

**Business Planning**

This quarter's Critical Issue is business planning, which connects many of our prior Issues. Business planning is one of the three core activities of integrated planning (CI #11). It overlaps with the other two, strategic (CI #1) and program planning, to varying extents, depending on the nature, stage, and needs of the nonprofit, and can share the assessment and plan development stages of the strategic planning process (CI #5) when they are pursued simultaneously.

It needs to develop meaningful, mission-driven (CI #7) metrics (CI #8), draws on market research that may include surveys (CI #2), affects and is affected by brand identity (CI #9), and can make use of financial modeling (CI #6). Many of the webinars we've presented over the past two years touch on aspects of business planning, as well. See the archive and current schedule at <http://bit.ly/SyPwebinars>.

**Why a Business Plan?**

A nonprofit organization has the same need for a business plan as a for-profit company. Whether your mission focuses on social benefit or profit, business planning is about charting a course toward success and sustainability. While the value of business planning is most clearly understood in starting new programs/services, especially social enterprise initiatives, it is also a lens that should be used periodically to assess the effectiveness of ongoing programs/services.

In CI #11: The Case for Integrated Planning, we described a comprehensive process with three activities at its core: strategic, program and business planning; the *why*, the *what* and the *how*. No matter how compelling the *why*, or how thorough the *what*, the *how* is the third leg of a three-legged stool: the other two are useless without it.

Business planning provides a framework for identifying, examining and optimizing the elements of financial sustainability. It can support the choices made in mission-based discussions by detailing:

- revenues needed to realize objectives
- means to achieve those revenues

**INTEGRATED PLANNING**

- information needed to evaluate, develop and sustain the enterprise
- support structures and resources required for operations
- initial and ongoing risk
- opportunities and pitfalls of growth
- measures of success
- the case for investment (for prospective donors)

**What Goes Into a Business Plan?**

Business planning involves gathering, organizing, analyzing and conveying a large body of otherwise disparate information, such as:

**Description of the program(s)/service(s)/business** (*what, why, how, where, when*)

The starting point for a meaningful business plan, whether for an existing operation or a new initiative, is a solid foundation of clear and precise description. If the business planning process follows strategic or program planning, they will provide the content for *why* and *what* (see CI #11). The strategic plan will have been developed through a consensus-driven process involving all stakeholders (see CI #1: Why Plan?), and the program plan will have come out of the professional expertise of

the CEO and staff. The role of the business plan is to take this work and provide additional market, financial, and operational perspective.

If there is no current strategic and/or program plan, the business planning process will have to incorporate strategic thinking to assure support of the nonprofit's mission (the *why*), rather than attending only to *how*.

#### **Market analysis**

*(market conditions, competition, market share, program offerings, target population, pricing)*

Identifying a need alone does not make a convincing argument for a nonprofit program. Are there others serving the same or similar need or target population? If so, what is the market like? Is what you are proposing (or doing) unique, compelling and sustainable? Is there opportunity for collaboration with another entity rather than going it alone? Despite its for-profit sound, market analysis is an important, if underused, tool for nonprofits.

#### **Business strategy**

*(positioning, targeting, marketing, programs, competitive advantage)*

If the market analysis indicates that it's worth proceeding, you'll need to consider how you will be presenting your offering to the marketplace. This will include identity and branding (see CI#9: Brand Identity), communications (see the Nonprofit Webinars archive, at <http://bit.ly/SyPwebinars>), and a variety of efforts that may benefit from consultation with experienced entrepreneurs and other business people on your board, in your community, or perhaps in an organization elsewhere that has similar experience.

#### **Operations and structure**

*(infrastructure, responsibilities, reporting, policies, processes, departmental plans)*

A new initiative will likely require support of various kinds. Will it be managed within your existing processes, or will it need to operate independently? Do you already have the structure you need—policies, business operations, technology? Will the new venture put a strain on staff?

#### **Resource requirements**

*(funding, personnel, facilities, technology, phasing)*

What are the full resource requirements of the initiative at the outset, and how will they need to be scaled with growth? How will resources need to be

phased in, and what funding needs to be in place at what time?

#### **Business / financial goals**

*(revenue model and projections, capital and program fundraising, investments, metrics for defining success)*

The traditional core of business planning is financial projection. What sort of costs will you encounter before you develop a reliable revenue stream (whether from operations or from predictable donations)? How will you raise the initial funding, and how can you time your expenditures to stay within your resources? Financial modeling (CI #6) can help you prepare for a range of eventualities in these areas. How will you measure, monitor and report on operations? For discussion of metrics, see CI #8: The Measure of Success, and the NonprofitWebinars archive.

© Copyright 2019 Synthesis Partnership All rights reserved.  
 Complete and fully attributed copies may be made and shared.

#### **Planning for yourself?**

We're happy to offer as much (or as little) advice or guidance as you need. Use our experience to assure your success.

Contact Sam Frank to discuss the possibilities.  
 617 340 9991  
 sbf@synthesispartnership.com



#### **Other Critical Issues**

- CI 1: *Why Plan?* (<http://bit.ly/SyPci01>)
- CI 2: *The Secret Life of Surveys* (<http://bit.ly/SyPci02>)
- CI 4: *On Boards* (<http://bit.ly/SyPci04>)
- CI 5: *The Structure of Planning* (<http://bit.ly/SyPci05>)
- CI 6: *Financial Modeling* (<http://bit.ly/SyPci06>)
- CI 7: *On Mission* (<http://bit.ly/SyPci07>)
- CI 8: *The Measure of Success* (<http://bit.ly/SyPci08>)
- CI 9: *Brand Identity* (<http://bit.ly/SyPci09>)
- CI 10: *Mind Your RFPs & Qs* (<http://bit.ly/SyPci10>)
- CI 11: *Integrated Planning* (<http://bit.ly/SyPci11>)
- CI 13: *Facility Planning* (<http://bit.ly/SyPci13>)
- CI 14: *Managing Change* (<http://bit.ly/SyPci14>)
- CI 15: *Strategic Action* (<http://bit.ly/SyPci15>)