

KrasnePlows

Turning Ideas into Reality: Strategic & Operational Planning

A Nonprofit Basics Workshop

Prepared for Craigslist Foundation
Nonprofit Boot Camp
August 16, 2008

By KrasnePlows
Barbara Krasne & Judy Plows

Today's Agenda

- ▲ Introduction & Welcome
- ▲ Components of a Typical Business Plan
- ▲ Introduction to Your Case Study
- ▲ Writing Your Plan - Asking the Right Questions, Research, Resources
 - Group Discussion - the Needs Analysis
 - Breakout Session - Other Critical Data
 - Debrief
- ▲ Summary

Goals for the Session

- ▲ The purposes of a business plan
- ▲ The audiences for your business plan
- ▲ Key components, what each should contain & why
- ▲ Information resources & methodologies to use in developing a strong business plan

Business Plan - Definition & Purpose

- ▲ Scope & application may vary
 - Start up scenario
 - New program initiative, within existing organization

- ▲ Serves multiple purposes
 - Provide a roadmap for you to use to move forward
 - Obtain support like funding, community endorsement
 - Attract partners

- ▲ Multiple audiences
 - External - funders, community members
 - Internal - staff, board, management

Business Plan Overview

Any good business plan describes:

- The **need**
- Goals: your **desired impact**
- How you address that need: **actions & activities** to take place
- **Resources** you require: financial & human
- How you know you are successful: **outcome measurement** over time

Business Plan Components

- ▲ Executive summary
- ▲ Organizational description
- ▲ Market analysis
- ▲ Business model
- ▲ Multi-year financial picture
- ▲ Operations plan
- ▲ Performance measures
- ▲ Conclusion
- ▲ Appendices

Executive Summary

- ▲ Makes a compelling case to its reader
- ▲ Succinctly conveys the project's purpose & potential
- ▲ Highlights the key themes
- ▲ 2- to 3-page plan overview that answers who, what, where, when, why & how
- ▲ Summarizes the resources required
- ▲ Written after you finished your plan

Organizational Description - to Set the Stage

- ▲ Describes your mission & vision
- ▲ Summarizes historical milestones
- ▲ Outlines key current activities
- ▲ Provides background & content for what follows

Market Analysis - Your Needs Assessment: Client Picture

Documents the need for your service:

- Your clients' demographic profile
- Service(s) wanted & willingness to use
- Market conditions now & in the future
- Market competition for service
- Potential partners

Market Analysis - Funder Feasibility Study: Funder Picture

Documents funder support for your
service:

- Funder profile
- Funder interest in supporting the service you want to provide
- Market conditions now & in the future
- Market competition for \$\$'s
- Potential partners

Your Desired Impact – Your Goal

- ▲ Description of the impact you want to have on your target population
- ▲ Achievable within a limited time horizon, tied to your business plan
- ▲ Aligned with your mission

Business Model – Products / Services

- ▲ Description of your proposed product(s) / service(s)
- ▲ How proposed offerings will achieve desired impact
- ▲ Earned income analysis

Financial Picture – What Resources You Need

For the coming 5 years:

- Start-up costs
- Projected income & expenses
- Cash flow
- Statement of financial position (Balance Sheet)
- Capital requirements (Facilities)
- Underlying assumptions for projections

Operations Plan – How Your Idea Becomes a Reality

- ▲ Staffing requirements
- ▲ Management structure
- ▲ Governance
- ▲ Marketing plan
- ▲ Fund development plan
- ▲ Communications
- ▲ Technology
- ▲ Facilities plan

Operations Plan - How Your Idea Becomes a Reality, Cont'd

Implementation Plan - the roadmap that incorporates everything you need to do to realize your idea

- Step by step activities timeline
- Key milestones
- Responsible parties
- Resources required for each milestone
- Ongoing monitoring protocol

Performance Measures – How You Can Measure Success Along the Way

For programmatic & organizational indicators:

- Describe the outcomes that you hope to achieve from your activities,
- Develop *measurable* indicators to track program impact - realistic, accessible, useful
- Set interim & longer-term targets for each indicator
- Is a mix of quantitative & qualitative indicators
- Explain how data will be collected & reported
- Describe how data will be used

Conclusion & Appendices

- ▲ Conclusion - reiterate why your initiative should be successful & is a worthwhile investment

- ▲ Appendices include exhibits to support & amplify earlier material like:
 - Organizational Chart
 - Historical Financial Schedules
 - Market Research Data
 - Management Team Bios
 - Board of Directors List

Turning Ideas into Reality: Strategic & Operational Planning

Workshop Exercise

The Case - Establishing a New School

By KrasnePlows
Barbara Krasne & Judy Plows

The Case

Who you are:

- Leader of a nonprofit organization
- Formed the organization last year
- Have funding to hire 1-2 staff & some consultants
- Formed a small board
- Occupy donated space

Your organization's mission:

- Establish a new 4-year liberal arts college
- Target population: underserved, disadvantaged women
- Residential campus
- Aim to prepare women for professional careers & to be future leaders
- Ultimate size: 2,500 students

Market Analysis – Your Needs Assessment

How would you demonstrate that there is a sufficient market that wants & will go to your new school?

How can you show that the school is fundable?

What are the key questions?

Where do you look for answers?

Market Analysis - the Key Questions: Client Need

Who are your potential students?

Where are they located?

How many are there now? in the future?

What are their key characteristics?

How can they be identified & reached?

How many can you reasonably expect to attract?

What future trends could impact this population?

How do you know if your target population really will enroll?

What other schools exist? Alternative options?

Why will students & their parents choose your school, with other options are already available?

Market Analysis - the Key Questions: Funder Interest

Who are your possible funders? Why?

How interested are they in the need you are trying to address? Why?

What excites them -- or doesn't -- about your concept for addressing the need?

Who else do they identify who might be interested in supporting you?

Answers...

Market Analysis - Finding Answers

▲ Sources

- US Census
- Census Bureau Economic Programs
- Foundation Center

▲ Market research methodologies

- Literature search
- Researching comparables
- Online surveys
- One-on-one interviews
- Focus groups
- Feasibility studies

Business Model – Products / Services

Some Sample Questions

- ▲ What need do you see the school addressing?
- ▲ How would you describe the school & its proposed curriculum?
- ▲ How will your proposed curriculum & educational setting achieve your desired impact?
- ▲ How do you determine your tuition & fees?
 - How much does it cost you to run the school?
 - What do your competitors charge?
 - How much will students & their parents be willing to pay?

Performance Measures – How You Can Measure Success Along the Way

- ▲ What are your goals/targets?
- ▲ What do you want & can reasonably measure in each of the following areas:
 - Program
 - Organization
 - Financial Condition

- ▲ What will each outcome be used for?
- ▲ Who will see the data & why?
- ▲ How often do you want to measure it?
- ▲ How will you collect, store, analyze & report the data?

Operations Plan - What You Need to Make Your Plan A Reality

- ▲ Staffing requirements
- ▲ Management structure
- ▲ Governance
- ▲ Fund development plan
- ▲ Communications & marketing plan
- ▲ Facilities plan
- ▲ Technology

In Summary, Your Business Plan -

- ▲ Provides a realistic **roadmap** for you & your staff

- ▲ **Demonstrates the need** for your product/service & **how you are uniquely-positioned** to make/deliver it

- ▲ Conveys you have **considered everything**
 - Risks
 - Opportunities
 - Activities
 - Resources

Resources - Business Planning Articles

- ▲ **The Business Plan: A Three-Year Operations Roadmap**, by Robert D. Hisrich, Ph.D., *The Nonprofit Times Financial Management Edition* (The Nonprofit Times December 15, 2002) – available as a digital download at Amazon

- ▲ **Business Plans Are Not Just for the Corporate World** – Topic Paper, BoardSource (Requires membership to access)
www.boardsource.org/Knowledge.asp?ID=1.231

- ▲ **Business Planning (for nonprofits or for-profits)**, by Carter McNamara, Free Management Library
www.managementhelp.org/plan_dec/bus_plan/bus_plan.html

- ▲ **Business Planning for Nonprofits: What It Is and Why It Matters**, by Kelly Campbell & Betsy Haley, The Bridgespan Group, February 2006.
www.bridgespangroup.org/kno_articles_bpfornonprofits.html

- ▲ **Business Planning Toolkit: Seedco's Nonprofit Venture Network toolkit for planning a social purpose business.**
<http://nvn-toolkit.seedco.org/businessplanning/>

- ▲ **An Introduction of Business Planning for Nonprofits**, by Zoe Brookes, The Bridgespan Group, April 2002.
www.bridgespangroup.org/kno_articles_businessplanning.html

- ▲ **The Plan For Business Plans**, by James W. Wolfson, Nonprofit Expert.com. www.nonprofitexpert.com/business_plan.htm

Resources - Market Research Resources, General Sites

- ▲ **The Bureau of Labor Statistics** - U.S. labor trends & statistics
www.bls.gov/
- ▲ **Census Bureau Economic Programs** - Economic statistics nationwide & data tools by state, sector, & frequency.
www.census.gov/econ/census02/
- ▲ **The Department of Labor** - Federal wages & employee benefits data www.dol.gov/
- ▲ **Foundation Center** - Private foundation grant-making data.
<http://foundationcenter.org/>
- ▲ **The United States Census** - Demographic information by city, state, & neighborhood. www.census.gov
- ▲ **Urban Institute** - for research on social & economic issues.
<http://www.urban.org>
- ▲ **The Bridgespan Group** www.bridgespangroup.org
- ▲ **Free Management Library for For-Profit and Nonprofit Organizations** <http://www.mapnp.org/library>
- ▲ **National Center on Nonprofit Enterprise** – focuses on the economics of nonprofits, social enterprise & earned income initiatives, financing, managing risk <http://www.nationalcne.org>

KrasnePlows & Business Planning

- ▲ KrasnePlows, founded in 2003, is a boutique consulting firm dedicated to helping our clients make the critical decisions to maximize their impact and remain financially sustainable. We work in partnership with our clients, combining their deep program and organizational knowledge with our executive expertise and ability to apply business principles where most useful.

- ▲ We specialize in three important areas:
 - **Planning and Restructuring.** We help nonprofits plan around growth. We work with our clients to identify reasonable goals and create pragmatic work plans to achieve them, using tools like strategic assessments, market research, strategic planning and business planning.
 - **Mergers and Partnerships.** We help our clients clarify their goals, assess the risks and opportunities of the merger, structure the combined organization, and undertake the work necessary to integrate different staffs, operations, and cultures successfully.
 - **Leadership Transitions.** We work with executive directors and their boards to anticipate and plan for a smooth transition, identify the key skills and talents they need to lead the organization in the future, and to recruit and orient the new executives to ensure their success.

- ▲ We work with clients across the programmatic spectrum, ranging from national public interest advocacy organizations to local community-based settlement houses.