

Business Planning Guide

Disclaimer: *This document is not intended as legal advice. Your organizational goals, purpose, bylaws, and values should drive the creation of this document.*

A sound business model is the basis of a business plan. Nonprofits are businesses with a triple bottom line: mission, money and community. Well-written business plans explore all the components of nonprofit sustainability as outlined in the [Foraker Nonprofit Sustainability Model](#), including funding. It also pays specific attention to mission-related earned income. Business planning is essential when your organization is contemplating a new or enhanced program, exploring a capital expansion, experiencing a change in executive leadership, or just getting off the ground.

This guide outlines the basic components of a business plan. Please contact us for help in developing your plan.

I. Executive Summary

- This is the whole plan, only smaller – a compelling narrative that captures the potential investors – your board, staff, funders, and partners.
- In no more than two pages, you will outline who your organization is; what you are doing, why, and for whom; how you will communicate with key audiences; how you will provide management and governance; your source for sustainable revenue, and your financial projections.
- Busy investors should be able to read this section and learn everything they need about the long-term sustainability of what you are describing in your plan.

II. The Organization and Its Environment

- What is the legal status of your organization – are you a 501(c)(3) or some other type of entity or group?
- Do you have a strategic plan, and how does the subject of this business plan fit within it? Is there a direct tie back to a goal or goals in that strategic plan?
- What is the community need addressed by your organization's mission, your new program, or a new or remodeled facility?

III. The Programs/Services and Social Return on Investment

- What programs or services are you providing and describing within the business plan to address the community needs you have already outlined?
- For a new or significantly changed facility, what programs and services will be provided in it? And how will it help you meet your core purpose in the future?

- What are the benefits that will be realized with the new program, new facility, or more resilient organization? What are the anticipated impacts on the people, places, or issues that your organization considers to be important?

IV. Market Analysis

- Who are your primary stakeholders, customers, clients, etc.?
- How does the work described in the business plan fit within the larger external marketplace and best practices?
- What are the market trends? Is the market changing, and if so, how? What opportunities and challenges can you identify? What does the future hold?
- How will you best collaborate to succeed in the work you describe in the business plan? How is your organization strategically positioned? What are its competitive advantages?
- What opportunities for collaboration exist that will make what you describe in your business plan a success?
- To what extent do your stakeholders and communities support the concept you're proposing?

V. Community Outreach and Marketing

- How will you build community and stakeholder awareness of your programs and services?
- How will you “get the word out” to funders? To clients and customers? To other stakeholders?
- Do you have a community outreach or marketing plan developed?

VI. Human Resources

- Have you thought about the people resources needed to make the organization, program, or facility a success, to do the work and provide management?
- Are there any significant workforce barriers or challenges that have to be acknowledged? Recruitment? Training? Availability of workers? Compensation?
- What new human resources will need to be added to the organization? What are the projected personnel requirements? Is there a meaningful role for volunteers?

VII. Governance and Executive Leadership

- What is the organizational structure – think organizational chart?
- Who is providing governance?
- Who is providing management?

- Are external support services required?
- Have you thought about leadership succession to support long-term sustainability?

VIII. Facility Operations or Facility Construction and Operations for New Facilities

- For an existing facility or facilities, where does the organization or program live, how will it be operated and maintained? Will it adequately meet a recognized community need? What are the life-cycle expenses?
- For a new or expanded facility, have you thought about more than just construction? For example, how will you operate, maintain, and financially sustain the new or upgraded facility? Is it the right size to serve the needs of the community? What are the one-time expenses, and what are the life-cycle expenses?
- What are the new revenue requirements to support it?

IX. Sustainable Income

- How or will the revenue stream need to change to sustainably support what you are describing in your business plan?
- Do you need to consider and develop new revenue sources?
- Will there be enough revenue coming in to support the program or facility and build the financial stability of the organization?

X. The Financials

- The numbers – financial projections that describe the next three-to-five years of revenue sources and expenses
- Will the organization be able to build reserves?
- These financial forms will complete this section:
 - Statement of Activities (profit and loss)
 - Statement of Financial Position (balance sheet)
 - Projected Cashflow – to determine start-up resources and identify when the effort will break even or turn a profit

XI. Appendices

- What other information is relevant to what's being presented in the business plan?