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ARTS COUNCIL

BUSINESS PLANNING

Guidance Notes for Arts Council Clients

Introduction

Over the past two years the Arts Council has introduced a number of procedures and initiatives designed to assist with the management of the subsidised arts sector. They have all been concerned to assist the Arts Council and its client organisations to respond to a rapidly changing external environment. All have, in their own ways, been concerned with planning for the future in a more systematic and structured way.

We can now begin to link these various initiatives together in a way which will strengthen the management and reduce the bureaucratic demands placed upon client organisations. We intend to use "business planning" as the spine of a system to which the other planning procedures can be attached.

This memorandum describes our understanding of business planning and the way it fits with Appraisals, Three-Year Funding Applications and Incentive Funding.

Business Planning

Business planning is a process which is concerned with the key aspects of an arts organisation's artistic activities, educational activities, social policies, marketing strategy and financial plans. It is concerned to identify those factors which will be fundamental to the long-term success of the organisation, and to develop objectives and plans which will enable the organisation to thrive in a rapidly changing external environment.

The purpose of business planning is, amongst other things:

- to increase consensus throughout the organisation about objectives and means of achievement
- to improve understanding of plans and programmes, and the premises that lie behind them
- to create a clear rationale for the allocation of resources
- to set targets for measuring achievements (both qualitative and quantitative).

Business planning is likely to involve people in all parts of the organisation and will probably take six months from start to completion.

Business Plans

Business plans are the physical representation of the social process of planning. They represent the commitment that individuals throughout the organisation have made to the achievement of the overall objectives.

A business plan therefore sets out an organisation's objectives and how it plans to realise them over a given period of time. It translates artistic aspirations into actions which the organisation will undertake, its marketing strategy and its financial plans. In summary, it will show who will do what to achieve the objectives.

A business plan is a document which can be used:

- when preparing sponsorship applications
- as an input to an Appraisal
- as the basis for preparing and up-dating Three-Year Funding Applications
- as the basis for an Incentive Funding Application
- as a framework for preparing internal budgets.

A business plan is therefore a document designed to assist the client. It will not have to be submitted to the Arts Council except as part of an Appraisal or an Incentive Funding Application. Consequently the timing of the preparation of a business plan will be a matter for individual clients to decide according to the time of their budgets, their Appraisal and any incentive funding applications being considered.

Fitting Business Planning with Other Procedures

Although related one with another, each Arts Council initiative serves a distinct purpose:

1 Appraisals

All Arts Council revenue clients undergo quinquennial in-depth investigation which reviews their past performance, both artistically and managerially; examines their future development plans; agrees their main objectives, and the purpose of the Arts Council subsidy. In future, it is envisaged that the "Business Plan" will form a key input from the client to Appraisal Teams.

Between fifteen and twenty-five Appraisals are conducted every year by Teams comprising Arts Council officers and professionals drawn from the relevant field(s) of artistic activity. The conclusions of an Appraisal may be taken into account when Three-Year Funding Applications or Incentive Funding Applications are being considered.

2 Three-Year Funding Applications

In future, it is envisaged that Arts Council revenue clients will be expected to agree a Three-Year Funding Application with the Arts Council. This application will take the form of a pro-forma which clients will be invited to complete. The pro-forma will summarise a client's intentions for the next three years and will enable the Arts Council to determine its subsidy commitment. The pro-forma will NOT itself be a Business Plan or part of the appraisal system.

It is expected that the first round of Three-Year Funding Applications will be agreed during the autumn of 1988. For some clients, the Arts Council will commit itself to a "rolling triennium" of funding so it will review their funding applications annually. In other cases it will agree a "franchise" which will run for a three year period and be reviewed at the beginning of the third year.

The completion of all Three-Year Funding Applications will be a relatively straightforward task for clients who have prepared a Business Plan, since it will drop naturally out of the Business Plan.

3 Incentive Funding

Incentive Funding is designed to encourage arts organisations to become more financially enterprising, to improve their commercial management skills and to strengthen their long-term financial basis.

It requires the development of Three-Year Business Plans as part of the application process.

Training

A range of courses has been organised to assist staff and clients with business planning, beginning with one for Arts Council officers on 21/22 July and two for clients on 6/7 October in the Midlands, and 3/4 November in the North West.

These workshops have been designed:

- to explore the meaning of business planning in arts organisations
- to review the formulation of strategies for the successful development of arts organisations, which integrate artistic, social and marketing policies into financially viable plans.
- to learn from the experience of other organisations about the process of preparing a Business Plan in a way which allows it to become an integral part of the management and operation of the organisation.

Courses for clients have been designed specifically for the Artistic and Administrative Directors of arts organisations.

Further information about these courses can be obtained from the Training Unit, the Arts Council, 105 Piccadilly, London, W1V 0AU, Tel: 01-629 9495.

In addition, organisations which qualify under the terms of the Incentive Funding Scheme will be invited to special seminars on Business Planning later in 1988 or early in 1989. Further information is available from the Incentive Funding Unit at the Arts Council.

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