5 Running the LRC as a business
Introduction

Local Record Centres within the NBN need to operate as independent units. They must be accountable to their management systems and must operate effectively as businesses. Although some LRCs might be hosted by partner organisations, all LRCs still need to plan and manage their own business. This means having a management structure that helps the LRC operate as effectively as possible according to the principles it sets itself. The LRC needs to plan its business with a view to the future, planning and prioritising work and seeking resources to enable it to deliver its targets. The LRC should be able to explain the principles by which it works to the outside world and also show how it will achieve what it sets out to do. This chapter looks at a range of issues that the LRC must consider, whether it is independent or hosted.

6 Management of the organisation

Summary

- The LRC should have a structure which best suits its needs but enables it to operate effectively.
- The LRC should be managed as a business to ensure it continues to meet the needs of its market.

6.1 Background

The way an LRC is managed is critical to its success, and is determined to a large extent by the LRC's organisational arrangements. These are likely to vary according to how the LRC has developed. Some LRCs have evolved over a period of time and have to build on their current arrangements—they may well be parented by other bodies and therefore have to adopt the management practices prescribed by the parent organisation. New LRCs can make clear choices about their management using material in the companion volume to this guidance, *Developing a Local Record Centre,* which covers establishing a new LRC and redeveloping an existing one. The management structure affects how the LRC is managed and its ability to operate under different circumstances.

6.2 Management models

The term 'management model' describes the underlying structural arrangements of an organisation, encompassing both its executive and non-executive components—in the case of a LRC, this means the staff together with the steering groups, advisory groups, management board etc.

The applicability of different management models to different situations is briefly reviewed at the start of section 5.4 of *Developing a Local Record Centre*. In essence, the basic premise is that:

- hierarchical management models tend to be most suited to businesses in relative stasis (ie those that intend and are able to do things tomorrow in much the same way as they did today)
- flat management models tend to be most suited to businesses that are driven by change and innovation.

For an LRC manager, it is important to appreciate how the management model of the LRC can influence the way it conducts its business. A hierarchical organisation tends to be slow to make decisions, with proposals needing to go through a chain of approvals. If this causes opportunities to be lost or gives rise to frustrations, particularly at executive level, within the LRC, the LRC manager should, wherever possible, seek to remove some of these layers, producing a flatter model of operation. Conversely, flat management models can encourage a proliferation of uncoordinated activities and the development of private 'territories'. In this case, modifying the model to introduce more levels of control may be necessary.

6.2.1 Organisational arrangements

The various potential organisational arrangements for an LRC are reviewed in section 5.2 of *Developing a Local Record Centre.* In brief, an LRC can be:

- parented (ie can operate as a department or division of an existing organisation)
- hosted (ie located alongside an existing organisation in some way, but otherwise independent)
- fully independent, both operationally and strategically
- a hybrid (ie start by being parented or hosted, but with a clear objective of becoming independent within an agreed timescale and in accordance with a predetermined plan)

Some of the issues, advantages and disadvantages of each arrangement are discussed in the text of *Developing a Local Record Centre.* It describes how:

- careful consideration should be given to the means by which the decision to opt for one particular form of arrangement over another is made
- the degree of operational and strategic independence of the LRC is affected by the choice of operational arrangement
- outsiders' perception of the LRC is affected by the choice of operational arrangement
- the accountability of the LRC is affected by the choice of operational arrangement

Other factors that will influence the choice of organisational structure include:

- the need to make the best use of limited resources
- the need to plan for a secure future
- the need to stay flexible enough to be able to respond to changing circumstances

An LRC which is already established should review its operational arrangements to ensure that they are still appropriate to its needs. The details of the procedure and mechanisms for doing so will largely be determined by local circumstance, and specific guidance is therefore outside the scope of this document. Nonetheless, in each situation the LRC manager should:

- facilitate an open and dispassionate consideration of the full range of consequences of changing the organisational arrangement
- seek to achieve as wide a range of consensus as possible on the change
- set out a process for effecting change that is clearly laid out, properly timetabled and adequately resourced (see *Developing a Local Record Centre).*

6.2.2 Legal form

An overview of the options for legal status and form is given in section 5.3 of *Developing a Local Record Centre.* It covers unincorporated associations, incorporated associations (limited companies and industrial and provident societies) and charitable status. Issues discussed include:

- the legal powers of unincorporated and incorporated bodies
- the personal liability of members of unincorporated and incorporated bodies
- the public accountability of the LRC
- how to make appropriate arrangements for ensuring the permanence and continued existence of the LRC
- charitable status

If an existing LRC wishes to change its legal form, specific advice should be obtained from a qualified solicitor with experience in the area.

Advice regarding compliance with specific pieces of legislation that are likely to affect the LRC management is given in section 24 *Legal requirements of LRCs*.

6.2.3 Management structures

Management structures are discussed in section 5.4 of *Developing a Local Record Centre.* In addition to a discussion of the applicability of different models to different types of company, attention is drawn to the distinction between strategic and operational management, and the need to keep the execution of these two responsibilities separate.

The discussion covers the roles of the members, the governing body, executive committee, steering groups, advisory panels and participant groups.

There may be occasions on which an LRC manager feels that one of these bodies is not performing as well as it might. Addressing such a situation requires tact and sensitivity, particularly as other people in the LRC may not be of the same opinion. However, if it does appear that there is a shared concern, the LRC manager should raise the matter with the management board or its chair. It might also be beneficial to compare experiences with other LRC managers or managers in similar organisations. In all such approaches, confidentiality and discretion must be paramount.

Ultimately, of course, it is the responsibility of the managing board to address problems of under-performance within the LRC, and the LRC manager should not take any steps without first having cleared them with the management board. A useful reference book in this context may be *The governance and management of charities* (see 6.6 *References*).

6.3 Management in practice

The exercise of management is itself a huge subject that is well beyond the scope of this document. Here, however, is a commonly used reference framework for the subject. This framework should help the manager of an existing LRC to track down more detailed guidance. However, management is not a science, and guidance can only provide advice.

6.3.1 Operations management

This is the term commonly used to describe the management of the processes of production—in LRC terms, the processes of service delivery. Operations management is a fundamental building block of business management, being essentially about the practicalities of business. It includes topics such as how to:

- design, implement and monitor methods of service delivery
- manage and use business information
- allocate and optimise resources, and balance inputs and outputs

6.3.2 Organisational behaviour, including human resource management

This covers how people and organisations behave and why, and is an essential corollary of operations management. Topics include:

- motivation and performance
- personal and organisational life-cycles
- power and responsibility
- leadership
- management styles and models

6.3.3 Marketing and strategic development

This area covers finding out what the market (ie the LRC's data users and suppliers) wants using market research (analysis of users and their needs), and then determining how the organisation will position itself in order to be able to deliver the demands of the market efficiently and profitably. Topics include:

- market research, to cover both existing services/customers and new opportunities

- market identification and segmentation

- service (product) design and definition

- promotion (including advertising) and placement

- pricing

- business development ('re-engineering') to meet the needs of changing markets

6.3.4 Business administration

An area of obvious importance to any business. Topics include:

- book-keeping and accounting

- reporting and record keeping

- tax and legal compliance

Other areas of business management, such as corporate financial strategy and analysis, and the influence of macro- and micro-economic factors, are unlikely to be very relevant to the LRC manager.

6.4 Project management

Project management is a management discipline that was originally developed for major military and engineering projects, but is now adapted for use in many areas of business. It is particularly appropriate for managing change, when predetermined objectives have to be delivered within specific time and resource constraints.

The LRC manager is unlikely to have much use for project management techniques in the day-to-day management of the LRC. However, an appreciation of certain aspects of project management, particularly those to do with timetabling interdependent events and with planning and making efficient use of resources, may be useful when working on new developments or making changes in the operation of an LRC.

6.5 Management standards

There are several accredited standards, each covering some or all aspects of business management. There is also a scheme of accreditation for LRC being developed by the NBN although this focuses more on data management issues than business management. See section 9 *Measuring performance* and section 10 *Accreditation*.

6.6 References and sources of further information

Primary sources of guidance for the LRC manager include local libraries, colleges and universities. Many of the latter run short training courses on aspects of business management and administration, often in conjunction with local chambers of commerce or Business Links.

www.businesslink.co.uk/index.shtml.

Management in the voluntary and non-profit distributing sector has some special characteristics.

The Directory of Social Change publishes books and runs training courses on many management topics for the sector.

0207 209 4949

Directory of Social Change, 24 Stephenson Way, London NW1 2DP

Hind, Andrew *The governance and management of charities.* Voluntary Sector Press.

*Management of voluntary organisation*s. Croner CCH Group.

Lock, Dennis, *Project management.* Gower.

Guidance on *Developing a Local Record Centre.* National Biodiversity Network, April 1999.

Case study 1

Management of an independent organisation
Dorset Environmental Records Centre

Dorset Environmental Records Centre (DERC) was established in 1976 as an independent organisation to collate information on Dorsets wildlife. It is now a limited company and a registered charity. Although originally funded through grants, DERC has established Service Level Agreements (SLAs) with many of its main users (including English Nature, Dorset County Council, Dorset Wildlife Trust and several local authorities). Other income is generated through contracts, data searches and project work. DERC is accommodated by Dorset County Council, and currently employs:

- an LRC manager
- an environmental data manager
- a field surveyor
- a special project officer/surveyor

Carolyn Steele, the LRC manager, reports to a management panel every two months. The management panel is made up of representatives from Dorset County Council, Dorset Wildlife Trust, Dorset Natural History and Archaeological Society and, more recently, English Nature.

The management of the LRC has had to remain flexible to accommodate continual changes in levels of contract work, funding and changes in personnel. This approach has enabled DERC to take advantage of new opportunities as they arise. The LRC manager is responsible for:

- a yearly work programme
- a monthly review of priorities
- two-month review of accounts against budget
- annual staff assessments

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Case study 2
Managing an LRC as part of a local authority
Fife Nature

Fife Nature is located within the Planning and Building Control Service of Fife Council. It was established in 1992 to manage and collect biological records for the area as part of the Local Agenda 21 process.

Funded by Fife Council, and with a Service Level Agreement (SLA) with Scottish Natural Heritage, Fife Nature has a defined remit, documented management and work objectives. The LRC manager is accountable to the Team Leader of Corporate Activities and the Fife Nature Liaison Group that comprises major stakeholders who provide advice on management and direction.

The funding provides:

- two full-time posts
- management overheads on these posts, including staff development and training costs
- word processing assistance
- office space, services and printing
- IT equipment and support

Management is undertaken through a number of mechanisms:

- three-year business plan
- yearly work programme
- six-monthly review
- monthly priorities review
- auditable accounts
- key performance indicators
- annual European Foundation for Quality Management (EFQM) assessment

Although these measures appear to be bureaucratic, they have tended to secure funding, promote genuine efficiency and generate managerial and political awareness of achievements.

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7 Explaining the business of the LRC

Summary

- The LRC's business should be transparent and open to all it users, suppliers and funders.
- The LRC should have a clear, succinct statement of its business, its purpose, operational management, accountability and funding.

7.1 Background

An important part of the business ethos of an LRC should be that its work is transparent and open to inspection by anyone. For an LRC to be successful, it needs to build trust with its recorders and data suppliers and to be transparent in its operation to encourage users to invest in development. The LRC should be an independent source of data and must ensure its business operations are clear to all users. To help achieve this, there are likely to be occasions when the LRC manager will need to give an outline explanation of what the LRC is and does. Likely audiences include potential external funders, local authority members or officers, members of the press or media, new recorders or data users and interested members of the public.

On such occasions, it would be inappropriate to use the LRC's business plan (see section 8 *Business planning*) as this document is likely to be too long and detailed. Instead, a shorter, more informal document, often known as a framework document, should be prepared.

7.2 Basics of the framework document

The framework document should set out in a clear and jargon-free way the basics of the LRC. The LRC management should normally determine the content, but in any case it should cover:

- what the LRC does
- where it operates
- how the LRC is constituted
- who is involved
- how they work together
- how it is run
- how it is held accountable
- how it communicates
- how it is funded

7.3 What the LRC does

This should start with a few sentences summarising the aims and purpose of the LRC in biodiversity data collection and management, together with a general explanation of how this information is put to use, by whom and for what purpose. If the LRC has a mission statement or succinct statement of its objectives then this should be included here.

It is also advisable to list some of the more obvious things that the LRC does not do (eg it does not hold local history records or local archaeological records).

The section should explain that the LRC is a non-profit distributing, service-providing business, accountable to a range of stakeholders including local authorities, statutory agencies, NGOs, private companies and individuals.

7.4 Where the LRC operates

This should describe the geographical area covered by the LRC and say where the LRC is based. If any formal LRC work, such as data input or record verification, is carried out on a regular basis somewhere away from the main LRC location (so-called satellite operations), then these operations and their locations should also be listed.

If they are not covered elsewhere, the LRC's relationships with regional and national work in biodiversity information (eg its relationship with the NBN) may also be explained in this section.

7.5 How the LRC is constituted

Some audiences may want to know how the LRC is constituted. For example, external funders might want to know whether the LRC is a charity.

This section should therefore explain how the LRC is constituted, ie as an independent company limited by

guarantee, or hosted or parented by a local authority, museum or wildlife trust. If it is hosted by another organisation, a short explanation of what the hosting arrangement means in practice should be provided.

7.6 Who is involved

All audiences will naturally be interested in who is in the LRC partnership. Early on in the framework document there should therefore be a listing of the members of the partnership and a short description of what each contributes to the LRC (eg Borsetshire Local Authority which provides administrative support, Borsetshire Naturalist Society which contributes biological records).

The section should also mention any organisations which are outside the formal partnership but with whom the LRC has some kind of working relationship (eg local species recording groups). There should also be an explanation of how the LRC's work fits with the work of other organisations and initiatives (eg with Biodiversity Action Plans, Local Agenda 21, Regional Development Agency plans—and, of course, with the NBN).

7.7 How the partners work together

Once the partners have been identified, the framework document should describe how they work together to govern the LRC. It should describe the management board and who is on it, its remit, how often it meets, and so on. Similar information should be given on key advisory or user groups. The status of the management board should be explained, normally by reference to the earlier section on the LRC constitution (eg the document should say whether the members of the board are independent charity trustees or whether they are accountable to elected members of a local authority).

Text can be supplemented with organisational charts to aid understanding. Some information may be best placed in appendices (eg the names of the members of the various boards and groups).

7.8 How the LRC is run

This section should contain a schedule of the various LRC staff posts, the names of the post holders, and a description of what their responsibilities are and who decides what these responsibilities should be. It should describe how people relate to and report to the governance structure described previously (eg whether the chair of the management board acts as the line manager for the LRC manager). The role of volunteers and any trainees should also be explained, including an indication of how they are recruited, tasked and managed.

Any administrative or other support provided by other organisations should be described here if not mentioned previously. For some audiences, it may be appropriate to outline some aspects of the financial management and accounting procedures (eg whether the books are kept by a hosting authority or whether the LRC keeps its own accounts).

Any arrangements for contracting out certain services (eg survey work) should be mentioned.

Reference should also be made to any business planning and development processes and documents, such as the LRC's business plan.

7.9 How the LRC is held accountable

Many audiences may wish to know who the LRC is accountable to, and how this is done. This section should therefore contain a description of the external reporting and evaluation arrangements, such as annual reports, compliance with accounting standards (eg the Statement of Recommended Practice on Accounting by Charities (SORP)), and any external auditing arrangements.

Any performance indicators or targets used for developing the business should be described. This should include seeking accreditation as an LRC within the NBN. This section should also outline any quality control systems or standards followed or achieved by the LRC (eg Investors in People, TQM or British Standards).

7.10 How the LRC communicates

The framework document should explain how the LRC seeks to communicate with 'internal' audiences (eg those involved in supplying data to the LRC or using the LRC) and 'external' audiences (eg the general public potential customers and funders).

7.11 How the LRC is funded

This section should start with an explanation of the LRC's policies on obtaining funding (eg how fees are set, how local authority service charges are determined, what proportion is sought through donations and grants from central agencies).

The section should then describe the main sources of financial support for the LRC (eg Service Level Agreements (SLAs), development grants, charitable donations, income for provision of services of other contracts).

Any significant support in kind should also be described and valued.

7.12 Drafting, reviewing and using the framework document

Drafting the framework document should be the responsibility of the LRC manager, and it should be ratified by the management board. It should be kept under constant review to take into account matters such as changes in the membership of the management board. It should also be formally reviewed regularly, perhaps every three years.

The framework document should be available for use by any member of staff, volunteer or member of the management board as described in section 7.1. Guidance on its use should therefore be included in the standard induction procedures for new staff, volunteers and members of the management board.

Case study

Framework document

Bristol Regional Environmental Records Centre

Background

Bristol Regional Environmental Records Centre (BRERC) covers the area formerly known as the County of Avon (Bath & North East Somerset, Bristol, North Somerset and South Gloucestershire). BRERC is jointly funded, through a five-year joint agreement, by the four unitary authorities of Bath & North East Somerset Council, Bristol City Council, North Somerset Council and South Gloucestershire Council. Day-to-day management of BRERC is overseen by a steering committee, which includes officers from English Nature, Environment Agency and the Avon Wildlife Trust as well as the four local authorities. This steering committee reports to a joint advisory committee comprising the above officers and elected councillors.

The framework document

BRERC has developed a draft framework document as a tool for communicating its business to a wide range of users, suppliers and potential funders. Although never ratified by the steering committee, the draft framework document (given overleaf) provides a useful, succinct description of the LRC, and although most of the material is drawn from other documents such as the business plan, it is the only place where this broad range of information is published in one place. The draft framework document used in this case study was prepared two years ago and is, therefore, not an accurate reflection of the current situation; however, it provides a useful example of how a framework document might look

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Bristol Regional Environmental Records Centre

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DRAFT Framework Document

This document describes the status, structures and operating arrangements of the Bristol Regional Environmental Records Centre (BRERC).

The organisation.

The Bristol Regional Environmental Records Centre (BRERC) collects, manages and makes available detailed information about plants, animals, wildlife habitats and geological sites, within the area formally known as the County of Avon (Bath & North East Somerset, Bristol, North Somerset and South Gloucestershire).

The main aim of BRERC is to make data available to all enquirers, though there is only limited access to some confidential or sensitive data. In order to make this data available for present and future generations, the Centre aims to collect all relevant information, often using computers to help make the information more accessible.

The Centre holds an estimate of several million interesting and important records of plants, animals and geological sites. This information is vitally important to the work of many organisations and is used by many people to help protect, study and enjoy the natural world.

BRERC is currently housed by Bristol City Council (BRERC paying a nominal rent), and is located at Ashton Court Visitors Centre, on the southern edge of Bristol.

Local partnerships.

BRERC is jointly funded, through a five year joint agreement, by the four unitary authorities of Bath & North East Somerset Council, Bristol City Council, North Somerset Council and South Gloucestershire Council. Bristol City Council provides the Environmental Records Centre with the necessary administrative, professional and technical advice and support, through the Museums Service.

The running of BRERC is overseen by a Steering Committee, comprising representatives from the unitary authorities mentioned above (usually their ecologists), English Nature and the Avon Wildlife Trust. The chairperson of this committee (changes annually) provides the line management to BRERC, whilst the Collections Manager at the Museum provides the line management for administrative purposes. The Steering Committee reports to a Joint Advisory Committee (JAC) comprised of three elected members of each unitary authority, and represents from English Nature, Avon Wildlife Trust and The Countryside Agency.

BRERC works in partnership with many local environmental organisations, such as the Avon Badger Group, Avon Wildlife Trust, Bristol Naturalists' Society and the Cam Valley Wildlife Group. These groups contribute data to the Centre, and in return have access to all the information at BRERC. This allows them, amongst other things, to put their records into a regional context.

At the Centre we co-ordinate a number of species recording groups, such as the Avon Butterfly Recording Project, the Bristol & District Dragonfly Recording Scheme and the Avon Reptile & Amphibian Group, as well as the Avon RIGS Group (Regionally Important Geological/geomorphological Sites). The co-ordination of each group involves enabling local people, as well as specialists/professionals to get involved in recording particular species, providing training opportunities, newsletters and recording forms.

On a wider scale, BRERC is currently involved in a National Biodiversity Network (NBN) project to explore the area of bringing on board new partners to establish wider and stronger local partnerships.

The work of BRERC – aims and objectives.

The overall aim of BRERC is to maintain an accurate, comprehensive and up-to-date set of environmental records (biological and geological) for the former County of Avon, in co-operation with other organisations and individuals, and to make this available to all enquirers, with due regard to restricted data.

The objectives can be separated into structural, financial and operational, as follows.

Structural objectives.

i)   To maintain a minimum of three members of staff.

ii)   To keep up-to-date with new technology, including computer hardware and software.

iii)   To aim to be the single repository in this area for environmental records.

Financial objective.

i)   To achieve a stable income, ensuring the maintenance and expansion of the work of BRERC.

Operational objectives.

i)   To acquire all existing environmental information which is relevant to its work, and to set up and maintain systems for bringing in new data.

ii)   To manage the full body of data in the most efficient and effective way, with attention to the validation, collation, security and updating of the information, and with regard to the national standards for environmental recording.

iii)   To provide prompt and appropriate access to the information to *bona fide* users, ensuring that access to sensitive and restricted data is properly managed.

This information is expanded in the BRERC Business Plan, which is revised every three years (the current plan covers the period from April 1998 to March 2001). The Plan is written by the BRERC Manager with input and guidance from the Steering Committee and is then adopted, following the approval of the JAC.

Finances.

The principle sources of finance for BRERC are the four unitary authorities, who have agreed to fund a minimum of £15,000, plus inflation, for five years until March 2003. Commercial enquiries currently bring in about £3,000 and project work about £9,000.

Reporting.

Both the Business Plan and the annual work programmes set out targets for each record centre task, and these are reported on quarterly at the BRERC Steering Committee meetings, and half yearly at the JAC meetings.

The yearly budget figures are prepared for the BRERC Steering Committees and the JAC by the BRERC Manager. Bristol City Council Finance Department produce the official set of accounts and deal with the audit arrangements. All the ordering and invoicing is done through Bristol City Council.

Staffing.

BRERC has a Records Centre Manager, an Assistant Centre Manager and a Data Assistant. All staff are on temporary contracts, whose length coincides with the Joint Agreement (currently in operation until the end of March 2003). There is also a call-out register of twelve staff who can be called upon for carrying out additional project work, for example survey work and answering enquiries. This register is revised annually. The terms and conditions of employment are in accordance with collective agreements negotiated from time to time by the National Joint Council (NJC) for Local Authorities Administrative, Professional, Technical and Clerical Services, set out in the Scheme of Conditions of Service and the South West Provincial Employers negotiating machinery. Other NJC agreements directly affecting other terms and conditions of employment currently cover – apportionment of salaries, grading appeals and subsistence allowance.

Personnel administration and payroll is undertaken by Bristol City Council Personnel Department. However the day to day administration and personnel is undertaken within the Collections section of Bristol City Museum. Each employee undergoes an annual performance appraisal where job conditions, work performance and personnel development (including training) are discussed.

BRERC posts are evaluated according to the Hay Grade national grading and pay system, adopted by Bristol City Council and is currently under review with the intention of adopting the NJC Job Evaluation Scheme.

A number of volunteers give their time to help BRERC directly, and there is usually a minimum of three volunteers undertaking office work. Many people undertake species recording for us every year and we currently have over two hundred individuals on our mailing list.

Annexes

The following are available as annexes to this framework document:

i)   BRERC Business Plan;

ii)   BRERC Steering Committee;

iii)   BRERC Joint Advisory Committee.

Sarah Myles, July 1999

8 Business planning

Summary

- An LRC needs a business plan so it can communicate its plans clearly to the range of key stakeholders.
- A business plan for an LRC should be agreed by the LRC's management body and used to guide the running of the LRC.

8.1 Background

For anybody managing a business, planning is a continuous, ongoing activity. Occasionally, this activity is formalised in a written business plan, in which the future of the business is set out for a given period of time, typically one to three years.

However, the vast majority of small businesses do not have written business plans, so it is perhaps worth considering why an LRC might need one.

8.2 Purposes of a business plan

Here are four main purposes that an LRC might have in writing a business plan:

8.2.1 To aid communication with both internal and external audiences

An LRC has many stakeholders—funders, data suppliers, data users, and other nodes in the NBN. A written business plan can be an effective way of explaining to these audiences what the LRC is trying to do and how.

8.2.2 Planning for change

Change is inevitable if a business is to develop. However, change is frequently unsettling and stressful for the people involved in the business. A written plan can help the LRC manager to explain to everyone the implications of the development that the business will be going through.

8.2.3 Crystallising decisions

The very process of writing a business plan can help to focus the minds of managers and board directors on what the business is seeking to achieve. It can also help coalesce thought around a set of commonly shared goals.

8.2.4 Raising money

A written business plan is often needed in the pursuit of external funding. For example, seeking funds to develop the LRC further or to encourage new partners into Service Level Agreements (SLAs).

8.3 Content of a business plan

There are many models for business plans, each with differing contents lists and sections. Which one the LRC manager should adopt is largely a matter of personal choice and individual circumstance. Nonetheless, it is possible to say something about the main areas that any business plan should include, beginning with a statement of the LRC's aims.

8.4 Aim and purpose of the business

This section should provide a short explanation of what the LRC will do and should be a 'punchy', engaging description of the products and services it will offer. It should be readily comprehensible, free of jargon, and focused.

Keep any description of the previous history of the LRC as succinct as possible. Business plans should primarily seek to describe the future, not justify the past.

8.5 The market

This section should describe in more detail the products and services the LRC will offer, who will buy them and why. In essence, this is the LRC's marketing plan. It underpins the existence of the LRC and, to be robust, it must be supported by as much proper research into the users' needs as possible. It should include material on the following topics:

8.5.1 What products and services the LRC will offer

This should develop the brief descriptions provided in the opening section. This should be based on the results of a research process such as that described in *Developing a Local Record Centre*, looking at what services potential users need and their relative priorities.

8.5.2 Who the target users are and how much demand for the service there is

This should be a statement about the existing and potential users of the LRC's products and services, and how they can be segmented or categorised.

There should also be an indication of what the LRC believes to be the size of the market, both for each product or service, and in total. This should ideally be expressed in terms of the potential income that might be generated, but otherwise in terms of the number of users.

8.5.3 Who the competitors are and how they compete

This section should consider where else users might go for services similar to those being offered by the LRC, why they might choose to do so, and how the services offered by the competitors differ from those offered by the LRC. It should include an evaluation of the potential for users to choose to meet their information needs through their own work. The principle of developing the LRC is to build a partnership between key users who agree to collaborate to meet their information needs. However, there will be many other users who are not tied into the LRC and who may wish to explore their options—this applies particularly to more remote users.

8.5.4 What the LRC's 'Unique Selling Proposition' (USP) is

The USP is a statement of what will differentiate the LRC from the competition in the eyes of its customers. For example, 'The LRC will seek to provide a single point of contact for access to data of known quality relating to all the biodiversity of the area. The LRC will also provide support for recorders, give advice on data requirements to fulfil particular needs, analyse data to generate user-defined products, and provide support for those interpreting data. No other organisation is able to do this'.

8.5.5 What the pricing policy will be

A statement should be made of what factors the LRC will consider when determining the price of its products and services. The LRC needs to have a clear policy that shows how charges for SLAs are set, and how differential rates are determined for different types of one-off customer.

Significant detail on setting pricing policies is given in sections 15 *Relationships with core users* and 16 *Relationships with contractual users*.

8.5.6 How the LRC will be promoted and services sold

This is a statement of how the LRC will promote its services to its users. A key element of this is likely to be promoting the LRC to potential new users. In addition to mechanisms such as newsletters, promotional leaflets, seminars and websites, the LRC is likely to rely heavily on one-to-one contact with potential users, working directly with individuals to show how the LRC can help them in their work.

This section should also cover a brief summary of the SLA approach and of how other users will be handled.

8.6 Operational plan

This section describes how the LRC will be run in order to deliver its services in a way that meets the needs of its users. This is also the place to put any outline programme of work. Any more detailed work programmes are best included in annexes. The section should describe:

- what legal form the business will take; issues to be covered should include whether the LRC will be an independent company or a hosted organisation, whether it will have or seek charitable status, and what its system of governance will be (see also section 6 *Management of the organisation*)

- where the business will be located

- the skills that will be needed

- the staff, equipment and services that will be needed

- the management structure

- the quality systems and controls that will operate

It should also include a simple risk assessment and describe possible steps to mitigate the impact of the risks identified. For an LRC, this might include failure to generate sufficient income; failure to obtain, process or manage data adequately in some way; failure to get the right skills in the staff etc.

Further guidance on these matters can be found in section 6 *Management of the organisation*.

8.7 Finance

This section contains the financial forecasts for the LRC and should set out how much money will be needed. This should be done for the whole period the business plan covers, and should take into account development work as well as day-to-day running of the LRC. It should include:

8.7.7 Periodic income and expenditure budgets

These should state where resources will come from (and how much they will be), and how resources will be expended (and how much will be expended). Both should cover the same amount of time (eg month, quarter, financial year).

Budgets are usually expressed in terms of money, but can be adapted for use with other resources.

8.7.8 Statement of fixed and variable costs

Fixed costs are those which do not vary significantly according to how much activity occurs. For instance, phone line rental remains the same whether the phone is used or not.

Variable costs are those which do vary significantly according to how much activity occurs. For instance, phone call charges arise as and when the phone is used.

8.7.9 Break-even calculation

Turnover is the income generated by trading activities, not including interest or income from the disposal of assets or other non-trading activities. A business breaks even when the turnover is the same as the combined fixed and variable costs.

The break-even calculation tells you how much turnover the LRC must generate in order to become profitable.

8.7.10 Periodic cash flow forecasts

This is a schedule of when the LRC expects to receive and pay out cash, usually prepared on a monthly or quarterly basis. Preparing a cashflow may influence the terms of SLAs. It will also determine whether the LRC needs to arrange overdrafts or other banking support facilities.

8.8 Writing the business plan

It is beyond the scope of this document to provide detailed guidance on the processes and techniques that can be used in writing a business plan. However, guidance is available from a wide range of sources, some of which are listed below in section 8.9 *References and sources of further information*.

Some general points the LRC manager should consider:

- What market research will be required, and how and when is it to be done?

- What consultation will be undertaken, with whom, by whom, on what issues, how and when?

- What assumptions will be made before writing the business plan?

- What will be the arrangements for reviewing drafts of the business plan?

- How will the final product be distributed and used?

- How will corrections and changes be made?

8.9 References and sources of further information

There are many sources of guidance on writing business plans—even National Lottery distributors such as the Heritage Lottery Fund and the Millennium Commission have produced such guidance.

The high street banks offer various levels of help with business planning, and help should be available from local Business Links and the Small Firms Service of the Department of Trade and Industry. In addition to books and guides aimed at the private sector, there are also guides written especially for the voluntary sector that the LRC manager may find useful (particularly for addressing the issue of consultation).

8.9.11 Books

Barrow, Coplin et al, *The Business Plan Workbook.*

Blackwell, Edward, *How to Prepare a Business Plan.*

Johnson, Ron, *Perfect Business Plan.*

Lawrie, Alan, *The Complete Guide to Business and Strategic Planning.*

Williams, Sara, *LloydsTSB Small Business Guide.*

8.9.12 Organisations

Local Business Links

> www.businesslink.co.uk/index.shtml

> 0845 756 7765   (for details of your local Business Link)

UK Government Small Business Service

> www.businessadviceonline.org   ' 08456 045678

> Small Business Service, 1 Victoria Street, London SW1H 0ET

8.9.13 Business plans

> www.paloaltosoftware.com

> www.bplans.com

> www. planmaker.com

> www.brs-inc.com

9 Measuring performance

Summary

- To ensure an LRC is being efficient and cost-effective, it needs to have systems in place to measure its overall performance.
- The NBN accreditation scheme will be one key measure of an LRC's performance.
- An LRC may also use other standards to help implement good practice and demonstrate its performance.

9.1 Background

Measuring performance usually falls into two categories. First, setting performance targets for the organisation's activities—often by comparison with other similar bodies—and second, monitoring whether the organisation is meeting the targets it sets itself. Both of these are continuous processes. Systems for measuring performance are usually led by senior management. Care should be taken to distinguish between measuring the performance of the organisation and measuring performance of individuals (see sections 19 *Managing staff* and 21 *Developing LRC staff and volunteers' skills*). Although there is a relationship between the two, performance of the organisation should not normally be directly equated with an individual's performance.

Many organisations use standard systems to help measure their performance. These are particularly important for service industries and public bodies, and they provide a widely recognised standard that others can use in assessing the organisation's capability. However, most organisations still need to set specific targets, to enable their management to look in detail at performance. This can be done through a process of benchmarking—comparison against the performance of similar organisations.

9.2 Measuring the performance of an LRC

An LRC needs to have systems for measuring performance to:

- enable management to assess the effectiveness of its operations and put in place systems to enable continuous improvement
- demonstrate to users that the services they are getting are of high quality and value for money
- demonstrate to data providers that policies for handling data are implemented effectively

The NBN accreditation scheme (see section 10 *Accreditation*) will provide a system to help LRCs measure their performance against the standards expected by the NBN, and will be a valuable 'kite-mark' for users and data providers seeking to understand the operation of the LRC. All LRCs should seek accreditation through this scheme if they want to work as part of the NBN.

However, this accreditation will focus on the management of biodiversity information, and will set performance levels which do not promote continuous improvement. The LRC's management is likely to want to evaluate performance in other areas as well, and also to set targets to ensure continuous improvement even when the LRC has achieved accreditation through the NBN.

The LRC may wish to achieve other standards that relate to the management of the organisation. Some that may be relevant to LRCs are described below. An LRC that is parented may find that its parent organisation uses one of these schemes.

Local authorities use a system called 'Best Value', which is a process for monitoring the performance of services in terms of both quality and cost-effectiveness (see below).

9.3 Benchmarking

Benchmarking is a continuous process for evaluating the products, services and work processes of organisations, with the intention of continual organisational improvement.

Benchmarking usually involves organisations assessing their performance through tests against quantifiable standards. These thresholds can be used for quality control within the organisation. They can also be used to compare their performance against other organisations within the same sector. It enables them to address two questions—which organisation is better, and why are they better? This information can then be used to make changes that will lead to real improvements in practices. Normally, companies use benchmarking to help increase efficiency and gain a competitive edge. However, benchmarking between similar organisations, usually in the public sector, can also help improve performance through sharing information and experience and identifying areas where common solutions can be sought.

For LRCs, the NBN accreditation scheme will provide one mechanism for comparing against other LRCs. As LRCs are not normally in competition with each other, the process of setting targets that compare favourably with other LRCs is about driving a continuous improvement in the LRC's operation, rather than gaining a competitive edge.

9.4 Best Value

Best Value is part of the Government's modernisation agenda for local government. Although applied slightly differently in the different countries of the UK, the principles are the same. The objective is for Best Value to achieving continuous improvement in both the quality and the cost of local services, through increased openness and accountability. It is also intended to provide a framework for local councils to question their own approaches to delivering activities.

LRCs provide services to local authorities, and those services are likely to be subject to Best Value reviews. This can be used to the advantage of the LRC, to show a local authority that it is more effective to receive biodiversity information services from the LRC than to conduct them in-house.

9.5 Other standards systems

There is a wide range of existing schemes for measuring the quality of services within organisations. Some of those likely to be most relevant to LRCs, or to be ones that LRCs might come across, are described very briefly below:

9.5.1 ISO 9001

The ISO 9001 standard is designed to help an organisation identify and meet the needs and expectations of its customers and other interested parties (eg employees, suppliers). The aim is normally to achieve a competitive advantage. ISO 9001 does this by seeking to ensure effective and efficient systems are in place, and to improve overall performance. ISO 9001 is an international standard, and bodies certified through the United Kingdom Accreditation Service provide accreditation in the UK. There are different types of ISO 9001 accreditation aimed at different sectors, such as manufacturing, service industries, etc.

The standard looks at five processes:

- quality management system
- management responsibility
- resource management
- product/service realisation
- measurement, analysis and improvement

Assessment is made by looking at the organisation's processes and auditing them and their outputs, and has recently moved away from an emphasis on hard evidence to a process of evaluation through questioning.

9.5.2 Practical Quality Assurance System for Small Voluntary Organisations

The Practical Quality Assurance System for Small Voluntary Organisations (PQASSO) is sponsored by Charities Evaluation Services (CES), a charity providing services related to monitoring, evaluation and quality systems in the voluntary sector.

PQASSO takes a work pack and self-assessment approach, and is essentially a developmental system, intended to lead organisations towards better performance. It has a strong emphasis on meeting the needs of users. Organisations can take the work at their own pace, and do not need to employ outside consultants. The PQASSO documentation is, essentially, a guide to good business practice for small voluntary organisations.

PQASSO concentrates on 12 quality areas, each of which has three achievement levels. The areas are:

- planning for quality
- governance
- management
- user-centred service
- staff and volunteers
- training and development
- managing money
- managing resources
- managing activities
- networking and partnership
- monitoring and evaluation
- results

One of the features of PQASSO is the collection of 'evidence' to demonstrate levels of achievement.

9.5.3 Investors in People

"Investors in People" is a national quality standard which sets a level of good practice for improving an organisation's performance through its people. (Investors in People UK).

Investors in People (IiP) is a system of preparing for and achieving recognition, through development and the collation of a portfolio of evidence.

The IiP standard is based on four key principles:

commitment to invest in people to achieve business goals

planning how skills, individuals and teams are to be developed to achieve these goals

taking action to develop and use necessary skills in a well-defined and continuing programme, directly tied to business objectives

evaluating outcomes of training and development in terms of individuals' progress towards goals, the value achieved and future needs

The IiP system requires an initial commitment to work towards the award. Working towards the IiP award normally includes the participation of a mentor or trainer who can help the organisation through such stages as setting a mission statement and preparing and implementing policies. The mentor should also advise the organisation whether it is ready to put in for the award. IiP has a wide network of support, and funding may sometimes be available to support registration, training and mentor fees.

9.6 References and sources of further information

Oxford, Mike, *A biodiversity guide for Best Value Service review*. Association of Local Government Ecologists and Local Government Association, 2000.

The Institute of Quality Assurance (TQM and ISO 9001)

Institute of Quality Assurance, 12 Grosvenor Crescent, London SW1X 7EE

0207 245 6722

www.iqa.org

Investors in People

Investors in People, 7–10 Chandos Street, London W1M 9DE

0207 467 1900

www.iipuk.co.uk

10 Accreditation

Summary

- An NBN accreditation scheme is being developed. It aims to accredit all different types of node that contribute to the NBN.

- NBN accreditation will ensure that nodes comply with NBN standards.

- Accreditation for LRCs must provide benefits to LRCs, users and data providers.

- A proposed LRC accreditation scheme has been developed and will be implemented as part of the overall NBN framework.

10.1 Background

The NBN accreditation scheme is intended to show that accredited nodes in the NBN comply with NBN access terms and data models, and have the systems in place to meet their users' needs. The scheme is currently under development.

Considerable work has been carried out to develop an LRC accreditation scheme. This scheme has not yet been adopted, and is likely to undergo some changes when it is integrated more fully with the wider NBN accreditation scheme. This section simply provides an overview of the purposes of NBN and LRC accreditation, and gives a very brief introduction to the proposed model for LRCs.

10.2 Developing an NBN accreditation scheme

Developing operational standards is a long-term and changing process. The task of identifying quantifiable measures that can be used for benchmarking and monitoring performance is a sensitive one that needs to be handled with diplomacy. It is essential to be clear about the purpose of accreditation and about how LRCs will benefit from it. It will be a long time before there is anything approaching full UK coverage by accredited local and national data centres. In the interim, there will continue to be a great variety of local arrangements and levels of service provision. The system must allow for this diversity, but should encourage centres to work towards adopting national standards.

The NBN accreditation scheme has to be flexible enough to take account of the differing needs of different NBN nodes. However, it must be able to ensure that certain standards are common throughout—particularly access terms and data models. The accreditation model for LRCs must be designed specifically to match their needs, and may differ in detail for national and local data centres. The NBN is attempting to identify a set of generic, national-level requirements in data management, in order to unify the data held by a diverse range of organisations. Experience has shown that these national-level requirements can conflict with the needs of local users.

The mechanism for assessment and awarding of accreditation will be simple but credible. It is necessary to establish who the arbiters of accreditation should be, and to demonstrate both their qualifications and their accountability. Wherever possible, the system should reflect the experience of other national standards and quality systems (see section 9 *Measuring performance*).

10.3 Purpose of NBN accreditation

The NBN accreditation scheme will cover all nodes of the NBN—LRCs, national schemes and societies, and biodiversity and research organisations. The scheme's primary purpose is to provide a 'kite-mark' to show that an accredited body meets the standards that enable it to share data with others via the NBN. It should focus on the quality of data supplied and on compliance with NBN access terms and data models. The scheme should also help users and data providers understand the services they can expect from NBN nodes. For the scheme to be viable, there needs to be sufficient benefits to the individual nodes for them to participate; this means that the scheme must be able to accommodate the needs of the different types of node. It should, therefore, have a different strand for each of these types.

The accreditation scheme will encourage the uptake of standards and promote the sharing of data. With regard to users and data providers alike, it should help increase confidence in the NBN.

The NBN Trust will be the sponsor of NBN accreditation. The system will have to take account of both NBN requirements and the support capabilities of the NBN; it will not be possible to support an over-elaborate system.

10.4 Purpose of LRC accreditation

LRC accreditation will be part of the NBN accreditation scheme. However, to meet the needs of LRCs and users and data providers, the scheme will have to provide more specific benefits. In particular, it must be possible to demonstrate that the benefits will justify the investment of time and expense necessary to prepare for, and undergo, the accreditation process.

10.4.1 Benefits of accreditation to LRCs

An LRC accreditation scheme should provide a range of benefits to LRCs:

- It should promote confidence among both data providers and users that records are valid and well managed.
- It should provide justification to host and partner organisations that their investment is well placed.
- It should give professional recognition (both from peers and as a means to participating in the NBN).
- It may be helpful in obtaining funding from some sources.
- Development work towards accreditation provides an element of training for LRC staff.
- Participation in the scheme should help maintain quality through regular reassessment of the LRC.
- The scheme should help an LRC by providing a guide for improvement.

10.4.2 Benefits of dealing with accredited LRCs for users and data suppliers

An LRC accreditation scheme must also give benefits to users and data providers:

- Customers of accredited LRCs have some indication that the data and services provided are comparable between LRCs.
- Users of accredited LRCs can be assured that they will get a quality service backed by clear policies and procedures.
- Accreditation provides funding partners with an external assessment of LRC quality. This can be particularly important when an organisation is funding more than one LRC.
- Accreditation reassures data providers that their data will be properly managed and their interests protected.

10.5 Proposed accreditation scheme for LRCs

The proposed accreditation framework for LRCs will be a 'kite-mark' system, based on a combination of self-assessment, independent verification and external ratification. This proposed framework is described below.

LRCs will use a workbook to record progress towards, or evidence of, compliance with NBN standards and other benchmarks. They will be assisted in this by a mentor, who will probably be an LRC professional or an adviser with other appropriate expertise. Some LRCs (eg newly established ones) might need considerable assistance, whereas long-established ones might need only one or two visits. It is important that all LRCs applying for accreditation have a mentor, to ensure objectivity in completing the workbook and to provide a critical but friendly voice. The mentor will also act as a moderator in the external assessment.

The LRC's self-assessment will be checked and validated by an independent assessor, taken from the same network of LRC professionals as the mentor. It is important to establish this network early, and to ensure that assessors and mentors receive appropriate training. The role of the assessor is very important and requires a high level of skill. The independent assessor will report to the NBN Accreditation Officer, who will verify the assessor's recommendation (supported by the workbook) and pass the recommendation on to the NBN Accreditation Committee to ratify the award.

As in other accreditation schemes, the award should be time-limited. It is proposed that participating LRCs should make a basic annual return to the NBN to update the register with any material changes. Re-registration should take place at regular intervals (eg within three to five years), and LRCs should agree to allow visits from an external verifier (eg the NBN Accreditation Officer) if requested.

The accreditation criteria for LRCs should take into account:

- data holdings
- data quality
- data collection
- data ownership, confidentiality and security
- data management
- data exchange and supply
- products
- services
- housing and equipment
- manpower, recruitment and training
- management
- partnership
- LRC viability planning and strategy

10.6 References

Proposal for an Accreditation System for Local Record Centres. The Wildlife Trusts, 2001.