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APRIL 2010 SEMINAR SUMMARY

Making your business plan your bible to success **Tuesday 27 April, 2010** **Australia Council: 372 Elizabeth Street, Surry Hills**

Chair

Kevin Golding, Finance and Business Analyst Arts Organisations Division, Australia Council for the Arts

Panel

Catherine Baldwin, Executive Director, Bangarra Dance Theatre, Chair, Young People and the Arts Australia (YPAA)

Kerry Comerford, Chair, Monkey Baa Theatre for Young People

David Williams, Chief Executive Officer, version 1.0 inc

For its April seminar SAMAG brought together a panel of experienced CEO's and board members from diverse backgrounds to share their experiences and some practical tips on how to make your business plan a living, breathing document.

For Kevin Golding, who reviews over one hundred and sixty business plans a year and conducts industry workshops on business planning for the Australia Council, a good business plan sets out the vision and values of the organisation, where they want to be in three years, how they will get there and how they will measure success. A really good plan provides a clear sense of the organisation's personality and is written in the language of the organisation, conveying its passion and excitement. Kevin looks for plans that tell a story and give him a clear sense of the *raison d'être* of the organisation. He says he's always surprised how often there is a mismatch between what the organisation does and how they describe this in writing.

On a more practical note, he says business plans should be no more than 25 pages long. And, while organisations are often tempted to include historical information in their plan, it is better to pare it down to the key messages, and remember that 'less is more'. He also suggested asking: "Will this be a helpful guide for staff?" He recommended the *CMC Harmonised Reporting Business Plan Framework*, January 2009, as a resource.

Speaking about developing the first business plan for version 1.0 inc, David Williams said that in 2008 they were "a group of artist working together who decided they wanted to be more". David describes the plan, which was 52 pages long and did include the history of version 1.0 inc, as a "pitch for an organisation that didn't exist." They "started with the art we make" and then looked at how they the group could work better. This included establishing a structure that would create ongoing employment. After a year of meetings and attending several Australia Council workshops they came to what David described as "an overlapping agreement" about the vision and how they could frame it in useful terms.

When asked: "What was the most useful thing about the process?" David replied that it allowed them to shape where they wanted to be at the end of 2011. He said it was very interesting "to interrogate what we do and why we do it" and, in particular, it was useful to think "about the field in which we operate" (i.e. asking "who are our competitors?"). This made them consider "what is unique about our organisation?" David noted that since the plan was developed in 2008 some of the targets have been revised (they were set "at ambitiously high levels"), some of the goals have been clarified (they were "too fuzzy"), and the membership of the board has changed to include people with legal, marketing, fund raising and

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governance skills. David commented that the next plan will include fewer, more clearly described targets. He added that it's important to see the business plan as a work in progress, some things work and some things don't, and it's a matter of staying focussed on how the organisation can get where it wants to go.

Kevin then asked Catherine Baldwin to describe how she, as the Chairperson of a number of arts organisations, uses business plans. Catherine says that pragmatically a business plan is the tool that helps you get funding. It also gives you confidence about where you're heading and, most importantly, it's a communication tool. Everyone "on the journey" needs to know what success looks like and to share the journey.

In order to have the right impact with sponsors and funders, Catherine suggests that business plans need to tell the reader:

1. Who you are (in one sentence)
2. Where you are going
3. What are the pitfalls/challenges
4. What does success look (to assist with the development of performance measures Catherine recommended the *Contribution of the Not-for-Profit Sector - Research report*, February 2010).

Catherine sees the planning process as a great opportunity for staff to "have a good chat about the future". She says that people often get caught up in describing what they do now and the planning process can help them look to the future. Echoing something David said earlier, Catherine added that it's very useful to ask: "What would happen if your organisation no longer existed, what gap would it leave?" as a way of identifying the things that are unique about your organisation.

In line with their role in developing strategy and setting directions, the Board can use the business plan to look at how the organisation is going and decide if they need to change anything. If pitched correctly, a good plan can keep the Board thinking strategically and out of the day-to-day management of the organisation. The business plan also allows the organisation to respond to opportunities in a consistent way by asking: "How does this fit with the business plan?" Catherine suggested to keeping a list of the things an organisation says "no" to and to estimate the revenue that may have been generated for use in a future business case.

Kevin commented that Young People and the Arts Australia (YPAA) set ambitious goals in its business plan and he asked Catherine: "How do you review that as the Chair?" Catherine responded that, building on the success of the World Congress of the International Association of Theatre for Children and Young People (ASSITEJ International), the Board made "a leap of faith", setting ambitious targets and running down resources as an investment in the future. The targets helped the organisation to see what it could become, to gain funding and engage with members. Catherine noted that the goals haven't changed, but acknowledged that they may take a bit longer to achieve.

In her new role as Executive Director of Bangarra Dance Theatre, Catherine is working with the Board and Company to develop a new business plan. Bangarra will have two objectives and six principles that can be carried by Board member and staff on a business card. She suggested that if you can't remember any of the objectives or principles then perhaps they are redundant. She also noted that while an organisation can have thousands of ideas it is very important to stay focused on, what she calls "the spine" of the organisation. For example, everything Bangarra does should meet its two objective and at least one, and maybe two or three of the principles.

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For Monkey Baa Theatre for Young People the development of its first business plan was a turning point. As Kerry Comerford explained, the process gave everyone an understanding of the artistic vision of the organisation and it changed the way Monkey Baa is structured. The Board uses the business plan at its quarterly meetings and Kerry also uses it in meetings with the Creative Directors and staff. She said the plan acts as a good reference point, helping the Board to ask “Are our goals correct”, “Can we achieve our goals?” and “Do we have the resources we need?”

Catherine introduced the idea that, while previously we might have referred to our business plan as a “roadmap” now we have Global Positioning Systems (GPS) and need to be more sophisticated. In this new environment there can be many ways to get from “A” to “B” and things change so rapidly we need to be able to take advantage of new opportunities. This is why being able to refer back to objectives and principles in a plan is much better than having a list of action items. Kevin cautioned that even if you base your plan around objectives and principles you still need to think about the kind of car you’re going to drive (i.e. the resources that are needed) and how you’re going to get where you’re going (achieve your goals).

The panel was asked about whether an organisation can have both ambitious and practical goals. Kevin said a plan should include both, to push boundaries while also having goals that are achievable. He added that plans should include risk management strategies to address any problems that arise. David commented that he became nervous when version 1.0 inc’s new Treasurer set high-income targets, but came to realise that this is a “philosophical position” and when staff have growth and sustainability as a goal, growth will happen. If an organisation has only artistic goals this can be limiting.

In response to the question: “When should a business plan be developed?” Catherine advised that if you’re thinking of developing a business you need a business plan. You need to identify your market (who are your customers and how you’re going to reach them), your product (what it is and how much will it cost) and revenue (including identifying potential funders and partners). Kevin added that a business plan can start as a two or three page situation analysis and, as most arts workers are entrepreneurs, it’s a matter of documenting the market, and describing where you want to be in three years and how you will get there. He did warn that developing clear plan can take a lot of work.

A member of the audience asked why most business plans cover a three-year period. Catherine commented that things are changing so rapidly that three years is a realistic timeframe “to get a handle on the horizon”, and, in this environment, the plan needs to be updated every year. Kevin added that the financial crisis has shown that things can change very quickly and that it’s important to differentiate between the strategic plan that sets the longer-term high-level strategic goals of the organisation and the business plan that provides more specific goals and actions in relation to product/s, customers and money.

The Panel very effectively showed how you can make your business plan your 'bible to success'; using the planning process to clarify goals and set targets and the finished plan as a tool for reviewing progress, refining goals and strategies, and communicating the passion and excitement of your organisation.

National Business Plan Framework

<http://www.arts.act.gov.au/pages/images/2009%20Business%20Plan%20Framework.pdf>

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Monkey Baa Theatre for Young People

<http://monkeybaa.com.au/MonkeyBaa-about.html>

Young People and the Arts, Australia

<http://www.ypaa.net/strategicplan.html>

Contribution of the Not-for-Profit Sector - Research report, February 2010.

<http://www.pc.gov.au/projects/study/not-for-profit/report>

Sarah Evans

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