

Business Plans

The purpose of a business plan is to describe your product line or service, to articulate opportunities and to identify the strategy that will be used to accomplish specific goals within a defined period of time. It is written in a clear, concise manner with the goal of selling the reader on your plan. Keep it straightforward and simple. Use quantifiable information whenever possible. Avoid overly complex and technical language.

The document is generally 3-5 pages plus financial information. You do not need to “reinvent the wheel”. Freely borrow good ideas from each other. Use standard or familiar language and concepts developed in such places as strategic planning retreats, leadership meetings, staff meetings and discussions with consultants.

The content of a business plan generally includes the following sections:

Executive Summary

The Executive summary is written in clear and concise terms, usually no more than 300 words or one page. It includes an explanation of the program’s aim, outlines essential facts about the program (e.g. it’s growing expressed using trend data, percentages and/or actual numbers), and describes (at a high level) business ideas, key market (e.g. specific counties, states, client populations) and financial facts, capital/resource needs and profit projections. The summary includes an assessment of risks (e.g. time to pay) and states assumptions (e.g. interest on advances applied to operations, contingent upon receipt of grant funding, etc.) used to prepare the business plan. It also states the strengths/weaknesses of the management team and others contributing to the success of any new business idea, service or program. This is your plan. Sell it!

Statement of strategic goals/objectives

State each goal separately and describe how the program’s goals and objectives are aligned with and contribute to the divisional and agency vision and goals. Examples include a description of how the program supports the mission of the organization, how it relates to the organization’s markets and customer base, etc. and how it contributes to the overall divisional or corporate goals (e.g. corporate growth, revenue goals, market penetration, customer satisfaction, building capacity to provide services, achievement of accreditation, etc.). For instance, goals may be: to expand the customer base by a fixed percent or finite number; to generate a specific dollar volume of revenue; to strengthen the infrastructure by implementing specific business practices (electronic billing, PeopleSoft v. 8.0, software tools, etc.); to minimize expenses as a “loss leader” program, etc. You know your program, so dig deeply to describe the value of your program.

When there are several program goals, it is helpful to rank their strategic value indicating whether the goals have a permanent, transitional or diminishing importance to the program. You may need to call upon divisional leadership to help you rank the priorities of your goals in the context of the greater good of the division. For instance,

you may suggest that market competition is increasing and that the role of the agency is no longer critical in this area. Conversely, market conditions may be causing a decrease in the number of providers suggesting an opportunity to increase market share. It is also helpful to identify any key alliances or partnerships (either internal or external) such as consultants, other third party vendors, etc. whose availability and support could influence the outcome of your plan.

Market Analysis

Describe the service market. Identify the target population of customers to be served, the geographic boundaries of the market, the risks of conducting business in these markets and any pre-requisites for opening new or expanding existing programs such as licenses, permits, zoning, availability of qualified staff, etc. The market analysis also outlines the agency's role in the marketplace (e.g. market leader, new provider in the community, etc.). This is the section where the agency defines itself in the marketplace by outlining the value of its services as well as identifying any constraints or market conditions that present barriers for achieving goals.

Competitive analysis

Identify the competing companies within a specific market. Describe their corporate structure (for-profit, non-profit, multi-state service provider, etc.), the services provided and any program differentiators comparing the agency's programs to those offered by the competition. Outline how the agency desires to position itself in the market and any strategy to enhance or secure market share (with associated timelines).

Marketing Plan

Define the marketing plan. Identify the products/services to be marketed as well as the specific target populations and geographic locations where marketing efforts will be focused. Outline the marketing plan – use of website, printed materials, personal contacts, public seminars, and/or conferences. Prioritize the products to be sold. Consider the profit margin (retained earnings) when developing priorities.

Sales Plan

Outline the specific strategy for generating sales. The sales plan grows from the marketing plan and defines specific targets including number of clients projected to be served, markets and market penetration goals. The sales plan identifies who will be calling upon specific customers (referral sources), defines the intervals of sales calls as well as the collateral supports needed to close sales (e.g. Executive Director, Board member, CFO, etc. needed to help close the sale.) Define sales target projections by month or quarter. This is hard to do, but worth the effort. You can always do a re-projection later in the year. Don't be overly optimistic or pessimistic.

When a new product is being launched, outline any contingencies related to the product release. Identify any potential impact (positive or negative) to current operations. Whenever possible, build in accountability and contingency plans. Be specific. Try to answer the questions of “who”, “where”, “when”, “how” and “how much”.

Resource Needs

Define specific resource needs including personnel (FTEs), information systems products such as hardware and software and support, other technology, equipment needs, office or program space, training needs (e.g. how to use PeopleSoft), and fiscal/budgetary support. If you are depending upon a specific entity to provide any of these needs, let them know so their business plan and budget is aligned with yours.

Key Business Contacts

Identify key customer contacts. Provide title, organization, address, phone/fax numbers and any other relevant information to assist someone acting on your behalf.

Financial Projections

When applicable, provide a brief summary of the program's financial performance over the past two years. Highlight any information that helps build an understanding of any factors that influenced past performance such as special grants, closure of a facility resulting in a windfall, budgetary crisis resulting in funder cutbacks, etc. Identify projected sources and amounts of revenue and profit margin. Be specific in terms of number of clients served, rate of reimbursement and profit projection. Identify cash flow projections. Map out, by month, when revenue is expected.

Identify capital needs separately. State how much you need, when it will be needed and identify the anticipated source(s) of capital (grants, gifts, endowment, etc.). Identify contingency plans and timeframes for implementing them if you are unable to meet financial or programmatic targets.

Have fun. Be creative. This is your blueprint for achieving your goals and helping others to support you!

Program Worksheet

Division:

Divisional Vision Statement:

Divisional Goals and Objectives:

Program: [Residential, day care, etc.]

Program Vision/Aim: [This is discretionary information. If you have a program vision, then this is the place to share your vision with the rest of your organization.]

Executive Summary:

Program Goals and Objectives: [In the next section, state each goal and its corresponding objective(s). These must be oriented to the fiscal year and be quantifiable. Set realistic goals that are neither unduly risky nor overly conservative. For instance, a goal might be to increase the residential program in Chester County by twelve homes bringing three on line every four months beginning in September. Another example might be to open a facility on existing property to serve four clients beginning in September and reaching full occupancy by December.]

Goal #1

Goal #2

Goal #3

Goal #4

Goal #5

(Attach additional paper for more goals)

Every business plan needs to include analytical information.

Market Analysis

- List Target populations:
- List geographic boundaries of market or geographic entities
- List market conditions:
- Assess availability of qualified staff

Competitive Analysis

- List names of competitor agencies and markets
- List service gaps and differentiators comparing agency to competition
- List agency-specific opportunities

Marketing Plan

- Separately list products/services indicating markets where these will be sold
- Identify which products/services generate earnings
- Identify special target markets
- Identify marketing channels and detail plans for each channel
- List transformation challenges and plans for addressing these

Sales Plan

- Define specific activities for each product/service to generate sales
- Define sales targets by total number of clients served and markets
- Define sales plan
- Project sales revenues by month

New Product/Service

- Define start-up issues and timeframes
- Define phases and potential impact to current operations
- Establish specific targets and timeframes to monitor performance

Resource Needs

This is the section where you provide a “heads up” to others within your organization whom you rely upon to provide support services. For instance, if you anticipate hiring or replacing staff, the HR staff needs to know about this and so do the training staff. The MIS and finance staff needs to know about plans for new buildings or work locations when you expect to have network access or use a mortgage or other financing tool. The development staff needs to know that you are depending upon them to prepare grant proposals or manage grants. Think about these and other support services that you may need (regardless of who pays for them) and outline what they are in paragraph or bullet fashion.

Financial Projections

Provide a line item budget planning document that includes budgetary information from prior year, variances and basic information on allocation of overhead and staffing costs.

- Identify any grant funding you anticipate or have confirmed
- Highlight information about special circumstances
- Identify profit margin

Capital Needs

- Identify capital equipment needs (list type, quantity and time frame for acquisition) regardless of who pays for this equipment
- List projected source of financing for acquisition (cash, financing, etc.)