. Involving the views of visitors, stakeholders and partners will mean that the organisation retains an outward focus and won’t create a plan that is not relevant to those who are most important to it. Involving everyone also helps to develop understanding of and commitment to the plan that is produced along the way.

TIP Although everyone should be involved it is usually best to have a small team to lead the process. This should include representatives from the Trustees and the key people with responsibility for the day-to-day management of the museum (whether these are paid staff and/or volunteers). A group of four or five is ideal.

Get Ready!

It will help to pull together as much information and evidence as you can before you start. This might include:

1. Accounts
2. Memorandum and Articles or Constitution
3. Cash flow forecasts
4. Market research, visitor surveys etc
5. Previous reports or studies
6. Existing plans such as a Forward Plan

TIP Skill-set – check whether your organisation has people in it who are accountants or planners who have gone through the business planning process before. You might also find help from partner organisations who would be happy to act as a mentor or critical friend.



Visitor surveys provide essential background information to enable business planning to take place. This is at ss *Great Britain*, Bristol.
ssGreat Britain

How Long Should It Take?

It depends on how detailed the plan needs to be and how complicated your organisation is.

Typically, six to eight weeks would be a normal timeframe. Set a timeline with roles and responsibilities and set deadlines for each part of the work so you keep things moving.

TIP Remember to allow for thinking time and for redrafting.

Do We Need An Away Day?

It's not essential to have an Away Day, but it may well be a good idea at the start of the business planning process or when the team has hit a wall. A well-planned Away Day can be a good way to encourage fresh thinking and re-energise your team.

So What Needs To Go In A Business Plan?

Although there are no hard and fast rules, and what goes in will depend on

the purpose of the plan (e.g. for a Heritage Lottery Fund (HLF) application or for Accreditation purposes), a business plan will normally include:

- Executive summary
- Introduction to the organisation, overall vision and values
- Strategic aims and objectives
- External and internal analysis – critical factors and trends (SWOT and PESTLE)
- The market – all about people who engage with you
- Financial analysis
- Monitoring and adapting

How Do We Do It?

The framework above can be used to create the plan. Writing it all up usually happens at the end when all the thinking has been done and the decisions have been made. The rest of this guide explains how to tackle each of the sections within the plan.

Every aspect of your organisation, everything you do and how you do it, ties to your vision and values.

Executive Summary

Although this goes at the beginning, it should be written at the end of the process. It is one of the most important parts of the plan. It summarises what you are going to do, why and when, concisely on one or two sides of A4. It should help make it easy for you to communicate the main points of your plan to staff, volunteers, partners and funders and to remind yourselves what you are doing and why. If well written, it can become a useful summary document in its own right.

Introduction to the Organisation, Overall Vision and Values

You may already have these things established before you begin your business planning process, but if you don't, you can't go any further until they are agreed. Every aspect of your organisation, everything you do and how you do it, ties to these key points.

The organisation – summarise briefly what your organisation/museum is

about, its key characteristics including size, major assets, staffing model etc.

Charitable/core purpose – summarise your charitable purposes and elaborate on these, if necessary, to explain your core purpose (why you need to exist).

Vision – this is a high level, motivating, people-focused 'dream' for where you want your museum to be, or what you want it to achieve, in the long term. The vision is likely to have a longer lifespan than the business plan you are creating. It should be distinctive so taking the time to find exactly the right words is important. The vision doesn't tell you how you are going to achieve the dream, just what it is. Generally, the shorter the better.

Values – these show what is important to you in how you do things. They should permeate the decisions you make at every stage of your planning and in the way your organisation operates. So for instance, if you say that being ethical is one of your values, then this should be central to how you treat staff and suppliers, as well as in collections policies.

Arundel Museum, West Sussex, has recently re-opened in a new purpose-built home: business planning was an essential part of the project

Arundel Museum



Strategic Aims and Objectives

The strategic aims will set out, in broad terms, what you want to do.

Once you have agreed these aims, the rest of the plan is about how to achieve them. So what are good strategic aims?

- They tie back to your purpose, vision and values
- They are specific to your organisation
- They are about doing something new or something differently for your organisation – they don't describe business as usual
- Collectively they highlight the key areas you are going to work at to progress towards your vision
- They describe what you will have achieved in each of those areas during the life of the business plan, but they still don't tell you how you are going to do it.

Some organisations link a strategic aim to each department or area of activity in their museum. This kind of compartmentalised thinking and acting is not necessarily helpful as much of what needs to be done requires everyone involved in the museum to work collectively towards achieving goals.

Around four or five strategic aims is probably about right – perhaps only three for a two-year plan or a small organisation. You might find it difficult to prioritise to this extent but you'll see as you write more detailed objectives that too many aims will make your plan unrealistic from a resource perspective.

Once you have a set of aims you need to start developing detailed objectives. These objectives will be informed by the rest of the analysis so it's best to come back to them when you have completed most of the plan. Remember, this is an iterative process.

So, what is the difference between an aim and objective? Aims are what you want your organisation to do. Objectives are the specific steps or actions you need to complete in order to achieve those aims.

Current and Future Internal and External Analysis

The purpose of this part is to show that you have considered the key factors, internal to your organisation and externally in your environment, which will affect how successful you will be in achieving your goals.

You are looking for both the positive and the negative – often articulated in a SWOT analysis – looking internally at your Strengths and Weaknesses and externally at the Opportunities and Threats. Consider the lessons you can learn from your experience but remember to look towards the future as well as into the past.

It can seem daunting trying to 'predict the future' but it is not necessarily that hard to see what is coming up which might affect your museum. A PESTLE analysis is sometimes used to help focus on the different types of Opportunities and Threats (Political, Economic, Social, Technological, Legal and Environmental). You can use your own knowledge and experience but also be aware of what other organisations are thinking about. Consider what is important, in your local area and to other similar museums. Try and assess what the big museums are thinking about and preparing for. They may be early adopters of new ways of doing things, which will become relevant to you during the course of your plan. Consider national government policy, local government policy, as well as policy changes for major funders.

Comparator and competitor analysis is very important. This should be looked at from your visitors' point of view. Who do they compare you with? Where else might they be going if they don't come to you? This might need to include a range of local organisations and other visitor attractions, not just museums, because visitors don't only visit museums – even the really keen ones. Don't forget to think about competitors to your retail and catering

EXAMPLE – AIM AND OBJECTIVE

Here we have an example aim and then an associated objective that shows how you will meet that aim. You are likely to have several objectives for each aim but that is very much up to you and your circumstances.

AIM: To meet the existing, changing and growing needs of our visitors

OBJECTIVE: Train our 70 volunteers in visitor management and customer service over the next 12 months

TIP:

Make any objectives SMART ones, that is:

S	Specific
M	Measurable
A	Achievable
R	Realistic
T	Time-scaled

Case Study

“The new management team at the Museum of Dartmoor Life in Okehampton, Devon used the re-accreditation process as an opportunity to introduce more robust financial and business planning. We used the excellent template produced by the South West Federation of Museums & Art Galleries. It has enabled us to clearly plan budget headings covering all aspects of the museum, to anticipate income and expenditure changes over the coming two years, and to make contingencies. The process also helped us to prioritise projects where additional external funding was required and to begin to identify sources for potential grants”.



Andrew Thompson
 Manager, Museum of Dartmoor Life
www.museumofdartmoorlife.co.uk

and compare offerings and prices locally.

You can research some of these areas through the AIM Bulletin, conferences, the news and through your networks with other museums and organisations. Don't forget to include Trustees here whose expertise outside your own sector can be very beneficial in ensuring you think widely enough.

In terms of internal analysis, it can be very helpful to benchmark your key indicators or performance against other similar organisations.

Consultation and Analysis of the Views of Visitors, Stakeholders and Key Partners

As well as the external environment you also need to think about what matters to those people who you are serving and those who fund and support you. Your plans for the future will need to continue to meet their needs.

You can commission research or undertake your own research and if your business plan is going to introduce

big changes, or includes large one-off items of expenditure, it may be very important to do this, to ensure your new initiative is well-grounded in an understanding of your customers.

The Market

In this part of your plan you need to describe visitors or audiences who will engage with your organisation. You need to be specific and give detailed information about what you know about them and how you will reach them.

1. Explain concisely your target markets – for example children under 12 years, adult learners or if you have market research you may refer to them by demographic profiles or other types of segmentation. The main thing here is to ensure you haven't listed everyone in the world. You need to prioritise.
2. Describe a typical visitor – this is a fun exercise that everyone will enjoy doing. It allows you to think about who is really coming through your doors and what's important to them.

3. Describe what the decision making process is for visitors coming to your museum. For example are you a destination in your own right or are you part of a wider heritage offer that makes up a whole day?
4. Detail the size of the market you operate in and where you see potential or opportunity. You will find a lot of this information readily through desk research or you can commission a study from a market research company.
5. Describe briefly how you will reach them (your marketing plan) and how much you are going to spend doing that.

Financial Analysis

In a business plan, you will typically find financial statements that are made up of three separate documents: income and expenditure statement, a cash flow and a balance sheet. You may need an accountant to help with these if you have a complex financial situation so don't be afraid to approach one if you don't have sufficient in-house knowledge.

Start by looking at your income. Make sure you include everything, e.g. ticket sales, retail, catering, events, rents received, grants, donations and sponsorships. Your business plan may well involve new income streams. Try to be optimistically realistic! Start documenting your assumptions and then start putting some numbers to them.

Next, look at your expenses and see what resources you will need to fund both your capital plans and your day-to-day running costs. Again be realistic. A look at your income and expenditure account will help make sure you don't leave anything out.

This is a good moment to compare your estimates with any benchmarking data you may have. There will be benchmark figures for sales per square metre or sales per visitor. Catering will

probably be based on sales per head. This benchmarking data should be available through a trade association or from a consultant that you have commissioned. Make sure you handle VAT in the appropriate way for your organisation (another call to the accountant may be a good idea).

The cash flow comes next. It's fiddly, even with the templates you might find on your computer's software. In most templates, all of the financial information automatically ties together (income, expenditure, cashflow, balance sheet), but it's best to check to make sure. When you are forecasting over a three-five year period, don't worry about inflation, put everything in at today's prices.

The balance sheet in a business plan gives an idea of the state of the organisation from a financial point of view at a specific date in the future, normally at the end of the term of the plan or at the end of each phase. The balance sheet shows what you own, how much you are owed and how much you owe. In a business plan it shows the overall effect on the organisation of achieving the goals outlined in the plan.

It will also be worth doing a sensitivity analysis showing three different examples of income and expenditure: a bad year, a good year and a great year! The adjustments you illustrate should relate to your risk analysis.

TIP Remember to put the financial highlights in your Executive Summary.

Risks

Having created your plan it is important to consider the risks that might prevent you accomplishing your objectives and how you can take action to try to ensure this doesn't happen. Some of the possible risks may have already been highlighted when you were working on internal weaknesses and external threats.

Be conservative when it comes to the numbers – no 'pies in the sky' in this section!

If there are significant risks to your organisation that would affect your viability (e.g. reliance on a single, unsecured funding source) you may need to include a detailed section on how you are addressing this risk.

There are many ways of presenting a risk appraisal. The important thing is to consider both the likelihood of the risk occurring and the extent of its impact, in deciding which risks are most significant. Only the most significant are likely to appear in the final business plan. Here's an example:

Risk	Mitigation	Impact score after mitigation (1-5)	Likelihood of occurring after mitigation (1-5)	Combined score (impact × likelihood) (1-25)	Who is responsible



A Different View is a consultancy specialising in visitor experiences of all types. We help and support museums, cultural organisations and the wider visitor attraction world realise their dreams and ambitions through services such as strategic and business planning and project planning for funders such as the Heritage Lottery Fund (HLF). Our sister company, Vivid View, is a full service market research agency for the cultural and wider visitor attraction world. Please have a look around our website for projects, ideas and to get in touch: www.adifferentviewonline.com

Monitoring and Adapting

Once your business plan is complete it is important to put aside time to monitor your progress in achieving the aims and objectives and to adjust your plans if necessary. Trustees will want to be updated on progress in implementing the business plan at Trustee meetings.

The financial forecasts should be updated each year in light of performance in the past year, and if there are significant differences it may be necessary to review the achievability of some objectives, either changing them or adjusting the timescale for them or the resources to be applied to them.

This can be simply illustrated with a traffic light system – highlighting in red those objectives that are not on target to be achieved, in orange those which may be at risk or which need revising and in green those that are on target to be delivered.

Last Thoughts

You may be required to produce a project business plan (for instance for a Heritage Lottery Fund application) or a forward plan (for instance for Accreditation). If this is the case, you should follow the guidance provided by the funder concerned.

The business plan is also an advocacy document. It can be used to show current and potential funders or partners what your organisation is aiming to do and how it will be doing it, instilling confidence in your ability to deliver against promises. Sometimes a business plan is created specifically for a particular funder or partner and if this is the case, it should be adapted to address the areas that will be of specific concern to them.

Do...

Be creative! Don't get stuck in a template. Make the plan your own and reflect your organisation.

Be conservative when it comes to the numbers – no 'pies in the sky' in this section! Build three different scenarios: bad, good, or great year!

Build in a reasonable contingency for the 'just in case'.

Other Resources

South West Federation of Museums & Art Galleries – resources on forward planning at <http://www.swfed.org.uk/resources/organisation/management/forward-planning-toolkit-intro>

Birmingham Museums Trust's tool for assessing key risks which might face museums – www.raptonline.org.uk

Accreditation guidance – www.artscouncil.org.uk

AIM Visitor Verdict benchmarking scheme – www.aim-museums.co.uk

Association for Cultural Enterprises benchmarking scheme – <http://www.acenterprises.org.uk/item.asp?II=53>



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