
Planning with purpose:
Business planning options
for Landcare Networks

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Many Landcare Networks are turning to business planning as a way of broadening investment into their activities. Some Networks are motivated by the inherent professionalism that business planning can bring to their program delivery. Other Networks are setting up a 'business arm' to their operations under a separate structure and injecting profits back into the Network to fund their core business.

All of these motivations are legitimate in the context of Landcare as a social enterprise, the business of which is supporting healthy communities, local economies, skills development and sustainable landscapes.

Landcare as a social enterprise

The following is the definition of a social enterprise from the Social Ventures Australia 'Business Planning Guide for Social Enterprises' (SVA 2010).

"As a generic concept, social enterprise describes ventures that are pursued in the manner of a business (i.e., selling goods or services), but specifically designed to achieve a social impact rather than simply return a profit for owners or shareholders. The Social Enterprise Alliance defines it as "Any earned-income business or strategy undertaken by a non-profit to generate revenue in support of its charitable mission," and specifies that "Earned income' consists of payments received in direct exchange for a product, service or privilege."

The emergence of Landcare Networks as deliverers of programs (a service) and managers of a business (goods & services) is consistent with this definition. Embracing the concept of a social enterprise could further legitimise Landcare Networks in their principal goals - supporting and enabling landscape-scale change.

A Landcare Business Plan describes the Network, what it does and what programs or ventures it is hoping to invest in. The Business Plan will describe how the Network intends to undertake the venture and why; what capacity it has to do the work; what financial resources are necessary to carry it out; and how the Network intends to secure those resources.

A Landcare Network Business Plan builds the case for investing in the Network and demonstrates the feasibility of its programs or business ventures.

"Business planning overall is warranted whenever a non-profit is paying closer attention to attracting funds from diversified sources—traditional grants, individual donors, service contracts, or others" (Rouson 2005)¹.

A Business Plan can include baseline data or benchmarks against which projected outputs can be measured. Importantly, this can clarify and align expectations of everyone involved from the outset as to what is likely to result

¹ Rouson, B. (2005) Business Planning for Nonprofits: Why, When — and How It Compares to Strategic Planning. Alliance for Nonprofit Management, Washington DC.

from the Business Plan. Inclusion of well researched benchmarks will also demonstrate the level of thought and professionalism being brought to the proposed ventures.

“A business plan is typically focused on the actions and investment necessary to generate income from a specific program or service” (Rouson 2005). In the context of Landcare, investment is more defined in terms of what is necessary to deliver a program or service on behalf of the partners and is rarely profit making. However, many Landcare Networks are moving towards a model of service delivery for income and using profits to fund other priority services for which it is more difficult to source funding.

This does not conflict with the not-for-profit status of Landcare as long as profits are re-invested in activities that benefit the environment and the community. Over recent years many government grants have been received by mainstream businesses (for example, agronomy and farm services) that factor a profit margin alongside costs. Their business structure and management gives them legitimacy and the means for delivering services. There is no reason why Landcare Networks cannot use these business structures and be afforded the same legitimacy.

What follows is the steps for identifying a program, service or goods a Landcare Network is interested, and then building a Business Plan that will present this venture and find the investment to carry it out.

Step 1. Set your goal

The first step in business planning is to establish the goal(s) that the Landcare Network would achieve through the provision of goods or services. These need to complement the Network Strategic Plan and include quantifiable outcomes, as it will be used to screen the range of possible ventures and evaluate the success of the chosen venture.

The goal(s) need to be set by the Network Committee or Board, because these ventures will influence the direction of the Network and require staff and other resources.

For example

“We aim to be a provider of environmental services that support our mission and delivers a 15% profit that can be returned to the organisation to support our projects and programs”.

or more specific than this

“We aim to create a business venture that will generate a minimum of \$60,000 of net income within three years in order to finance an internal grants program for our member groups.”

Step 2. Identify possible products and services

The next step is to identify and select the products or services the Network has interest in and capacity to deliver. Ideas may be put forward from all sorts of sources, such as an entrepreneurial member or a partner organisation, or opportunities may arise when a suitable business is put up for sale, for example an indigenous nursery. The types of products and services being offered by Landcare Networks across Victoria in 2013 included:

- Bush management crews
- Vegetation offsets – site recruitment and management
- Indigenous plant nurseries
- Environmental consulting
- Facilitation of farmer discussion groups
- Broker of environmental goods and services
- Professional facilitation
- Business staff development days or volunteering opportunities
- Grant writing.

Brainstorm a list and narrow it down to the top most likely two or three possibilities. More than one option may turn out to be feasible. The Network

might decide to test all options until one stands out as the best, or it may have the capacity to pursue several options.

Step 3. Research potential markets

A market study will assess the level of existing goods or services in the district of the type the Network is interested in providing, and assess the capacity of the area to support the Network's proposed venture. It can determine if there is unsatisfied demand for established products or services, if there are weaknesses in their current mode of delivery or if the market is already saturated.

Network members could survey people in the area, or marketing students from a local college or university could be invited to undertake the survey as part of their course work. Either way, some professional advice on developing the survey is invaluable.

TIP - Many corporations can offer this service *pro bono* – ask an existing partner for assistance or contact Landcare Australia Limited and ask to be referred to a business that can assist.

As part of our research, it may be worthwhile to check the Australian Bureau of Statistics web site for data relating to the goods or services under consideration by the Network. Go to www.abs.gov.au/ and [Environment Statistics by catalogue number](#) . Click on this link and search through the list for relevant topics. The information will most likely be general in nature but may provide some background or further clues.

Board and community members in the Network area may have skills or experience of working in a particular industry sector. Draw on this expertise to assess opportunities and select your services. Invite involvement through the Network newsletter, web site or by asking committee members.

Opportunities may lie in a particular service or product commonly used by your Network. The development of Bush management crews and indigenous nurseries originated from this thinking. Other Landcare Networks, local government, CMAs and local authorities who use these types of products and services would also be potential purchasers.

Estimate what your Network and other local organizations will want, but also look at organisations beyond your locality. You want a realistic forecast to test whether there is demand to sustain a business venture.

Step 4. Decide on your products or services

Answering the following questions will help to test the initial feasibility of the idea or list of ideas.

- Who is looking for what you want to do?
- Will enough people pay enough for your product to cover your costs or generate a profit?
- Try doing some quick 'back of the envelope' calculations:
 - Roughly determine what the costs of production are and any other additional costs you think would be involved in what you want to do.
 - Ring around to get some market prices for the goods or service and cross-check how much you think people in your area will pay for what you're selling.
 - By dividing one figure by the other, you will see how many customers you will need or how much product you will need to sell – is this realistic?

For example.....

A Landcare Network is interested in setting up an indigenous seed-bank to service their member's needs and the needs of other organisations. The closest seed-bank is about 500km away and there is concern with the provenance of their seed.

The Network estimates that it will need approximately \$60,000 per year to cover electricity, insurance, a part-time project officer and travel. These are fixed costs, no matter how much seed they sell.

Additional costs are things like, equipment, promotions and packaging which they estimate for set up would be around \$15,000 and \$5,000 annually on-going. They intend to get a grant to cover \$10,000 of the set up.

Seed varies considerably in costs to collect and can range between \$800/kg to \$1100/kg, with the average at \$900/kg. Phoning around the State they discover that the average price for selling seed per kg is \$1100. At this rate the Network would need to collect and sell 72kg of seed per year to break even or 80 kg of seed to generate a \$23,000 per year profit.

Many community business ideas don't make it past the back-of-the-envelope calculation. Save yourself pain later by being brutally honest now.

If the proposal doesn't stack up, consider trimming your sails, get advice from specialists within your Network membership, or get professional advice from Industry Councils and Agribusiness groups involved in Economic Development.

If your ideas do make it past the first cut, continue with these questions:

(By the way, the questions come from the 'Business Planning Guide for Social Enterprises', produced by Social Ventures Australia. To download their complete guide, go to: www.socialventures.com.au/content/Application_Process/)

- How many jobs or training opportunities could possibly be created by this venture?

Job creation can be particularly appealing to some government programs, and lead to grants for start up activities.

- What training or qualifications will people need to work in this venture?

Are there people in your community already with these qualifications? Or will you look to train someone or recruit from outside the area? These things all take time, so leave yourself plenty of it.

- What do your Network members know about the industry your venture would operate in?

Is there likely to be a lot of technical expertise required and will this be expensive or time consuming?

Do you have contacts, partners or networks in the industry, or any other 'natural advantage'?

- What type of business, management and staffing structure does the product or service require, and does this fit what the Network wants?

Do the Network members have the skills to establish and oversee this structure?

Do the Network members involved have complementary skills and attributes?

Do you all understand how much work will be involved?

Do you have clear roles and responsibilities?

- Are you being realistic about the Network's capacity to manage this venture?

Working to the strengths of members involved can make things easier. If the venture is outside current knowledge or expertise at least map out early on who will do what and what skills they will need, so people have time to develop them.

- Are you confident that the membership supports the venture?

If you are unsure, what might you be able to do to determine support?

If they do not currently support the venture, ask why and is there anything that can be done to turn this around?

Can those involved lead others and motivate them to get involved?

Is their commitment strong enough to stay with the venture through the set-up phase to operation which may need to jump many hurdles?

By going through this set of questions, you will get a good sense of whether a venture is worth pursuing further. If a product or service makes it past this point, there is now more detailed work to be done—see *Social Ventures Australia's Business Planning Guide for Social Enterprises*. In thinking about your capacity to deliver services as a business

don't underestimate the inherent competitive or natural advantage of Landcare.

Landcare's non-partisan approach has wide appeal and engagement of people with interests in common. This is a natural advantage for Landcare and can be used constructively in the process of developing and managing a social enterprise. Consider other natural advantages:

- Landcare groups and Networks are very good at networking with multiple partners and providing forums whereby these partners collaborate on issues that might otherwise be dealt with in isolation.
- Landcare canvasses needs in their communities, builds capacity to address these needs and earns a lot of trust in the process.
- The reciprocal and trusting nature of relationships in Landcare helps efficient delivery of projects and programs.

Step 5. Manage your risks

“What keeps you up at night?”

“What can stop you from providing the goods or service?”

Identify the risks to establishment and on-going operations at an early stage. You can then either modify the way in which the venture is progressed to avoid the risks or develop strategies to manage the risks should they arise. Start by answering the two questions above with the people working on the initial assessment of feasibility.

Seek professional legal advice at an early stage. If a Network has tax deductible status there will be implications for a business generating profits. Additionally, insurance normally bought through Landcare channels will not apply to income generated by means other than grants. Advice on legal structure of the business will also be valuable, as entities other than incorporated associations may have additional benefits.

Step 6. Prepare your Business Plan

The Executive Summary. This sits at the front of the document but as it is a summary of all that is being described in the plan, it is best written last. The concept of the proposed venture and capability of the network to deliver it are simply and compellingly presented.

This may be the first and only section of a business plan that people read, so give them all the major points they need to decide whether or not the venture interests them.

If they are interested, they need to be inspired to read on. The more hard-nosed will look to the executive summary as a sample of the quality and professionalism of the Network's approach to planning and project development.

An executive summary will be no more than one to three pages long. Give the single most important message from each section of the plan.

- Who are we?
- What goods or services are we planning to offer?
- What demand or market exists for these goods or services?
- How will the business operate?
- What are the projected timelines – from start up to reaching the goal?
- What are the expected income and expenses?

Description of the Network. Draw on your Strategic Plan or update this to emphasize the Network's capacity to deliver the proposed business.

Describe how the business venture being proposed complements the vision, mission and strategic direction of the Network and what motivated the Network to pursue this opportunity. Include the role the Network will play in the ongoing operation of the venture.

Be sure to include the legal structure of the Network and consider an organizational chart –a pictorial representation of how the Network and member groups relate to each other and where the venture and its staff will sit within this.

Description of the products or services. Describe what the Network plans to provide, and the benefits and features that will attract people to these goods and services. Describe the goods or service from initial stages to finished product. Use everyday language so as not to alienate anyone reading your plan that might be unfamiliar with the industry. ***Be sure to mention*** the distinctive elements a Landcare Network can bring to the goods or services, for example local knowledge, community networks or located in the district.

Provide a brief overview of the environmental and rural industries that are relevant to the venture. References to published data from research projects, journals or technical reports can provide supporting evidence, especially

where they demonstrate a growing need for the goods or services or where a gap in provision exists. Remember to include the references at the end of the plan.

Further sections usually included in Business Plans are summarised below.²

Market description – Who are you predicting will purchase your product or use your service? How large is your estimated customer base? Describe how you came to these conclusions.

Price - Provide a realistic estimate of the price for your product or service, and discuss the rationale behind that price.

Place - Describe the location where you will produce and/or distribute your product or provide your service.

Staff - Describe the staff required to operate the business, including how many people, the roles and tasks they will perform.

Equipment or materials – In the manufacture or provision of your product or service, what type of equipment will be needed? This should include machinery, transport, packaging, office equipment and services (telephone etc.) and the costs – upfront and recurring.

Facility – Where the business will operate from and what specific features it needs.

Marketing and sales - Describe how you will inform potential customers about your product or service, including methods of advertising; ways of promoting the value of the goods or service and how they/it will be distributed.

Ownership – Describe how the business venture relates to the Network, where the lines of accountability and governance lie and how any profits will be used and accounted for.

Start-up budget – Create a budget that covers projected income and all of the costs listed above plus any legal and licensing requirements. Be sure to include all of the in-kind contributions from members and partners that contribute to the development phase and estimated for the on-going delivery.

Additional financial information – You may need to include month-to-month cash flow projections for start up and three to five years plus accounting for assets and liabilities accumulated over time. **Professional accounting advice for this aspect is highly advisable.** If some type of capital investment is being sought (grant or loan) describe how and when this money will be drawn down and used and how repayment of any loan will be made.

² For more details and in order to develop these thoroughly, use one of the guides listed under Business Planning in the Social Entrepreneurs ToolBelt
<http://www.setoolbelt.org/about>

Timelines – include all of the steps involved from genesis of the idea through to being fully operational. A Gantt chart or some sort of spread sheet can portray timelines well with minimal words and can be used as a graphic to break up the text of the Business Plan.

Risks and their mitigation – Risks can be presented in a three column table with the headings as follows:

| Type of risk | Likelihood of the risk occurring | Method of managing the risk |
|--------------|----------------------------------|-----------------------------|
| | | |
| | | |

This demonstrates you have thought about possible problems and have developed ways of solving them, strengthening your plan and demonstrating a fully informed approach to managing the venture.

Step 7. Present the Business Plan

Once each section has been written focus should switch to the style and presentation of the document. ***The content may be fabulous but the layout and design needs to draw the reader in.***

The Cover page. Include:

The Landcare Network name and logo. The name could be in the title of the Plan which serves two purposes; it gets the name in the title and makes the name of the document self explanatory. For example

“Yarranbuck Landcare Network Business Plan for an Indigenous Plant Nursery 2011 - 2014”

Network contact details, including street and postal address, phone, fax, email and web site. If the plan is a revision of an earlier version, include date of original version. Use text, colours and fonts and any style common to other publications produced by your Network

Executive summary. Write this last.

Table of contents. This shows readers at a glance what is covered in the plan and demonstrates the logic and flow of the document. A Table of Contents can be set up automatically in a document – learn how to do this before you start - to avoid having to re-format!

Photos and graphics. Use good quality photos and graphics to break up the text and give some colour and form to your proposal. They need to be relevant by demonstrating knowledge and skill related to the proposal.

References and Attachments. Include references used either directly in the body of the plan or used in developing the plan. This demonstrates who has influenced your decision making and that you have researched the venture. Place the references at the immediate end of the body of the plan.

Attachments come last. When referred to in the plan, give the attachment number and make sure it matches with the attachment. Consider including:

- The Landcare Network Strategic Plan – or a brochure summarising the main points
- Any additional financial information not included in the body of the plan
- A case study of a similar and successful venture to that which you are proposing that illustrates the scope of what you are proposing from a third person’s perspective
- An excerpt from a particularly good reference.

Check you have all the basics. Before finalising your plan, check:

- Does the plan fulfil the goal established at the beginning of the process?
- Are there still strong links between the Vision, Mission and objectives of the Network and the proposed business venture?
- Is the venture (goods or services) clearly described and the opportunities logically developed?
- Are potential risks and methods of managing them clearly articulated?
- Has the Network’s ability to carry out the venture been thoroughly assessed and presented, and are there any knowledge or skills gaps that need addressing?
- Is it clear how the Network will proceed with the venture once necessary resources have been gathered?

Answer yes to these questions and you will very likely have a good plan and the ability to carry it out.

TIP: Ask someone with no knowledge of the venture to read the plan. Ask for feedback on read-ability whether they are convinced.

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This Guide is current as of May 2013, and downloadable from www.basscoastlandcare.org.au/resources . References, useful web sites and templates for use in planning processes are provided in a separate, alphabetically listed document . These will also be revised from time-to-time.

We value your thoughts about the Guides, and your experiences as you use them. Send a note to moragh@vic.chariot.net.au .

Be adventurous and good luck!!