Housekeeping

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Mission-Driven Business Planning 101

Shelly Kessler, Partner and Director of Nonprofit Services

Nadia Gomes, Senior Consultant
For over 32 years, TCC has developed strategies and programs that enhance the efficiency and effectiveness of NGOs, philanthropies, and corporate citizenship programs to achieve social impact. We work with organizations in the US and across the globe.

Learn
- Evaluation
- Research

Strategize
- Assessment
- Strategy
- Planning

Act
- Grantmaking
- Capacity Building
- Program Management
1. Clarify the definition and purpose of mission-based business planning

2. Discuss the keys to success and pitfalls to avoid in developing your mission-based business plan

3. Explore an overview of the components of a mission-based business plan for nonprofits
Mission-Based Business Planning
Definition and Purpose
Mission-Based Business Plan: What is it?

**Business Plan**

A plan for how a business (typically a specific line of the business) is going to achieve its goals, including details on its planned model (or its fit within a broader model), implementation strategy, and profitability.

**Mission-Based Business Plan**

An application of the above, typically in a nonprofit or NGO context, wherein planned impact is tied to a social mission, and represents a double bottom line (financial and social).
What a Mission-Based Business Plan for Nonprofits is NOT

<table>
<thead>
<tr>
<th>Strategic Plan</th>
<th>Operating Plan</th>
<th>Development Plan</th>
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<td>A coordinated set of priorities, goals, objectives, and strategies serving as a “roadmap” for a longer-term (3, 5, or 10-year) organizational vision and mission</td>
<td>A 12-month document outlining departmental activities and tactics that serve broader organizational goals and objectives</td>
<td>A coordinated set of activities, grounded in a case statement, intended to result in established goals for contributed income (e.g., grants, individual gifts, etc.)</td>
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Mission-Based vs. Traditional Business Planning:
5 Potential Areas of Added Complexity

1. Lack of standardized value for all elements of return on investment (ROI)
2. Intangibility of product or service
3. Distinction between user and payer of the product or service
4. Need to align with social mission
5. Lack of necessity for growth or scaling
Mission-based values are reflected in the language used:

Mission
Beneficiaries
Community
Needs Assessment
Social Value
Funding
Donors

VS.

Competitive Advantage
Consumers
Market
Gap Analysis
Financial Returns
Investment
Investors
Purpose of a Mission-Based Business Plan

• Helps a nonprofit organization or a mission-critical program increase the likelihood of its sustainability by:
  – Describing the organization or program/service and communicating its distinctive mission-based value
  – Understanding your market (competition, collaborators, demand, need, etc.)
  – Understanding the financial model underlying your organization or program/service relative to mission-impact
  – Developing appropriate and detailed financial projections to facilitate sustainability in service to the mission
  – Defining operational requirements, including marketing, people, and learning
• Builds a convincing case for support or investment from donors/investors
• Serves as an internal management tool
Ways to Use the Business Plan

**STAGES**

1. **Planning or Launching**
   - **Viability**: new ventures (earned income)
   - **Prospectus**: communicating a compelling case for investors/funders to support

2. **Assessing or Refining**
   - **Management**: monitoring and evaluating your progress
   - **Sustainability**: of programs, departments, or the organization
   - **Communications**: getting internal and, sometimes, external stakeholders on the same page

3. **Growth or Scaling**
   - **Planning**: growth or scale
   - **Hiring**: “selling” your organization to potential recruits
   - **Collaboration**: persuading partners to collaborate
A Convincing Case For Support: Contributed or Earned

American Public Health Association

Wildlife Direct

Philadelphia Museum of Art Craft Show
Drivers for Success and Failure
Key to Successful Mission-Based Business Planning

- Mission and vision clarity
- The right team - expertise relevant to your business model
- Strong leadership with an identified champion
- Data and evidence
- Clearly defined ROI targets and metrics
- Evidence for sustainability
- A leap of faith - an investment will provide the mission-impact and financial return expected
- An understanding of “earning” support
- Attention to detail
- Assumptions that have been objectively questioned
Components of a Mission-Based Business Plan
The Process of Writing a Mission-Based Business Plan

1. Market Analysis Relative to Mission
2. Marketing Strategy
3. Operations Strategy: Program Plan, People, Culture
4. Growth or Scaling Strategy
5. Finances & Financial Projections
6. Risk Analysis & Contingency Plan
7. Description of Organization or Program/Service and Its Link to Mission
8. Executive Summary
Basic Market Analysis:
Assessing Supply & Demand In Light of Mission

Demand
- Long-Term Beneficiaries
- Clients/Customers
- Funders/Investors

Supply
- Alternatives/Substitutes
- Collaborators
- Competitors

Your Mission & Program/Service
Competitive Advantage

• **Competitive advantage** enables a nonprofit to create superior value for its customers/clients and a superior return on investment for funders/investors relative to other suppliers

• **Differentiation advantage**: when the nonprofit delivers benefits that exceed those of other suppliers (e.g., higher quality, deeper impact, add-on services, etc.)

• **Cost advantage**: when an organization delivers the same benefits as other suppliers but at a lower cost per outcome
**Goal:** to encourage increased participation and/or investment. The goal can also be to change the relationship you have with your clients/customers and investors/funders.

**Marketing Strategy: The Five Ps**

- **Position**
- **Programs/Services**
- **Pricing**
- **Promotion**
- **Placement**
Value Proposition Statement

• A brief, evidence-based statement about the value of your services

• Why would your customer/client use, and investor/funder fund, your services?

• Why would they use or fund your services as opposed to another’s?
Operations Strategy: Program Plan

- Inputs
- Goals, Outcomes, & Metrics
- Implementation & Delivery
- Follow-up Services
- Ongoing Communication & Management
Operations Strategy: People

- Organizational chart and staffing
- People at different levels
- HR management strategy
- Potential partners
Finances & Financial Projections

- Financial plan provides the key financial assumptions used in building the plan and flows from the explanations and descriptions in other parts of the plan.

- It answers key questions such as:
  1. What are the key assumptions that underlie the financial plan? What capital is needed to start the initiative and potentially to expand?
  2. Where is the initial support going to come from? Will there be a need for a loan and if so from whom?
  3. What are the expected future earnings?
  4. What are the expenses and will there be a gap between the time to pay expenses and earnings?
Elements of the Financial Plan

- Projected Income Statements including pipeline analysis
- Balance Sheet
- Cash Flow Statements
- Break Even Analysis

Broken out quarterly and projected annually for 3-5 years.
Finances: Possible Sources of Income

Revenue

Contributed

- Individuals
  - Bequests/Planned Giving
  - Direct Mail
  - Events
  - Telemarketing
  - Major Gifts
  - On-line Giving
  - Board Giving
  - Canvassing

Foundations & Corporations
- Matching Grants
- Cash Grants
- In-kind Services, Equipment, Staff

Earned

- Conference Registration
- Sponsorships
- Dues
- Subscriptions
- Sales
Risk Analysis and Contingency Planning:

- **What are the greatest risks to your plan?**
  - What indicators are associated with each situation?
  - What impact will be realized?

- **What is your contingency plan for each potential risk?**
Data-Driven Decision-Making as a Key to Successful Planning

Assess

Refine

Learn
A Summary of the Pieces:
Description of Organization and Program/Service

• Description of Organization
  – Mission
  – 100,000 foot description with brief, relevant history
  – Existing and future programs/services
  – Growth or scaling opportunities/strategy (if relevant)

• Description of Program/Service
  – What is it? How does it support the organization’s mission?
  – Whom does it serve? Where and when do they access it?
  – What are its tangible features and intangible benefits? What is its expected social impact?
  – What are the key drivers of cost and revenue considerations?
Pulling It All Together: Executive Summary

- Short synthesis of the mission-based business plan
  - Summarize the organization’s mission and core strategies
  - If the plan focuses on a program/service, articulate how it supports broader mission
  - Summarize the need or demand and value proposition
  - Summarize the marketing strategy and operations
  - State the financial implications
  - Discuss contingency scenarios
A Holistic Representation of Targeted Organizational Effectiveness

Leadership

Management

Growth/Scaling Strategy

Adaptive

Technical

Operations Strategy

Mission Focus

Risk Analysis & Contingency Plan

Market Analysis

Financial Management / Projections

Marketing Strategy
Key Concepts To Identify Before Moving Forward

- Your team and champion
- The “what and where” of your market
- Assumptions and evidence!
- Mission alignment with data-driven decision-making
- Proof that your case is compelling
- The appropriateness of scaling
- Risks or organizational culture changes
- Monitoring plan
- Plans to incorporate implementation learning into future planning
Mistakes to Avoid

- Lack of data behind claims and assumptions
  - “We already know what people need. They need ___.”
- Decisions based on the short-term financial bottom-line
- Lack of data behind financial model assumptions
- Unrealistic optimism
  - “We just need the money to try it one time and it will work.”
  - “People will embrace these changes immediately.”
- Lack of consideration for the plan’s key audience(s)
- Unrealistic time frames to roll out the plan
- Assuming your proposed mission has standardized value
Thank You

Shelly Kessler, skessler@tccgrp.com
Nadia Gomes, ngomes@tccgrp.com
www.tccgrp.com
Questions?