

# Business Planning

in the  
public sector

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Second  
Edition

essential skills  
for the public sector

*Business Planning in the Public Sector*

# **Business Planning** in the **Public Sector**

Second Edition

Essential Skills for  
the Public Sector

**HB** PUBLICATIONS

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**HB PUBLICATIONS**  
(Incorporated as Givegood Limited)

**Published by:**

**HB Publications**  
**London, England**

First Published 1997 © HB Publications  
Second Edition 2011 © HB Publications

British Library Cataloguing in Publication Data

**ISBN 978 1 899448 44 9**

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# Chapter 1

## Introduction

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All organisations should plan for the future to establish how to achieve their goals. Successful planning ideally results in the development of a written document; the **business plan**. Business planning has always been essential for the private sector which has to produce business plans for raising funds and supporting requests for borrowing.

Business planning is equally important for the public sector as for the private sector, even though the motivation for undertaking their activities is different. Whereas it is common place for most private sector businesses to maximise profit as the primary objective, the business of the public sector is largely driven by the need to deliver services to fulfil social, political or economic objectives.

In the public sector the term “service or development plan” is sometimes used instead of the term “business plan”. In the light of continuing pressure on public services to become more efficient, the business plan is increasingly seen as an important tool which will assist in identifying how service delivery can be maximised given limited or constrained resources.

Business planning is now a common feature within the management of many public services. This book will outline good practice in the development and preparation of business plans, indicating how they should be used both as an internal and external document.

The following chapters set out the important features of business planning, including establishing aims and objectives, the key components of the content, and the financial implications. It should be emphasised, however, that the format of the plan must be individual to the organisation. Although ideas with respect to formats will be given, they **must** be tailored to meet the organisation's needs.

This book is one of a series of "Essential Skills for the Public Sector" titles. The series aims to assist public sector managers become more efficient and effective in carrying out their important management responsibilities. We consider this book to be an important part of the tool kit for public sector management development.

# Chapter 2

## The Corporate Framework

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### *Having a Vision*

In order to commence the planning process, it is important to have a vision of what the future of the organisation should be. This vision should encompass all aspects of the organisation including its services, size, culture, and performance. In a commercial enterprise it is normally the proprietors that are responsible for developing the vision and disseminating it throughout the organisation. In the public sector, it is less clear as to who should be responsible for creating and promoting the vision. In many circumstances, it will be the person or group of people at the top of the organisation. This could be the Chief Executive, the management board, or where there is a political environment, as with local authorities, the ruling party. If a group of people are developing the vision, then it should be a shared vision and may require compromises to be made.

The vision is the starting point for any planning and should be kept very simple for ease of communication. In addition, the vision will vary greatly depending on the goals or aspirations of the organisation. For example, a business proprietor may have a vision of the business being a market leader in terms of service quality, whilst a public sector organisation may have



the vision of making the service(s) accessible to all members of the community. In both cases, any planning undertaken should be with respect to realising these visions.

Many public sector organisations provide a range of services, and hence having a single simple vision to cover all services sometimes proves difficult. In such cases it may prove easier to concentrate the vision on more general areas such as organisational culture. For example, there may be a vision to be a “responsive” or a “quality” organisation (where quality must be defined). Alternatively, it may be necessary to have different visions for each aspect of the service.

The vision should percolate through to the organisation's mission statement, objectives, policies and procedures, and can sometimes be presented in the form of a “vision statement”. Examples of vision statements are given as follows:

*The Council's overall priority for the period 2010-2015 will be to achieve a recognised improvement in the quality of its services, as defined in the Council's Mission, with an overall budget substantially reducing in real terms.*

**A London Borough**

*"The public funders of health research are committed to working together to improve the competitiveness of UK health research, speed up the translation of basic science to patient benefit and create an environment attractive to the life sciences industry."*

### **A Strategic Health Research Organisation**

Many organisations do not produce a written vision statement due to a range of reasons including the following:

- ❖ *Where there is no clear consensus as to who within the organisation should define the vision*
- ❖ *Where those at the top of the organisation cannot agree on a common vision*
- ❖ *Where activities are so diverse that one vision for the whole organisation is not appropriate*
- ❖ *Where the organisation's goals are very changeable making any established vision quickly out of date*

## ***Developing a Mission Statement***

A "mission statement" should provide the whole organisation with a common direction. The statement should be based on the organisation's vision, and in some cases, where a vision statement has been developed, the two statements can be the same or overlapping.

The mission statement should contain some of the following important elements

---

**DIRECTION**

- Where the organisation is going and/or intends to go
- What the organisation does and/or intends to do
- What the organisation is and/or intends to become

---

**PERFORMANCE**

- What performance level the organisation intends to achieve
- When the organisation intends to achieve it

---

**MARKET**

- Who the organisation provides services for
- The current and/or intended market position

---

**CULTURE**

- How the organisation operates and/or intends to operate
- The value system of the organisation
- The skills and abilities of the organisation

Mission statements should also strive to be:

**Meaningful**

**Memorable**

**Motivational**

*(3M's of Mission Statements)*

In order for it to be **meaningful** it has to be accurate and phrased in a way that everyone can understand.

In order for it to be **memorable** it must be relatively brief. Mission statements can vary in length from two words to several sentences. However, most people can only remember one or two sentences at most.

In order for a mission statement to be **motivational** it has to contain a message that everyone in the organisation can relate to, believe in, and support.

Example mission statements are shown below:

*"To give practicing professionals a learning environment that supports, develops and assists them in enhancing their skills and professionalism in the varied fields related to public management."*

**A University Public Administration Program**

*"To enhance the quality of life in the Borough by securing efficient and effective services and promoting the well-being of the community and the Borough's physical environment."*

**A London Borough**

*"To work in partnership to provide an excellent, affordable service that will:*

*Reduce risk throughout the community by protective community safety services,  
Respond quickly to emergencies with skilful staff,  
Restore and maintain quality of life in our communities"*

**A Fire and Rescue Service**

## Exercise 5

### Aims and Objectives

Distinguish between the following statements as to which are aims and which are objectives, remembering that objectives should be SMART.

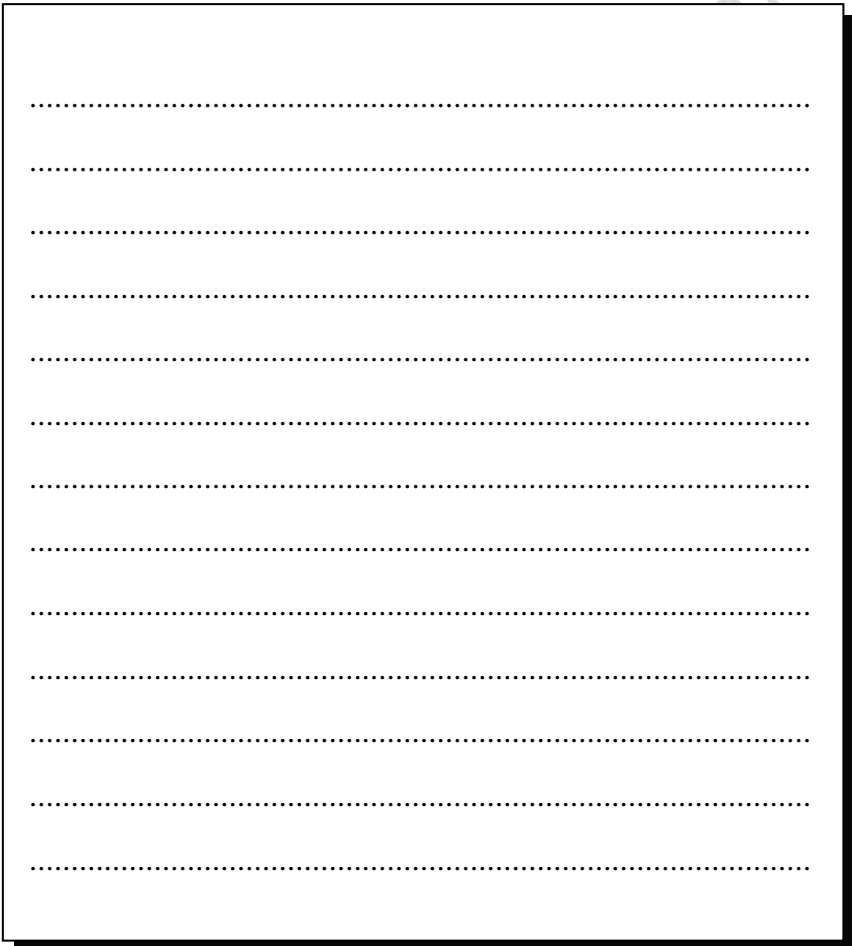
Stages in the Planning Process	AIM? (✓)	OBJECTIVE? (✓)
To provide a responsive service	<input type="checkbox"/>	<input type="checkbox"/>
To increase quality within financial constraints	<input type="checkbox"/>	<input type="checkbox"/>
To reduce waiting times by 4% during the year	<input type="checkbox"/>	<input type="checkbox"/>
To increase income through a fair charging policy	<input type="checkbox"/>	<input type="checkbox"/>
To introduce means testing for non-essential services within the financial year	<input type="checkbox"/>	<input type="checkbox"/>
To become the best service provider in the region	<input type="checkbox"/>	<input type="checkbox"/>
To improve response times to an average of 20 minutes next month	<input type="checkbox"/>	<input type="checkbox"/>
To create a safer and cleaner environment	<input type="checkbox"/>	<input type="checkbox"/>
To create 10 new jobs every year	<input type="checkbox"/>	<input type="checkbox"/>
To develop a quality service meeting the Requirements of international quality standards and obtaining ISO 9000 within the next 24 months	<input type="checkbox"/>	<input type="checkbox"/>

*Suggested solutions to this exercise can be found on page 112*

## Exercise 6

### Setting Objectives

- a) Describe the process by which objectives are established within your organisation



A large rectangular box with a thick black border, containing 13 horizontal dotted lines for writing.

- b) List up to 10 objectives you consider your organisation should achieve during the next financial year, and then rank them in order of priority.

	Priority
1) _____	_____
2) _____	_____
3) _____	_____
4) _____	_____
5) _____	_____
6) _____	_____
7) _____	_____
8) _____	_____
9) _____	_____
10) _____	_____

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