

## 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](http://www.foundationcenter.org)
- Georgia Center for Nonprofits, [www.gcn.org](http://www.gcn.org)
- Business Plan Pro, [www.businessplanpro.com](http://www.businessplanpro.com)
- McNamara, Carter. *Field Guide to Consulting and Organizational Development with Nonprofits*, Authenticity Consulting LLC, [www.authenticityconsulting.com](http://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>