

# **‘Boo’**

***giving the children of Africa***

***‘Opportunity not Charity’***

**Business Plan**

**An entrepreneurial project**

by

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Submitted for the

Masters in Business Administration

The Business School

Bournemouth University

May 2003

## **Executive Summary**

### ***'Boo' giving the children of Africa 'Opportunity not Charity'***

Sarah Hicks (known as 'Boo' to her friends and family) lost her battle to cancer in September 2002 aged 36. Sarah was a charismatic, determined and single-minded young woman. During the years of her illness her search for alternative treatment took her to Kenya. It was during this time that she made many friends who were amazed and touched by her compassion and love for those that she felt were less fortunate than her. It is difficult to put into words the impact Sarah has already had on many people's lives, however, it was her final wish to make a difference in a sustainable way to the children of Africa.

The 'Boo' charity has been established in Sarah's memory with the aim of helping the children of Africa disadvantaged through economic poverty. Projects include the provision of food, shelter, healthcare, education, life-skills and emotional support. The two primary messages that form the basis of its strategy focus on the provision of "Opportunity not Charity" and the ability to give more assistance for less donation, direct to where it is needed.

To deliver this vision 'Boo' will operate within the UK as an internet based, low cost no frills 'virtual' charity and provide:

- Cost effectiveness (a maximum cost basis of 15% of funds raised per annum).
- Transparency (open to scrutiny and financial rigour by every donor).
- Convenience (provides easy methods for people to donate).
- Value added (will create value for its donors in order to deliver growth, sustainability and cash flow that will drive value creation).

'Boo' will raise funds through payroll giving, internet donations, corporate giving and entrepreneurial challenge events. Its financial objectives are to

raise £51,000 in year 1 increasing to £69,000 in year 2 and £87,000 in year three.

'Boo' has identified Vision-Africa, a like-minded charity, which has the skills and experience to provide effective distribution of funds to the point of need. Through a partnership with Vision-Africa and over the next three years 'Boo' will provide £24,000 to its child sponsorship programme, £115,000 to the development of the Dandora Rescue Centre and £30,000 to the development of a Rural Development Centre.

The principle project of 'Boo' is the development of the Dandora Rescue Centre which was identified during a recent fact finding trip to Kenya and comprises a 7.5-acre existing complex that lies within the Nairobi conurbation. It will accommodate and provide approximately 300 children with life skills and vocational training.

Wessex Plc is being asked to partner 'Boo' as a corporate sponsor through the provision of both financial and administrative support. The financial contribution requested is £5,000 annually over the next three years. The indirect financial requirement from Wessex Plc is through the provision of infrastructure and administrative support. This is to be through permitting approximately three of their staff to use the administrative capability of Wessex Plc for the administration of 'Boo'. Additionally, it is requested that Wessex Plc sign-up as a payroll giving company and promote its sponsorship of 'Boo' to its staff offering them the opportunity to donate through payroll giving.

The three trustees of 'Boo' are Russell Hicks (Sarah's husband), Julie (Sarah's Mother) and Ian Price (Sarah's boss and friend). Supporting the trustees is a team of final year MBA students from Bournemouth University who have been involved at all stages of the development of the project from its conception following an in-depth feasibility study to its eventual launch.

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## Charity Details

<b>Legal Name (intended)</b>	Boo Charity (unregistered to date)
<b>Trading Name</b>	'Boo'
<b>Contact address</b>	xxxx xxxx xxxx Tel: xxxxxxxxxxxx Email: <a href="mailto:info@boo-charity.org">info@boo-charity.org</a>
<b>Trustees</b>	Russell Hicks (Chairman) Ian Price Julie xxxx
<b>Registered Office</b>	Per above
<b>Charity Registration Number</b>	TBC
<b>Website</b>	<a href="http://www.boo-charity.org">www.boo-charity.org</a>
<b>Bankers</b>	TBC
<b>Accountant</b>	TBC
<b>Advisors</b>	Colin Bateman Kathryn Brennan David Lakins Richard Newey Gareth Sampson

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## 1.0 INTRODUCTION

### 1.1 Aims

#### ***'Boo' giving the children of Africa 'Opportunity not Charity'***

Sarah Hicks (known as 'Boo' to her friends and family) lost her battle to cancer in September 2002 aged 36. Sarah was a charismatic, determined and single-minded young woman. During the years of her illness her search for alternative treatment took her to Kenya. It was during this time that she made many friends who were amazed and touched by her compassion and love for those that she felt were less fortunate than her. It is difficult to put into words the impact Sarah has already had on many people's lives, however, it was her final wish to make a difference in a sustainable way to the children of Africa.

The 'Boo' charity has been established in Sarah's memory to enable her visions to become actions. There are three trustees Russell (Sarah's husband), Julie (Sarah's Mother) and Ian Price (Sarah's boss and friend).

Supporting the trustees is a team of final year MBA students from Bournemouth University. They have been involved at all stages of the development of the project from its conception following an in-depth feasibility study to its eventual launch. This has also resulted in Bournemouth University Business School becoming a supporter of 'Boo'.

The aim of 'Boo' is to help the children of Africa disadvantaged through economic poverty. Projects include the provision of food, shelter, healthcare, education, life-skills and emotional support. The overriding principle of 'Boo' is to provide children with 'Opportunity not Charity'.

## **1.2 Objectives**

Initially a feasibility study (detailed in the separate Feasibility Study pack) was carried out to explore the existing charities sector and how Sarah's vision might be turned into reality. This process has identified a "low cost no frills" business model that will provide a platform for 'Boo' to be turned into reality.

The model will define how 'Boo' proposes to manage the creation and operation of the charity. This includes how funds will be raised given the credibility issues associated with a new charity. This is articulated through the detailed marketing, financial and operational plans.

The report will identify how 'Boo' will provide opportunity for Wessex Plc fundamentally through the concept of corporate philanthropy. The team believe that Wessex Plc can use their charitable effort to improve their competitive context in the locations that they operate. It will argue that charitable donations should not be thought of as donations but as charitable investment that can contribute to expanding the Kenyan business market.

The overriding principle of 'Boo' is to provide the children of Africa with 'Opportunity not Charity' and this report will identify and recommend some initial projects. Furthermore, it will define how these funds will be delivered to the point of need whilst remaining true to the low cost model.

## **2.0 STRATEGIC PLAN**

### **2.1 Strategy – Short-term**

The conclusions from the feasibility study have been used to determine and define the following strategy. 'Boo' will operate within the UK as an internet based, low cost no frills 'virtual' charity.

By operating 'on-line' the need for costly overheads will be eliminated. There will be minimal stationery, no premises costs, no collection boxes, in fact no processes that incur unnecessary costs, diverting money away from the children that need it most. The 'Boo' website will be utilised to provide transparency by publishing details in respect of its operations and projects. Projects include the provision of food, shelter, healthcare, education, emotional support and life-skills to include business and vocational training. 'Boo' aims to help those children that are destitute, orphaned or economically disadvantaged and provide them 'Opportunity not Charity'. In other words whilst each of the project areas are important we propose to provide skills that will create employment.

'Boo' will raise funds through four main streams:

- Payroll giving – Signing companies up to 'payroll giving' will enable donations to be deducted directly from supporters' monthly salaries. This generates a steady flow of income, allows taxation to be recouped and takes advantage of the UK government's current 10% uplift in support of this initiative.
- Child Sponsorship – Individual children are identified and financially supported by the 'adoption' of their education by donors. The sponsors make their financial payments online through the website service. Educational fees are then paid directly to the schools. The child's

progress and development is closely monitored with reports and updates provided to the sponsor.

- Corporate giving – Working with organisations to encourage corporate giving in terms of financial and administration support.
- Entrepreneurial challenge – Innovative and creative fundraising activities conducted by the supporters of 'Boo'. This will include, for example, the 10/10 entrepreneurial challenge.

To make a difference to the children of Africa 'Boo' recognises that, whilst it has the infrastructure to raise funds, it is not always prudent to undertake charitable projects in isolation. By working in partnership with other charities 'Boo' will generate the economies of scale necessary to undertake larger and more effective projects. 'Boo' has identified Vision-Africa, a like-minded charity, which has the skills and experience to provide effective distribution of funds to the point of need. This partnering arrangement will provide value for money by avoiding duplication of costs thereby ensuring that the money raised gets to the children that need it most.

The short term strategy of 'Boo' will include the following projects:

1. The child sponsorship programme will support children on an individual basis through secondary education, life-skills and vocational training. This will be operated in partnership with Vision-Africa who will be responsible for monitoring and administering the project.
2. The Dandora rescue centre project will also be developed in partnership with Vision-Africa. Dandora will accommodate and provide children (approximately 300) with life skills and vocational training. Dandora was identified during a recent fact

finding trip to Kenya and comprises a 7.5-acre existing complex that lies within the Nairobi conurbation.

Additional projects, pending additional funding, may be provided if they can be administered efficiently within the existing business model.

## **2.2 Strategy – Mid-term**

Within the mid-term (5 years) we recognise that there are significant problems in the more remote areas of Kenya. These areas have little help and assistance from other charities which tend to concentrate their efforts in Nairobi. However, there is a greater availability of affordable land in rural Kenya and 'Boo' intends to fund a countryside development centre that will provide a similar package to that of Dandora. However the ultimate aim is to achieve a self-sustaining project through the sale of arts, crafts, farming and potentially holidays for those who want to see the "real" Kenya. Whilst 'Boo' would maintain an overseeing role the very children that have been helped would manage the project. Subject to political stability, 'Boo' will attempt to gain government assistance in funding this project.

## **2.3 Contingency**

In line with the constitution of 'Boo' the projects undertaken are primarily managed and indeed ultimately owned by the Kenyans involved and being supported. Therefore, in the event of 'Boo' having to withdraw from Kenya (perhaps due to civil unrest) these projects would continue to be managed. Furthermore if 'Boo' decided, or it was necessary, to cease operations then existing projects would be transferred to partner charities.

### **3.0 OPPORTUNITY FOR WESSEX PLC**

#### **3.1 Corporate Philanthropy**

As identified within the feasibility study, 'Boo' believes that there is opportunity for organisations to improve their competitive context through corporate philanthropy. Many organisations with a social responsibility feel compelled to contribute towards a charity. However, these normally reflect the preferences of the directors with little strategic thought. Indeed many organisations confuse corporate philanthropy with cause-related marketing (CRM). Often organisations attempt to improve their reputation by linking its identity with the admired qualities of a chosen charity, the emphasis being to achieve positive publicity. The desired benefit is to foster an image of social responsibility and caring, not improvement in an organisations ability to compete (Porter and Kramer, 2002).

Organisations do not operate in isolation from their surroundings and indeed their ability to compete depends upon the circumstances where they operate. Hence true corporate philanthropy simultaneously addresses social and economic goals whilst targeting areas of competitive context. Such donations should also be seen as investments to help expand the Kenyan market and indeed make Kenya a more attractive place to do business.

'Boo' has identified the need to not only concentrate upon education needs but also offer training in life skills that will enable individuals to contribute to society. These skills will be focused upon corporate sponsors needs, thus improving their ability to compete. Whilst Kenya currently has a high unemployment level, other charities such as the Imani Rehabilitation Centre, have found that organisations will offer employment when the above criteria have been met. The philanthropic ideal also needs to consider the impact of the AIDS epidemic as it is likely that up to 40% of their African workforce may be infected with the virus (Rosen *et al*, 2003). Investment in HIV prevention and treatment programs will pay off for most organisations in financial terms and make workforces more productive and ultimately less expensive.

From an organisations perspective selecting the most effective charity is not easy. While individual donors have little time to carry out research this is not the case with multi-national corporations who have the resource to carry out appropriate research. 'Boo' believes its ability to operate a transparent low cost no frills charity will provide it a strategic advantage within the market place to gain corporate donors. Furthermore collective action will often be more effective than solo action in respect of improving context, hence 'Boo' will look to identify similar corporate sponsors that could also provide a service towards the charity. For example, targeting delivery organisations such as 'Fed Ex' and 'DHL', who could provide an advantage in delivering to remote areas by the use of locally skilled Kenyans (Prahalad and Hammond, 2002).

Conversely this relationship could provide an advantage to 'Boo' in the delivery of aid consignments. The emphasis here is upon building relationships with organisations that can provide competitive advantages that compliment the long-term strategy of 'Boo'. It is these areas that we believe Wessex plc would benefit.

### **3.2 Public Relations**

'Boo' sees its public relations (PR) strategy as playing a key role in the organisation's overall marketing and promotional strategy. This planned approach levers public relations opportunities in line with the overall low-cost strategy, ensuring the most cost effective routes are sought.

The fundamental goals of the PR strategy are to:

- Build awareness of 'Boo' and position it as a valuable contributor to society.
- Create an environment to enhance fundraising opportunities among target audiences such as friends of 'Boo', corporations, volunteers, and individual donors.

- Educate and persuade target audiences about the plight of underprivileged children in Africa.

The two primary messages that form the basis of the strategy focus on:

- The provision of “Opportunity not Charity”.
- The ability to give more assistance for less donation, direct to where it is needed.

It is envisaged that the low-cost approach to fundraising and charity administration will be seen as a key differentiator in the marketplace and will therefore attract significant attention from the press.

The profile of ‘Boo’ will be raised through the publication of press statements and articles to local community publications and the press. This will coincide with the official launch and will be followed up by an electronic advertising campaign indicating the website as the primary source of further information.

The organisation will rely heavily on word of mouth and electronic viral marketing. Friends of ‘Boo’ will be tasked with “spreading the word” and cultivating email addresses at the official launch.

‘Boo’ has established a “champion” who will develop relationships with members of the press, editors, and others that determine what is, and what is not, going to make the news. There will be overall responsibility to ensure the strategy is incorporated into the marketing milestones and scheduled against the marketing calendar.

The boo-charity.org website will be the major source of information used and as such will be promoted through the use of targeted email and viral campaigns. The focus of the website will be towards raising the profile of the charity and securing donations. Visitors will be invited to register and provide their email address.

'Boo' will seek to involve partners and alliances with other groups to further mutual goals on a collaborative PR basis and will include:

- The 'Boo' charity launch
- The Entrepreneurial Challenge
- Raising the profile of Payroll Giving, Gift Aid and Corporate Philanthropy
- Sponsor a Child

By becoming a corporate partner, Wessex Plc will be able to benefit from the positive publicity that will be generated by the launch and subsequent promotion of 'Boo'. This partnership status will entitle Wessex Plc to be named as a key partner and sponsor during the launch of 'Boo' and recognised on its website and any promotional material.

Additionally, the partnership status will entitle Wessex to promote itself by using the 'Boo' logo in its own publicity material and on any of its products.

### **3.3 Taxation**

Any financial contribution made by Wessex Plc is a legitimate expense in the determination of taxable income. Additionally, in keeping with the overriding principle of transparency, these funds will be designated "restricted" in the accounts of 'Boo' thereby ensuring that they can only be used for the purpose for which Wessex may designate.

The financial support received by 'Boo', due to charitable status, will not be subject to taxation. It will however be required to annually submit financial accounts distinguishing between restricted and unrestricted funding.

Additionally, it is noted that 'Boo' intends to take advantage of the current taxation opportunities accorded to its status as charitable unincorporated association. This will include the tax deductibility of donations through payroll giving, with the associated 10% tax uplift, and the claiming back of taxation through donations classified as gift aid.

### **3.4 Summary - Risk and Reward**

This partnership opportunity for Wessex Plc is offered, on a non-exclusive three year contract basis, in return for an annual contribution of £5,000 for three years and certain administrative and infrastructure support. Consequently, the total direct financial contribution amounts to £15,000 with payments being due on 1 July annually. Additionally it is requested that Wessex Plc sign-up as a payroll giving company and promote its sponsorship of 'Boo' to its staff offering them the opportunity to donate through payroll giving.

Any financial contribution made by Wessex Plc, once paid, cannot be reclaimed from 'Boo'. Wessex Plc will retain the right to withdraw from the partnership at any time by giving ninety days written notice should they choose to do so.

As ownership of the projects ultimately belongs with the Kenyan's, the projects would continue should 'Boo' decide to withdraw from charitable activities within Kenya. In this instance every effort would be made to ensure that sponsorship of these projects are transferred to the existing partner charity, or another charity as may be appropriate.

## **4.0 Marketing Plan**

The marketing strategy is designed to support a successful entry into the competitive 'charity' market. The intention is to build brand awareness and image while emphasizing competitive superiority based on low cost, innovative fund raising and value. The targeted segments will be educated using the elements of the marketing mix, as well as internal marketing, regarding the features and benefits of giving to 'Boo'. This will be used to motivate first time donors as well as corporations seeking to enter this market. As affordability constrains any large scale campaigns, we will endeavour to reach our targeted segments in creative and cost efficient ways. The following sections examines our mission, marketing and financial objectives, target markets, positioning, strategy, marketing mix elements, and internal marketing plans.

### **4.1 Mission**

The aim of 'Boo' is to help the children of Africa disadvantaged through economic poverty. This will include food, shelter, health, education, life-skills and emotional support, however the overriding ethos of 'Boo' will always be the provision of 'Opportunity not Charity'.

### **4.2 Marketing Objectives**

Our primary marketing objectives are to:

- Generate a 60% awareness within the initial primary target market and sign-up 26 payroll giving companies, with an average of 10 staff, in the first year (with a further 5 signed-up in year 2 and 6 in year 3).
- Through the Sponsor a Child programme and viral marketing from the initial primary target market, attract 500 donors through the internet

with 10% setting up a monthly standing order (increasing to 600 in year 2 and 3).

- Conduct 8 entrepreneurial challenge events annually organised through the Friends of 'Boo'.
- Attract a minimum of 3 corporate sponsors in year 1 and 2 (increasing to 4 in year 3).

### **4.3 Financial Objectives**

The primary financial objectives of 'Boo' are to;

- To raise in excess of £50,000 of funds for the purposes of charitable activity in Kenya within the first twelve months (increasing by 35% in year 2 and a further 25% in year 3).
- To maintain a cost base at a maximum of 15% of funds raised per annum.

### **4.4 Target Markets**

The initial primary target market is mainly the friends and supporters of Sarah who have expressed a desire to contribute to the charity on a regular basis. Currently the number stands at approximately 240. We aim to achieve a 60% take up rate.

On the corporate side the target market is Wessex Plc, the employers of the initial primary target market and those organisations who could obtain an advantage by the use of locally skilled Kenyans (e.g. 'Fed Ex' and 'DHL').

Enterprising and unique fundraising activities initiated by friends and supporters of Sarah will target individual markets through the 'Entrepreneurial Challenge'.

## 4.5 Positioning

Using product differentiation 'Boo' will be positioned as the most convenient, easy to give and low overhead charity for personal and corporate use. Additionally, 'Boo' will focus on promoting the benefits of its charitable projects namely the Sponsor a Child programme and the Dandora project. 'Boo' recognises the importance of its website as a unique form of communication, providing both the means of donating as well as giving a regular news updates and progress of special projects.

## 4.6 Strategy

The charities market is intensely competitive. Consequently, our most important strategy relates to the need for clear differentiation, to position 'Boo' as the most cost effective, convenient to give and value added charity for personal and corporate use. Supporting that positioning, key points to be emphasized include:

- Cost effectiveness  
*We will maintain a maximum cost basis of 15% of funds raised per annum.*
- Transparency  
*We will be open to scrutiny and financial rigour by every donor.*
- Convenient  
*We will provide easy methods for people to donate.*
- Value added

*We will create value for our donors in order to deliver growth, sustainability and cash flow that will drive value creation.*

## **4.7 Marketing Mix**

We will move toward our marketing and financial objectives using a variety of product, 'pricing' promotion and distribution programmes. The following sections are a sample of our marketing mix programs to support the charity's introduction.

### **4.7.1 Product Offering**

'Boo' is to be established as giving the children of Africa:

#### **'Opportunity not Charity'**

Our basic model for this charity is spearheaded by a no fuss, low cost and minimal administration strategy in order to achieve our overall aims and objectives. The website will be used to inform, promote, provide news updates and allow for openness and discussion in project activities in Africa as well as clarity in financial matters here in the UK.

### **4.7.2 Pricing**

For each fundraising strategy we have identified, based on an initial feasibility study and primary market research, an average donation value which we believe will allow our marketing and financial objectives to be achieved. This target donation value comprises our "pricing" objectives for the fundraising alternatives.

Through our market research our pricing objectives are:

- For donors via payroll giving companies: Obtain an average donation of £10 monthly. Accounting for the taxation benefits this amounts to a net cost of £8 to the individual donor with £11 benefit to 'Boo'.
- For donors making gift aid donations through the internet: An average donation of £5 with 10% of donors donating £5 per month. Accounting for the taxation benefits of gift aid this will amount to a benefit of £6 to 'Boo'. Some will be specifically for the sponsor a child programme estimated at £15 per month.
- For funds raised through entrepreneurial challenge events: An average of £500 raised per event.
- For funds raised through corporate giving: An average annual contribution of £5,000 raised from corporate donors.

#### **4.7.3 Promotion**

One set of marketing objectives to be supported by promotional activities is to generate initial awareness of the charity to Sarah's friends and supporters, who have shown interest in contributing. To achieve these objectives we will create a trouble free and easy-access manner for donors to engage with the charity. The website will have a simple 'step-by-step' guide for people to donate through:

- a) Their company's payroll (payroll giving)
- b) Internet gift aid
- c) Entrepreneurial challenge
- d) Sponsor a child (through the internet)

We will emphasize awareness to generate publicity and maintain constant updated news coverage of activities here in the UK and in Africa. We will embrace the power of 'word of mouth' communication which will be integral with our web site.

The marketing campaigns and promotions will not lose sight of 'Boo's principle of 'low cost' using the slogan '**we give more while you give less**'.

Sarah's supporters will also have the chance to engage in the charity's 'entrepreneurial challenge' fund raising campaign. This will provide an opportunity for donors to use innovative means to raise funds for 'Boo'. This will include the 10/10 scheme. This scheme is based on providing a group of potential donors with £10 each. These potential donors are then asked to return on a set future date with the funds they have raised. The objective is to encourage these participants to turn their £10 into something more. For example the £10 might be used to purchase wool to make a jumper which is then sold for £20. Again, the web site will play a pivotal role in generating interest and sponsors.

In conjunction with Bournemouth University we intend to offer students the opportunity to act as business consultants to 'Boo'. Not only does this give valuable experience to the students but, it provides 'Boo' with a free source of creativity and innovation and it is hoped new means of fund raising.

#### **4.7.4 Channels and Internal Marketing**

Our channel strategy is to use selective segments within our target market. Sarah's closest supporters will be made aware of what 'Boo' is doing in a personal way. It is therefore vital that a phase-in approach must be used initially with these people. They must feel personally involved with 'Boo'. They must be able to access the website and feel part of what they see.

#### **4.8 Market Research**

BOO is using marketing research to support market planning in a number of ways:

- Extensive ‘feasibility study’ (refer to the separate feasibility study) undertaken on current charity’s market.
- A series of personal interviews with Russell Hicks (husband of Sarah Hicks) and other trustees.
- Primary research into ‘payroll giving’.
- Field trip to Nairobi by a trustee and a member of the charity’s set-up team.
- A series of meetings with other charities namely, Vision-Africa and HopeHIV.

#### **4.9 Financials**

Each individual action program will carry its own financial assumptions, managerial assignments and scheduling. The full business plan includes profit and loss analysis. All these financial projections lay the foundation for planning in fund raising, human resources, development and financial and accounting disciplines.

- Scenario and sensitivity analysis
- Fund raising forecast
- Marketing expense budget

#### **4.10 Controls**

As ‘Boo’ is a new charity we are planning special control activities to monitor value and donor satisfaction through feedback from the website. This will enable us to react very quickly in correcting any problems that may occur.

To guide implementation the marketing plan will include detailed week by week schedules for each marketing activity and program. This will enable us to coordinate and track our resource commitments as planned. Donations

and controlling costs within the budget financial plan will be reviewed constantly within this timeframe.

'Boo' has prepared a contingency plan to implement if the market experiences a severe down turn. This may occur if either the major competitors initiate tactics to negate Boo's aims and objectives or the charity does not achieve its financial objectives from donors. Based on the results of the short-term promotion, we will be able to take longer term steps to defend market share while retaining a minimally acceptable level of cost.

#### **4.11 Timetable**

The highlights of our initial 6 months are as detailed in the following timetable:

**April 2003:** Website set up and first newsletter with methods to donate to 'Boo' explained. Charities history, theme, vision, logo/style and accomplished tasks clearly outlined.

**April 2003:** Fact finding tour of Nairobi by a trustee and one member of the Charity's 'set up team'. Video footage and photographs placed on web side in the form of a diary.

**May 2003:** Web browser, e-mail program and expense organiser focusing on individual supporters and potential donators leading to 'Boo's official launch in July.

*Until BOO's charitable status is confirmed through its' successful registration with the Charities Commission, potential donors will be kept informed of activities and progress.*

**June 2003:** We will start an integrated press/radio/internet campaign targeting donors and companies. The centrepiece of this campaign will be the

**'we give more while you give less'** slogan. The website will feature this with a possible voice over tag line.

**July 2003:** 'Boo' official launch in Swindon with press release/radio/ local TV and a concentrated day of promotion and PR.

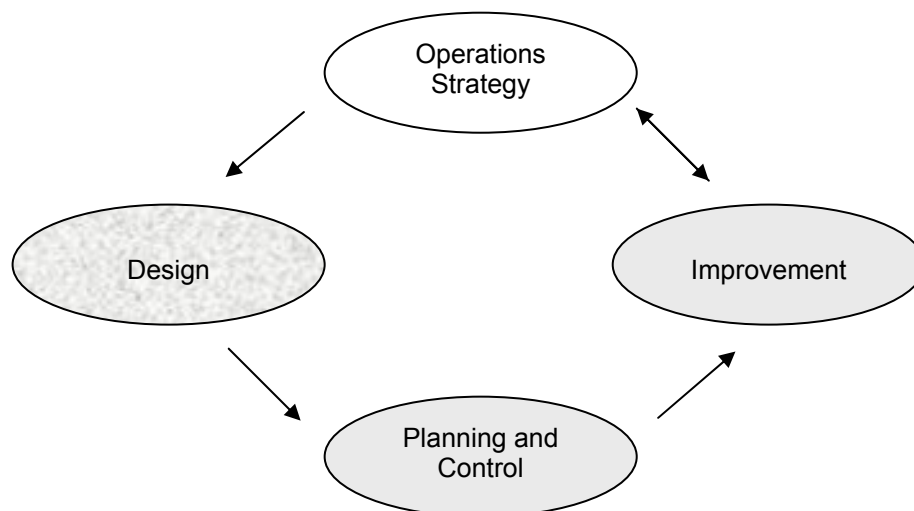
**July 2003:** The inaugural 'Entrepreneurial Challenge' fundraising event.

## 5.0 Operational Plan

### 5.1 Operations

#### 5.1.1 Design and Structure

Within the scope of this report, generic suggestions, propositions and recommendations have been made for the day to day running of the 'Boo' organisation. The areas covered by this operational plan are depicted predominately by the design phase of the operational strategy model suggested by Slack *et al* (1998). Although further in-depth development is required this overview outlines the key roles and responsibilities for the day to day operational management.

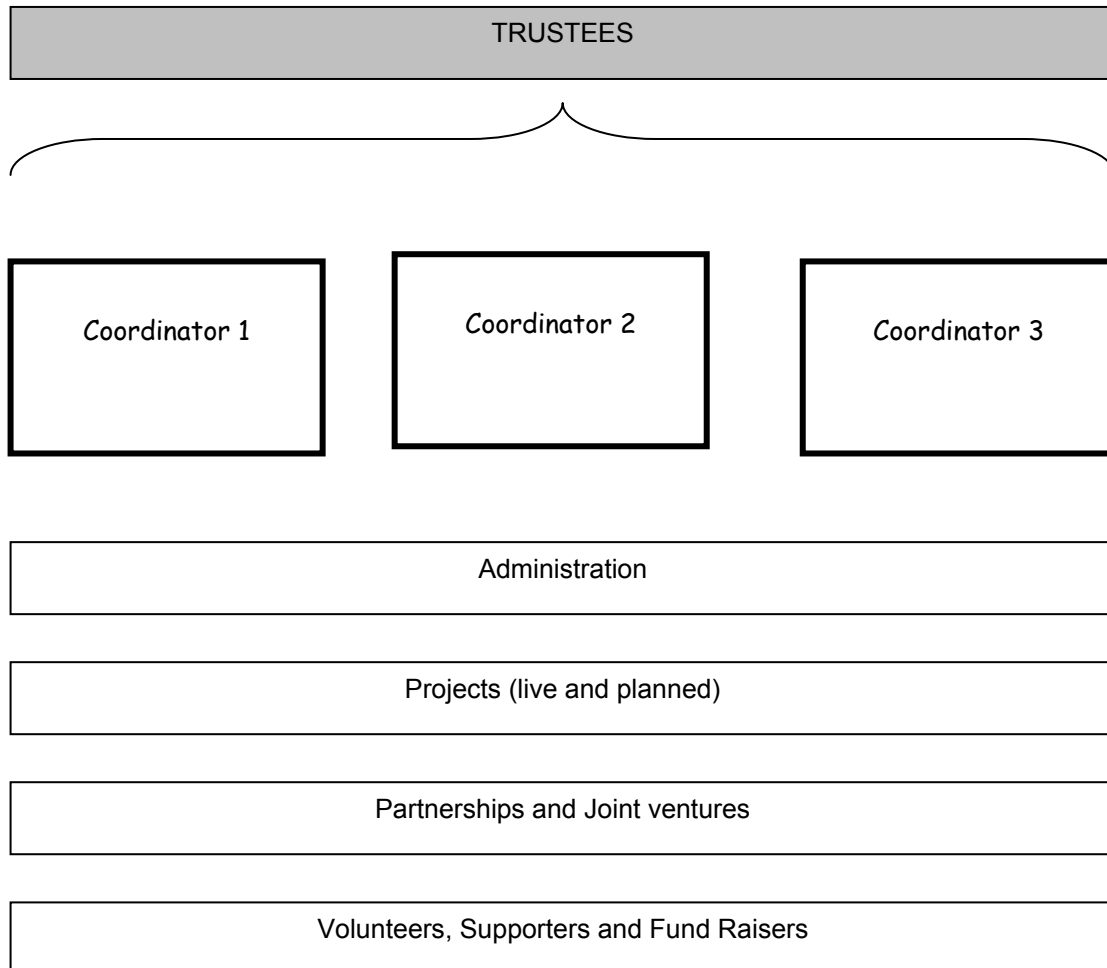


**Figure 1**  
(Adapted from Slack *et al*, 1998)

Although some of the initial one off operational tasks have already been completed by the management team (e.g. the administration, paperwork associated with the charity registration and setting up the website), day to day administration, coordination, planning and maintenance will be required to support business as usual activities.

In line with the low cost model upon which this report is based, it is proposed that these functions become the responsibility of a small number of

coordinators who have already been identified. Based on the budgeted level of activity three coordinators, in addition to the trustees, will manage the UK activities of the charity. They will work closely with the volunteers, supporters and fund raisers and report directly into the trustees.



**Figure 2**

The coordinators duties are central in the day to day running of the charity. As well as coordinating the functional administration, they will also support the trustees in the coordination of the resources in and outside of the UK. An overview of these areas is given below in more depth:

### 5.1.2 Administration

Business as usual administration will need to be done on a daily basis. These tasks include:

- Website – updating, processing donations, information requests and maintenance.
- Marketing and PR – production of information, raising profile and innovation.
- Payroll giving – coordinate the administration of this activity supporting trustees as they approach organisations in search of new supporters.
- Coordinate – the targeting and approaching of organisations such as airlines and delivery organisations (e.g. parcel carriers) for practical support.
- Publication – Project updates and email news.
- Networking – Relationship building and general representation within the industry.
- Purchasing – monitoring and accounting for spending (UK and abroad).
- Budgets and Forecast – preparation, monitoring and adherence (UK and abroad).
- Transparency – monitoring compliant with the principle of transparency (clear audit trails must be shown at all times). This includes the coordination of field reports from projects (e.g. overseeing education programme).
- Accounting and Finance – day to day book keeping and preparation of annual independent examination.
- Personnel – Coordination of supporters and volunteers (e.g. email lists, phone numbers, skills etc).
- Premises – Deal with the day to day functions supporting the charity.
- Disaster Recovery programme – to be drawn up and maintained as a contingency plan. It is also recommended that activity based risk assessment can be commenced for day-to-day risk based monitoring purposes.

- Development and maintenance of criteria which will be used to evaluate and possibly prioritise projects ensuring consistent decision making criteria and adherence to the aims and objectives of 'Boo'.

### 5.1.3 Projects (live and planned)

Although the trustees will control most of the project development, the day-to-day administration sits within the realms of independent control. This function will need to monitor the existing projects whilst ensuring compliance with the aims and objectives applied in each case. The diagram below is an example of the complexity of some of the administration duties associated with the child sponsorship process. Each stage of this process regardless of where the geographical duties sit needs to be consistently monitored and overseen by the three core UK coordinators.

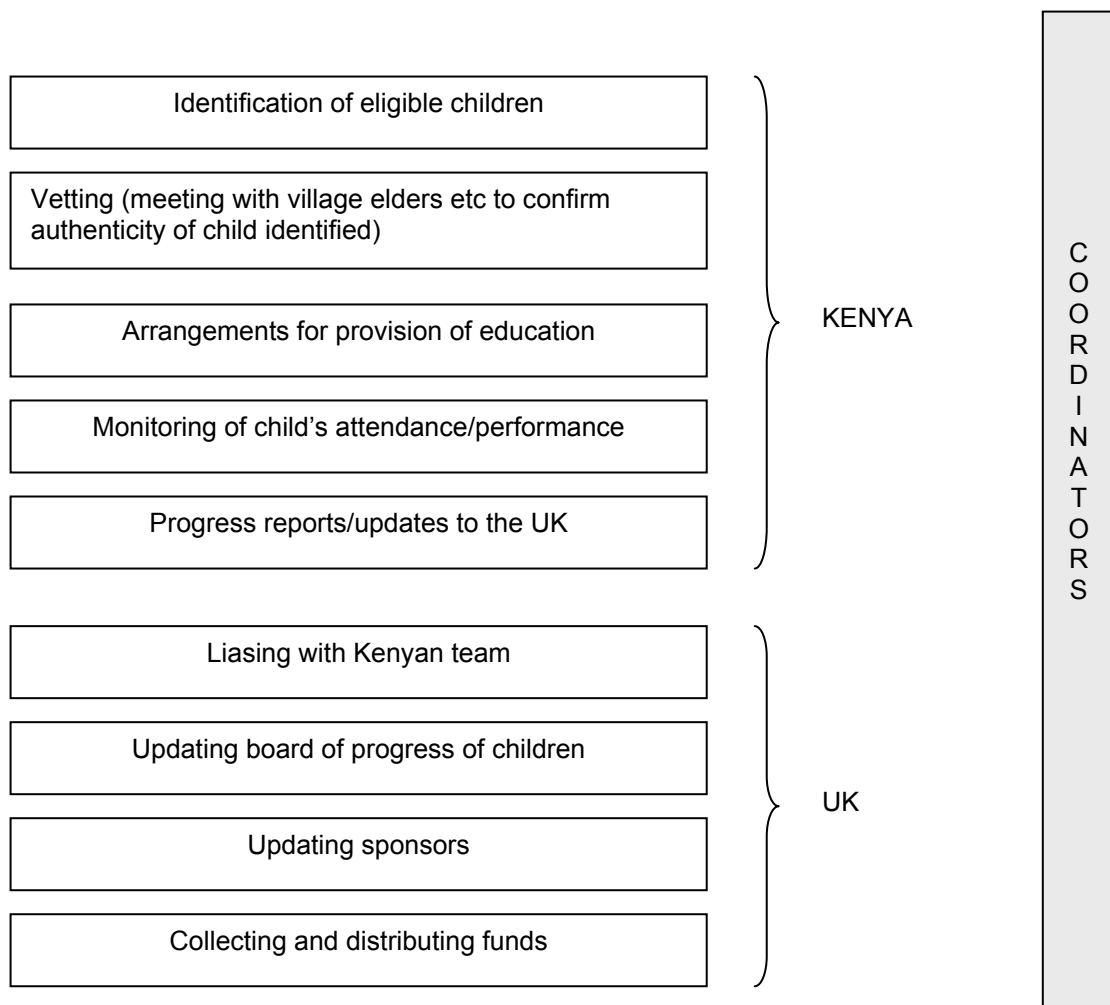


Figure 3

In addition new initiatives and relationships will need to be forged and developed, as will a programme of ongoing research and managing the day-to-day partnerships.

#### **5.1.4 Partnerships and Joint Ventures**

Partnerships with other organisations will be vital to build credibility in both the UK and overseas for the 'Boo' charity.

Relationships have already been forged with the staff and volunteers of Vision Africa who will be jointly funding the Dandora project. These relationships have been forged with the UK staff and with the ground staff in Kenya on the recent field trip. This type of practise must be encouraged and supported.

#### **5.1.5 Volunteers, Supporters and Fundraisers**

Sarah had an extensive network of friends who are devoted to pursuing her dreams. These people will be vital sources of support both at launch and going forward, as each person in turn will have access to extensive networks of friends and organisations.

#### **5.1.6 Trustees**

On a day-to-day basis the trustees will be involved with proactively raising the profile of the charity. These initiatives include educational programme such as talking in schools and clubs (e.g. girl guides) as well as approaching corporate donors. In addition it must be remembered that they still have ultimate responsibility for day-to-day running of 'Boo' and the supervision of the coordinators.

Strong, open and honest two-way communication will be the key to the successful day-to-day running of the charity. The trustees must also remember their formal obligations as governed by law and operate within the constitution of 'Boo'.

Specific responsibilities include:

- Not to receive any salary, fees or commission from the charity.
- Retire from office at AGM but may be re-elected.
- Will be disqualified if absent from all meetings within a 6 month period if permission not obtained.
- Hold at least 2 ordinary meetings during the year.
- Quorum to be 1/3<sup>rd</sup> of executive committee with a minimum of 3 for executive meetings.
- Minute book to be kept.
- May not conduct business in contravention of the constitution.
- All funds to be paid into the charity bank account.
- Cheques to be signed by at least 2 members of executive committee.
- Keep accounting records and obtain annual independent examination.
- Prepare annual statements of account for the charity.
- Transmit statements of account and annual return to the Charity Commission.
- Comply with obligations under Charities Act 1993.
- Hold an AGM annually.
- Constitution may be amended by 2/3<sup>rd</sup> of members and copy to be sent to commissioner.

As this brief outline has demonstrated that the 'operations' area of 'Boo' is fundamental to its success going forward.

## **5.2 The Role of Wessex Plc**

In keeping with the low cost strategy of 'Boo' Wessex Plc are being asked to become donor in other ways than purely financial through the provision of administrative and infrastructure support.

As a virtual internet based charity 'Boo' can be run from more or less any PC as the website and the infrastructure links have already been put in place by the management team. Running 'Boo' in this way will not only remove the costs for explicit measures such as rent and rates it also cuts down many additional costs such as insurance stationery etc. This is also an excellent opportunity for Wessex plc to support 'Boo' in non-financial terms by providing working space to operate from and allowing the three members of staff identified to undertake some of the aforementioned duties in and possibly outside of work hours.

## **6.3 Trustees Profile**

A profile each of the three 'Boo' trustees is contained within Appendix B.

## **6.0 FINANCIAL PLAN**

### **6.1 Required from Wessex Plc**

The financial requirement from Wessex Plc is for initial funding of £5,000 on incorporation of 'Boo' (1 July 2003) and then a further £5,000 on 1 July 2004 and 1 July 2005. This will amount to a total direct financial contribution of £15,000 over 3 years.

Additionally, the indirect financial requirement from Wessex Plc is through the provision of infrastructure and administrative support. This is to be through permitting approximately three of their staff to use the administrative capability of Wessex Plc. It is envisaged that these costs will be marginal as they would include the use of the existing office infrastructure including personal computers and sundry stationery supplies. Although there will also be an associated staff cost it is anticipated that this would be kept to a minimum with the volunteer staff using time before and after work and their lunch hour for charitable duties. Should Wessex Plc prefer to keep a direct record of these costs they could allocate any associated costs to a specific 'Boo' cost centre. While these costs will not be accounted for within the books and records of 'Boo' the contribution will be recognised by acknowledgement from the Trustees in their annual report.

### **6.2 Financial Forecasts**

Forecast income for the first year of operations is marginally over £50,000 at £51,331. Income is then forecast to increase by approximately 35% in the second year of operations and then a further 25% for the third year. In keeping with the low cost model, where costs are constrained to 15% of income, a net profit margin of 85% is forecast resulting in funds available for distribution of approximately £44,000 in year 1, £59,000 in year 2 and £74,000 in year 3.

Funds retained at year end in the bank account for future distribution to the point of need are approximately £4,500 in year 1 and 2 and £7,500 in year 3.

A full set of financial budgets are presented in the separate financial analysis pack, which provides a detailed analysis of income and costs in addition to a monthly phased budget for the first twelve months. The following extract summarises the budgeted financial position.

**'Boo' Financial Summary**

	<b>30-Jun-04</b>	<b>30-Jun-05</b>	<b>02-Jul-06</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Income	51,331	69,296	86,640
Costs	7,661	10,301	12,868
Available for distribution	43,670	58,995	73,772
Distributed:	39,000	59,000	71,000
Unrestricted funds	23,895	40,647	47,555
Restricted funds	15,105	18,353	23,445
Cash movement	4,670	(5)	2,772
Cash at bank	4,670	4,664	7,436
Income (% increase)	N/A	35%	25%
Cost (% of income)	15%	15%	15%
Net profit margin	85%	85%	85%

**Figure 4**

### **6.3 Distribution to the Point of Need**

Funds available for distribution are classified as either unrestricted or restricted funds. It is forecast that all of the funding provided by Wessex Plc (and other corporate donors) will be classified as restricted (i.e. a specific project is nominated for which the funds must be applied) while 50% of the funds raised through the internet and entrepreneurial challenges will also be restricted. The balance of the funds raised will be unrestricted.

The costs of the sponsor a child programme (project 1) are £400 (£350 for education and £50 for school uniform) per child and 15 children will be sponsored in year 1 increasing to 20 in year 2 and 25 in year 3.

The costs of Dandora (project 2) will be shared equally with Vision-Africa (partner charity). A 50% share of the costs will comprise £25,000 for the initial property purchase and a further £5,000 for refurbishment. The cost of running the establishment will amount to £0.75 per child per day. It is estimated that Dandora will accommodate 250 children from month 12 of year 1 and increase to 300 children from year 2. 'Boo' will contribute 50% of these costs as reflected in the table below.

Project 3 is still to be determined but early indications are that this is likely to be in the form of a rural care centre and funds have been provided at £10,000 in year 2 and £20,000 in year 3.

The following table presents the intended distributions of 'Boo':

<b>'Boo' Funds Available for Distribution</b>				
	<b>30-Jun-04</b>	<b>30-Jun-05</b>	<b>02-Jul-06</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	
<b>Available for Distribution</b>	43,670	58,995	73,772	176,436
Project 1 (Sponsor a Child)	6,000	8,000	10,000	24,000
Project 2 (Dandora)	33,000	41,000	41,000	115,000
Project 3 (Rural Development)	-	10,000	20,000	30,000
Cash movement	4,670	(5)	2,772	7,436
<b>From Unrestricted Funds</b>	25,613	40,643	49,411	115,667
Project 1 (Sponsor a Child)	3,621	5,511	6,698	15,830
Project 2 (Dandora)	20,274	28,246	27,461	75,982
Project 3 (Rural Development)	-	6,889	13,396	20,285
Cash movement	1,717	(4)	1,857	3,570
<b>From Restricted Funds</b>	18,057	18,351	24,360	60,769
Project 1 (Sponsor a Child)	2,379	2,489	3,302	8,170
Project 2 (Dandora)	12,726	12,754	13,539	39,018
Project 3 (Rural Development)	-	3,111	6,604	9,715
Cash movement	2,952	(2)	915	3,866

**Figure 5**

Over the forecast three year period it is anticipated that a total of £24,000 will be provided to project 1 (Sponsor a Child), £115,000 to project 2 (Dandora) and £30,000 to project 3 (Rural Care Centre).

#### 6.4 Support for Sales Forecast

The primary source of funds are to be raised through payroll giving (55%), followed by the internet (13%), entrepreneurial challenge (6%) and corporate philanthropy (24%). The following table summarises income by category and relative share:

**'Boo' Income Summary**

	<b>30-Jun-04</b>	<b>30-Jun-05</b>	<b>02-Jul-06</b>	<b>Share</b>
	<b>£</b>	<b>£</b>	<b>£</b>	
<b>Income</b>	51,331	69,296	86,640	100%
Payroll Giving	22,990	41,184	49,421	55%
Internet (incl. Sponsor a Child)	4,341	9,112	13,219	13%
Entrepreneurial Challenge	4,000	4,000	4,000	6%
Boo Memorial	5,000	-	-	2%
Corporate Philanthropy	15,000	15,000	20,000	24%

**Figure 6**

Payroll giving, the primary source of funds, is to be achieved through the recruitment of 26 payroll giving companies in the first year and increasing to 31 in year two and 37 in year three. It is forecast that on average there will be 10 staff donors per payroll giving company making an average donation of £10 each per month. The significant benefit of this form of funding is that once a payroll giving company is recruited an opportunity exists for the generation of an ongoing monthly revenue stream which results in a stable and predicible cash flow. Additionally, with the current tax benefits associated with this fund raising method the average net cost to the individual donors will be just £8 with £11 being received by 'Boo' per month.

It is forecast that in the first year 730 donations will be made through the internet and increasing to 2,280 in year three. This forecast assumes an average donation of £5 with 75% making this donation as gift aid (giving an effective tax uplift to make the donation worth £6 to 'Boo'). The total number

of forecast internet donors in year 1 amounts 500 (year 2 and 3 is 600) with an assumed 10% of those donating via a standing order. The reason for the relatively higher number of donations than donors via the website is due to the assumed rate of 10% of all donors setting up a standing order. Consequently, a single donor setting up a monthly standing order of £5 effectively will make 12 donations during the year worth £60. Funds raised by way of the entrepreneurial challenge are budgeted at the rate of one per month raising on average £500 per event. A minimum of 3 corporate donors making contributions of £5,000 are to be attracted in year 1, the same again in year 2 and increasing to 4 in year 3.

The following table summarises the budgeted activity (the separate financial analysis pack provides a fully phased analysis):

**'Boo' Activity Analysis**

	30-Jun-04	30-Jun-05	02-Jul-06
<b><u>Number of donations</u></b>	2,820	5,304	6,773
Payroll Giving	2,090	3,744	4,493
Internet (incl. Sponsor a Child)	730	1,560	2,280
<b><u>Average donation</u></b>	£10	£9	£9
Payroll Giving	£11	£11	£11
Donations via Internet	£6	£6	£6
<b><u>Average donation (net)</u></b>	£7	£7	£7
Payroll Giving	£8	£8	£8
Donations via Internet	£5	£5	£5
<b><u>Number of donors</u></b>			
Payroll Giving (Co.)	26	31	37
Payroll Giving (donors)	260	312	374
Internet (One-off)	500	600	600
Internet (Standing order)	50	110	170
<b><u>Number of Events</u></b>	12	11	12
Entrepreneurial Challenge	8	8	8
Boo Memorial	1	-	-
Corporate Philanthropy	3	3	4
<b><u>Average Event</u></b>	£2,000	£1,727	£2,000
Entrepreneurial Challenge	£500	£500	£500
Boo Memorial	£5,000	£0	£0
Corporate Philanthropy	£5,000	£5,000	£5,000

**Figure 7**

The range of fundraising activities reduces the risk associated with reliance on only one method. Additionally, the fundraising strategy recognises the advantage to obtaining commitment to ongoing donations from individual donors (specifically through payroll giving and standing order donations through the internet). Apart from the obvious benefit of getting a higher share of the individual's charitable giving it provides a more consistent and dependable income stream.

## 6.5 Sensitivity and Scenario Analysis

From the table below it is evident that the fundraising strategy for 'Boo' is critically dependent on the success of the payroll giving implementation. However, it must also be noted that although 'Boo' is significantly dependent on this income stream there is diversification within this fundraising category as the budget income will come from individuals within the 26 companies signed-up in the first year (31 in year 2 and 37 in year 3). Therefore, years 2 and 3 only require a net increase of 5 and 6 companies respectively. Should this target be exceeded there will be the opportunity for 'Boo' to raise substantial additional funds.

**'Boo' Sensitivity Analysis**

	<b>30-Jun-04</b>	<b>30-Jun-05</b>	<b>02-Jul-06</b>
<b>Income</b>	100%	100%	100%
Payroll Giving	45%	59%	57%
Internet (incl. Sponsor a Child)	8%	13%	15%
Entrepreneurial Challenge	8%	6%	5%
Boo Memorial	10%	0%	0%
Corporate Philanthropy	29%	22%	23%
<b>Fundraising Costs</b>	5%	5%	5%
<b>Administration Costs</b>	10%	10%	10%
<b>Total Costs</b>	15%	15%	15%

**Figure 8**

Having recognised that the success of payroll giving is fundamental to the success of 'Boo', the following table (a fully phased analysis is shown in the separate financial analysis pack) illustrates the net funds available for distribution, compared to the baseline model, assuming a 20% reduction in a number of key target variables:

**'Boo' Sensitivity and Scenario Analysis**

	30-Jun-04	30-Jun-05	02-Jul-06
<b>Baseline Model</b>			
Available for distribution	£43,670	£58,995	£73,772
Costs as a % of income	15%	15%	15%
<b>Scenario &amp; sensitivity analysis</b>			
Assuming a 20% reduction in:			
Payroll giving donation			
Reduction in net funds (%)	11%	14%	13%
Costs as a % of income	16%	17%	17%
Staff/payroll giving companies			
Reduction in net funds (%)	10%	14%	13%
Costs as a % of income	16%	17%	16%
Internet donation/donors			
Reduction in net funds (%)	2%	3%	4%
Costs as a % of income	15%	15%	15%
Entrepreneurial challenges			
Reduction in net funds (%)	2%	1%	1%
Costs as a % of income	15%	15%	15%
Corporate philanthropy			
Reduction in net funds (%)	9%	5%	5%
Costs as a % of income	16%	16%	16%

**Figure 9**

A 20% net reduction in either the average payroll giving donation (i.e. from £10 to £8), the number of staff per company on payroll giving (i.e. from 10 to 8) or the number of payroll giving companies (i.e. from 37 to 30 in year 1) will reduce the funds available for distribution by 11% in year 1 and approximately 14% in year 2 and 3. Consequently, a 1% variance any of these target will result in a 0.70% variance in funds available for distribution from year 2.

With the exception of corporate philanthropy in the year 1, the remaining sources of income (internet donations and entrepreneurial challenge) are not particularly sensitive as demonstrated in the table above.

Assuming a 1% variance in targets:

- For internet donations – distributable funds move by 0.10% in year 1 (0.20% in year 3);
- For the entrepreneurial challenge – distributable funds are reduced by 0.10% in year 1 (0.05% in year 3);
- For corporate philanthropy – distributable funds are reduced by 0.45% in year 1 (0.25% in year 3).

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## **APPENDICES**

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<b>Appendix B – Trustees Profiles .....</b>	<b>39</b>

## **Appendix A - Glossary of Terms**

### **Glossary of Terms**

<b>Accrual Accounts</b>	Accrual accounts report on the value of resources held at the beginning and end of the accounting year and the movement of those resources between the two dates. They require valuation of assets and liabilities. Accrual accounts include all resources (compared with merely cash resources in receipts and payments accounts) and the report on movement of resources must reconcile with the balance sheet.
<b>Endowment funds</b>	Those funds where trustees are legally required to invest or retain the capital. The income can be spent.
<b>Permanent endowment</b>	Trustees do not have the power to spend the capital
<b>Expendable endowment</b>	Trustees have the option to spend the capital in certain circumstances.
<b>Fund raising costs</b>	These costs include costs of advertising, marketing and any remuneration payable to an agent employed in fund-raising, in order to induce people to give to the charity.
<b>Gifts in kind</b>	These are gifts of assets other than cash, such as articles to give to or to be used by beneficiaries (pens, paper, calculators for school children). Only the proceeds on sale of gifts in kind will appear in receipts and payments accounts, but

trustees may refer to them in their annual report.

**Intangible income**

This is where the charity receives assistance in the form of donated facilities, beneficial loan arrangements, donated services or voluntary help. These items will not appear in receipts and payments accounts but trustees may refer to them in their annual report.

**Administration and management costs**

Includes the payment for management and administration of the charity: for example independent examination, legal advice and cost of trustee meetings and preparing statutory accounts.

**Restricted income funds**

Those funds that trustees are obliged to spend only on particular purposes set out by the donor or in an appeal document.

**Support costs**

These costs are incurred directly in support of expenditure on charitable objects. They include, for example, work done by headquarters staff for a specific charitable project.

**Unrestricted funds**

Those funds that the trustees are able to spend for any of the charity's purposes

## **Appendix B – Trustees Profile**