



# ***Business Planning Template & Guidance Document***



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# Business Plan Template

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## 1.0 Executive Summary

The Executive Summary should provide an enthusiastic snapshot of your venture, explaining what you do and why it will succeed. The Executive Summary is supposed to be written last and is expected to be 2 pages or less. After reading this section, the reader will have a basic understanding of your venture and should be eager to learn more. Resist the temptation to “cut and paste” from each section and instead craft a compelling summary. The Executive Summary should stand alone and leave the reader wanting to learn more.

a. Business/Program Description and Goals

This section should be written so that a reader unfamiliar with your venture and/or parent nonprofit organization will be able to comprehend the information.

- What is your venture?
- What product/service will you offer?
- What are your business and social goals? How will you measure and evaluate them?
- Who is the parent nonprofit organization?

b. Market Need

- What customer need(s) does your product/service address?
- Who is your target market(s)?
- Why will they buy from you or give you a grant?

c. Competitive Analysis

- How would you describe the competitive environment?
- What is your market niche?

d. Organization and Management

- Identify key management functions and the person who will fill the role. Include information on background/skills that are relevant to the venture and will enable them to succeed in their role.

e. Marketing and Sales Strategy

- Identify key components of your marketing strategy.
- What is your sales process and why will it be successful?

f. Financials

- Briefly define your business model: customer value proposition, profit formula, key resources and key processes.
- Include key financials, such as revenue and profit for years 1-5 as well as capital requirements.

## 2.0 Venture Description and Goals

Begin this section with a brief introduction to your venture, the product or service you will offer, and the parent nonprofit organization. You will also include information on your business and social goals, as well as your venture's guiding principles.

### 2.1 Venture Description

This is your opportunity to tell your story and demonstrate your credibility. Consider answering the following questions:

- a. What is your venture? How did you get started? How did you generate the idea for your venture?
- b. What is the purpose of the venture?
- c. What is your value proposition? What problem are you solving for the customer? Why will they purchase from you? How does your venture improve the status quo?
- d. Why are you the right organization to pursue this venture?
- e. What is the legal structure of the venture? For example: independent entity or department/division within the nonprofit organization.

### 2.2 Description of Product or Service

What are the product(s)/service(s) that the venture will offer? Include information on current offerings as well as proposed future offerings.

- a. What are the core elements?
- b. What are the success factors?
- c. Are you planning to scale the program to new geographic areas or audiences?

### 2.3 Overview of Nonprofit Organization

- d. Who is the parent nonprofit organization?
- e. What is the mission of the organization?
- f. How will the nonprofit organization support the venture? What is the relationship between the two entities? How is it governed?

### 2.4 Business and Social Goals

- a. What are the short-term and long-term business goals for the venture?
- b. What are the short-term and long-term social goals for the venture?
  - a. What is your theory of change?
  - b. What is your logic model?

### 2.5 Guiding Principles

Guiding principles are a set of statements that identify the values and beliefs of the organization. Guiding principles can be thought of as “requirements” or “non-negotiables” that must be met/adhered to throughout the life of the venture. Guiding principles can be differentiated by those related to business operations vs. social/community impact.

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- a. Identify 3-5 business guiding principles. For example:
  - What is the maximum amount of capital that the nonprofit organization is willing to invest? What is the maximum amount of capital that the nonprofit organization is willing to borrow?
  - What is the maximum amount of financial losses the nonprofit organization is willing to cover per year?
  - When does the nonprofit organization need the venture to be self-sustaining?
- b. Identify 3-5 social/community guiding principles. For example:
  - Will individuals from a disadvantaged population be targeted for employment? What skills will they acquire?
  - Are there restrictions/limitations regarding suppliers?
  - How will the environmental impact be limited/monitored/managed?
  - How will the profits of the venture be used?

## 3.0 Industry and Customer Analysis

This section begins with a discussion of the industry (or environment) that your venture will operate in, as well as the outlook, trends and best practices of the industry. The focus then narrows to a description of the customer need that your product or service addresses. Lastly, your target market is defined and described.

### 3.1 Industry Overview, Outlooks/Trends and Best Practices

- a. Industry Overview
  - What is your venture's industry? How is it described? What does it include?
  - What is the size of the industry? For example: number of companies working in industry, annual sales, annual profit or number of customers.
  - How is the industry segmented? What industry segment will you focus on?
- b. Industry Outlook and Trends
  - What is predicted for the industry in the short and long term?
  - What are the 3-5 most important trends (positive and negative) impacting the industry? How will these impact your venture?
- c. Industry Best Practices / Critical Success Factor
  - What are the best practices in the industry that make the difference between success and failure? How will you ensure that your venture institutes these?
  - What does it take to thrive in this industry? How will you operationalize this?

### 3.2 Description of Customer Need

- a. What customer needs does your product or service address? Include data from primary customer research.
- b. What evidence do you have that customers are willing and able to pay for a product or service that addresses these needs?

### 3.3 Description of Customer(s)

- a. Who is your target market?
  - a. What does your ideal customer look like?
  - b. What is most important to your target market? For example: price, quality, brand, convenience and/or customer experience.
- b. What is the size of your target market?
  - a. How much do they spend on similar products or services?
- c. What are the 3-5 most important trends in your target market? How will these impact your venture?
- d. Why did you select this target market?



## 4.0 Competitive Analysis

This section begins with a brief introduction to the competitive environment, and then narrows to profile your direct competitors. After discussing your direct competition, the section concludes with a description of how your venture is different and why it will be valued by customers.

### 4.1 Competitive Environment

Begin with a brief description of the competitive environment. How would you describe the level and intensity of competition? Are there any major trends impacting the competitive environment? Are there any best practices that are essential to success?

### 4.2 Profile and Analysis of Direct Competitors

Create a matrix that profiles your direct competitors and include your venture in the matrix. Make sure to determine the possible areas for competition – based on what the customer cares about – and identify how each competitor responds. Include only factors that are relevant and obtainable, which may include:

- What is their target market?
- What is their product/service?
- What customer needs does their product/service satisfy?
- What are their key strengths/weaknesses?
- How is their product/service positioned?
- How is their product/service priced?
- How do they promote their product/service?
- What are their hours of operation?
- What is their annual revenue and/or profit?

### 4.3 Competitive Advantage

- How is your product or service different from competitors? What sets you apart?
- What is your competitive advantage? Describe how this is unique, sustainable, difficult to replicate and valued by customers.

## 5.0 Marketing and Sales Strategy

Begin with a brief description of your target market and how you will apply key marketing components to competitively sell your products and services.

### 5.1 Plan to Reach Target Market

- a. Positioning
  - What customer needs does your product or service meet?
  - What distinguishes your product or service from other available options?
- b. Pricing
  - What are your pricing strategies? Do you intend to generate a profit or breakeven?
  - What is the price for your products/services?
  - What are your pricing tactics? For example: flat fee, sliding scale or package options.
- c. Promotion
  - What is your promotion strategy?
  - What tactics will you use to increase awareness of your products or services? For example: personal outreach, direct marketing, advertising, sales promotions and/or public relations.
- d. Place (Distribution)
  - Where will customers be able to purchase your product or service? What distribution outlets will you use?

### 5.2 Sales Strategy

- a. Sales Structure
  - What is the sales process?
  - Who is responsible for sales and how are they compensated/rewarded?
- b. Sales Targets
  - Monthly for Year 1
  - Annual for Years 2-5

## 6.0 Operations

This section provides the reader with a detailed description of the lifecycle of your product/service.

### 6.1 Description of Daily Operations

Begin with a brief overview of the process required to produce your product or deliver your service. Consider addressing the following elements:

- b. People
  - What people are needed? What roles do you need to fill?
  - How will you train staff? How frequently? In what?
  - How will the process be supervised? Who will supervise?
- c. Capital and Equipment
  - What capital is needed?
  - What equipment is needed?
  - What types of facilities are needed?
- d. Materials
  - What materials will be used?
  - Where will you purchase materials?
  - How will supplies/inventory be managed? Who is responsible?
  - How will you manage your supply chain?
- e. Systems
  - What systems need to be developed?
  - What are the working hours?
  - Who is responsible for planning/scheduling?
  - What is the process to fulfill orders and deliver your product/service?
  - How is customer service monitored?
  - What is your capacity in product/service?
  - How will you distribute/deliver your product/service?
- f. Measurement and Evaluation
  - What are your productivity goals and how will you measure them?
  - What are your program/venture outcomes and how will you measure and evaluate them?

### 6.2 Operations Process Flow

Create a diagram that identifies each step required to produce your product or deliver your service if needed/appropriate.

## 7.0 Organization and Management

This section identifies the structure of both the nonprofit organization and the venture, as well as clarifies the relationship between the two. Key management and staffing needs are also discussed.

### 7.1 Nonprofit Organization Chart

Include a high level organization chart of the nonprofit organization which highlights/identifies the relationship between the nonprofit organization and venture. If the nonprofit organization will manage/oversee the venture, make sure to include information on this relationship. Briefly describe any agency-level support that the nonprofit organization will provide the venture. This may include back office support functions such as accounting or administrative support, type and percentage of time from the Executive Director and/or management team or reporting requirements.

### 7.2 Venture Organization Chart

Include a detailed organization chart for the venture.

### 7.3 Key Management Functions

Identify each key management position as well as the associated roles and responsibilities. If you know who will assume the position, include a brief description of their experience and why they will succeed in this role. Include succession plans, if available.

### 7.4 Line Staff Requirements

Identify the line staff required, including a description of duties, skills needed and training required.

### 7.5 Performance Management

Describe how you plan to manage performance and incentivize management and line staff. Consider addressing the following questions:

- What performance standards will be used to monitor management and line staff?
- What are acceptable performance standards for management and line staff?
- What procedures will be used to monitor performance?
- Who is responsible for monitoring performance?
- How will management and line staff be incentivized?

### 7.6 Board of Advisors

Describe the role of the Board of Advisors and how their involvement will benefit the venture. Include a list of members, including bio, in the Appendix.

## 8.0 Financials

This section is one of the most critical for the entire business plan – many readers skip directly to this section after reading the Executive Summary. Key financial highlights should be included in the text along with graphs or charts that help to illustrate key content. In addition, financial spreadsheets should be included in the Appendix.

### 8.1 Financial Overview

- a. Business Model Description:
  - How will your venture make or raise money? Who are your current funders? What is your projected funding by source?
  - What is your customer value proposition?
  - What is your profit formula (if applicable)?
  - What key resources are needed to deliver the customer value proposition profitably or at break-even?
  - What key processes are needed to compliment the key resources and ensure profitable delivery to customers?
- b. Financial Targets: Describe the major financial targets for your venture and why you believe you will be able to reach them. Consider including:
  - Overarching financial goal
  - Projected revenue growth in Years 0-5
  - Projected profit margin in Years 0-5 (if applicable)
  - Projected capital needs for Years 0-5

### 8.2 Key Assumptions

- a. Start-up Assumptions: Identify all of the major types of expenses and your estimate for each category. This may include sales/marketing, administrative/management, overhead, rent, equipment, depreciation, and taxes.
- b. Growth Assumptions:
  - Revenue: growth per year in whatever unit makes sense. For example: percentage, number of customers, products sold or dollars.
  - Cost of Goods Sold: growth per year in whatever unit makes sense, but should generally align with revenue unit. (If applicable)
  - Business Expenses: growth per year for each category of expense. Note that some are fixed costs and will not grow.
  - Sources: growth per year in sources of revenue. For example: percentage of earned revenue versus grants.
- c. Industry Rules of Thumb: Identify any industry rules of thumb that are important in your financial analysis and models. This may include a standard sales mark-up, credit terms and/or operational efficiency.

## 8.3 Break-even Analysis

Describe under what conditions the venture will break-even, not including any social costs. How many units of your product or service need to be delivered? How long do you anticipate it to take?

## 8.4 Projected Financials

You should create two types of projected financials: income statement and cash flow statement. For the first year, create the projections on a monthly basis. For Years 2-5, create an annual projection. The actual statements should be included in the Appendix – highlight the key points in the text.

### 8.4.1 Income Statement

- a. Bottom Line
  - What are your annual revenue projections for the first 5 years?
  - What are your projected cost of goods sold for the first 5 years?
  - What is your expected annual income for the first 5 years?

### 8.4.2 Cash Flow Statement

- a. What is your annual cash flow for the first 5 years?
- b. How much cash do you project to have at the end of each year?
- c. What are the major inflows of cash from operations, investments and financing activities?
- d. What are the major outflows of cash from operations, investments and financing activities?

## 8.5 Sensitivity Analysis

What are your most critical financial assumptions? What happens if these assumptions change? Insert results of various what-if scenarios, using your financial models. Assumptions to consider changing include: sales growth, price, cost of goods sold and staffing levels.

## 9. Risk and Mitigation Strategies

Begin this section with a brief introduction to the key (2-4) risks that could impact your venture, and the mitigation strategies you have identified to manage or reduce each risk. Remember, risks can be both positive and negative.

### 9.1 External Risks

- a. What are the primary external (macro) risks to your venture? For example:
  - What if a law/regulation changes?
  - What if a new technology is developed?
  - What if a direct competitor drastically drops prices?
- b. What impact will each risk have on your venture?
- c. How can you mitigate or manage each risk? What is your contingency plan?

### 9.2 Internal Risks

- a. What are the primary internal (micro) risks to your venture? For example:
  - What if a key manager resigns?
  - What if demand is higher than anticipated?
  - What if costs are higher than budgeted?
- b. What impact will each risk have on your venture?
- c. How can you mitigate or manage each risk? What is your contingency plan?

## 10. Appendices

Include supporting documents, such as:

- a. Sample marketing materials
- b. Resumes of key management and/or job descriptions
- c. Copies of press articles and/or advertisements
- d. Spreadsheets with financial pro-formas
- e. Financial Audit of Parent Organization
- f. Detailed results from primary market research
- g. Evaluation results
- h. Primary market research data collection templates (surveys)
- i. Board of Advisors (including bios)
- j. Implementation Workplan (including tasks, responsible party and deadlines) for implementing your business plan.

# Business Plan Template

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## **Definitions**

- **Business Model**: Describes the rationale of how an organization creates, delivers, and captures value. The essence of a business model is that it defines the manner by which the business enterprise delivers value to customers, entices customers to pay for value, and converts those payments to profit: it thus reflects management's hypothesis about what customers want, how they want it, and how an enterprise can organize to best meet those needs, get paid for doing so, and make a profit.
- **Capital**: Cash or goods used to generate income by investing in a business.
- **Customer**: Used within a program referring to a client or grantmaking organization or used within business as a person willing to exchange money for goods and/or services.
- **Supply Chain**: A system of organizations, people, technology, activities, information and resources involved in moving a product or service from supplier to customer.
- **Value Proposition**: The benefit (such as profit or convenience) offered by an organization's product or service.
- **Venture**: Either program or business serving the public good.