

Effective Program Development for Startup Organizations

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The Business Plan Between The Grant and The Final Report

Has the nonprofit thought through:

- Why does it want to fund this project?
- What are all the incomes and expenses?
- Why do we need charitable dollars?
- Who needs to be involved?
- How do we show we are good stewards?
- Is there a future for this project beyond a grant?

Various Approaches to Building Programs

- "Build it and they will come"
- Seat of the pants
- Incremental planning
- Business planning
- Business development

Source: Authenticity Consulting LLC

Build It and They Will Come

- Focused on founder
- Passion and perception
- Frustration and anger
- Bail out or mature

Seat of the Pants

- Lack of organizational skills
- Activity versus focus
- Blurring of resources
- Survive but not prosper

Incremental Planning

- Know client needs
- Implement familiar programs
- Slow and steady

Business Planning Approach

- Program to address unmet need
- Community assessment
- Implementation and management plan
- Marketing and financial plan

Business Development Approach

- Examination of alternative approaches
- Analysis of markets and environment
- Identification of new needs
- Assessment of organization's strengths
- Choosing best approach
- Focus on sustainability

A Definition

A business plan is a thoughtful, systematic projection of the financial, marketing, personnel and real costs and effort of a program that helps accomplish a nonprofit's mission.

Why A Business Plan?

- Forces careful thinking
- Encourages discipline
- Forces internal communication
- Enhances coordination and clarity of purpose
 - managers, staff, donors
- Identifies amount of capital needed
- Defines and measures programs
 - strategies and benchmarks
- Gives a competitive advantage
- May not be able to be funded without it

What's The Difference?

The strategic plan

- Organization-wide
- Choices and priorities
- Manages risks
- Maximizes mission

What's The Difference? (continued)

The Business Plan

- The process
- People, money, and programs
- More than a pro-forma

What's The Difference?

(continued)

Outcomes Measurement

- The end result
- Accomplishing the mission
- A return on investment

The Components

1. Executive or plan summary
2. Problem statement/opportunity
3. Description of your nonprofit and plan
4. Management and leadership
5. Description of the market
 - Including other providers
6. Technical operations required
7. Marketing and promotions plan

The Components (continued)

8. Financial
 - Assumptions (Consider alternative scenarios)
 - Projected Income and Expenses
 - Cash Flow Analysis
 - Capital Spending Required
 - Balance Sheet
9. Personnel
10. Trends and Risks
11. Supporting Documents and Appendix

Pitfalls

- Emphasis on the grant, not the program
- Overly optimistic about the response from the market
- Incomplete financial analysis including capital needs
- Wrong people for the job
- No plan to sustain the effort/program

Resources

- The Foundation Center, www.foundationcenter.org
- Georgia Center for Nonprofits, www.gcn.org
- Business Plan Pro, www.businessplanpro.com
- McNamara, Carter. *Field Guide to Consulting and Organizational Development with Nonprofits*, Authenticity Consulting LLC, www.authenticityconsulting.com
- Rasler, Tom. *ROI for Nonprofits: The New Key in Sustainability*, John Wiley and Sons, 2007
- US Small Business Administration, <http://sba.gov/smallbusinessplanner/plan/writeabusinessplan/index.html>