

# THE GREEN BUSINESS PLAN GUIDE

GREEN FOR ALL CAP GREEN BUSINESS CONTENT



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# INTRODUCTION

*“Do not wait to strike till the iron is hot; but make it hot by striking.”*

*-William B. Sprague*

For years, leading American businesses irresponsibly focused on short-term profits while turning a blind eye to the destructive human, environmental, and economic impacts of their corporate greed. We are seeing the fallout today, with the U.S. mired in an economic recession. And while dealing with a struggling economy, the country must still take immediate action to curb its greenhouse gas (GHG) emissions and combat climate change.

Solving both of these problems will be difficult. It will require talent, skill and determination. Luckily, America has a vast reservoir of these qualities in its small business owners and entrepreneurs. Indeed, these enterprising Americans will be key to solving the economic and environmental challenges we face.

Though each may have only a few employees, small businesses as a whole provide more than 70% of U.S. jobs. The immense scale of this economic activity gives such enterprises the ability to drive environmental and economic recovery efforts. And the very difficulty of these economic times will likely produce a new wave of businesses that can shoulder a significant portion of the country’s wealth- and job-creation responsibilities. A recent study published by the Kauffman Foundation found that more than half of the companies on the 2009 Fortune 500 list began during a recession.<sup>1</sup> The report further suggests that job creation from startups is less volatile in economic downturns than job creation in the economy as a whole. At times like these, entrepreneurs show the way.

There has never been a better time to launch a green business. High demand is driving an expansion of the market for environmentally friendly products and services. A number of tax incentives and public policies support green businesses, and the sector is experiencing a high rate of capital investment.<sup>2</sup>

Every business starts as an idea. The question is: how does an entrepreneur like you go from having an exciting new idea to having an exciting new business? The first step is to get the idea out of your head and on paper; take the time to write a business plan.

This guide is intended to provide a basic overview of how you can create a strong

1. Kauffman Foundation report: <http://www.kauffman.org/uploadedFiles/the-economic-future-just-happened.pdf>

2. Retrieved from [http://www.pewtrusts.org/news\\_room\\_detail.aspx?id=53254](http://www.pewtrusts.org/news_room_detail.aspx?id=53254) on November 12, 2009

business plan that highlights not only the economic potential of your enterprise, but also the environmental and social benefits it will create. You will likely need additional guidance while writing your business plan, so we have provided links to auxiliary resources within this document.

Innovative business ideas have the power not just to generate profit, but to solve critical environmental problems and transform underserved communities as well. The best solutions will come from within these communities. That's why Green For All is committed to providing materials that encourage and empower women and people of color to become business leaders. We hope this guide does just that.

### ► WHO SHOULD READ THIS GUIDE?

This guide is intended for first-time entrepreneurs with limited business experience. This guide is also for small business owners who are looking to expand their offerings to leverage the growing green consumer market. If you own a small business and hope to raise additional capital, a business plan will help you clarify your product or service, your goals, and your market niche. It will also help you determine how much capital you will need in order to expand.

### ► WHAT IS A GREEN BUSINESS?

The green economy is new and evolving rapidly. “Green business,” like many terms in this emerging market, can take on different meanings based on context and speaker. At Green For All, we define a green business as one that does a minimum of four things:

1. preserves or enhances environmental quality;
2. provides family-supporting wages and benefits, with safe working conditions;
3. provides access to training and a clear career track; and
4. is inclusive of gender, race, geographic and age diversity.

Green businesses may also be committed to environmental and social justice initiatives, such as: the reduction of greenhouse gas emissions and other environmental pollutants; the use of renewable energy sources and energy-efficiency measures; the conservation of natural resources and energy; the minimization of waste; and the creation of jobs in underserved communities.

Green businesses can be large or small, and owned by women or men of any age, ethnicity or socioeconomic background. Green businesses are often local businesses, meaning they either source or supply goods and services within a local community. This allows them to reduce their carbon emissions, create local jobs, and support the surrounding community.

Green For All is committed to building an inclusive clean-energy economy by supporting green businesses that aim to reverse the trends of environmental destruction and socioeconomic inequality.

### ► WHAT IS A BUSINESS PLAN?

A business plan is a narrative document, typically 15-30 pages long, accompanied by various financial forecasts. The narrative portion of the plan describes your business, the product or service you intend to offer, relevant market information, and your operational strategies. It should take you at least 2-3 weeks to write the first draft of your plan and to incorporate feedback from partners, advisors and potential investors.

As anyone who has written a business plan will tell you, the process (thinking through and composing the plan) is as important as the product (the final document itself). Among other things, writing a business plan forces you to deeply analyze your idea and conduct extensive market research in order to determine whether your business model is viable. It also helps you understand your target market, your potential competition, and how much money you will need to launch the enterprise. Although the prospect of writing a business plan can be intimidating, it is a necessary first step that will help you avoid costly mistakes later.

### ► WHAT IS A “GREEN” BUSINESS PLAN?

A conventional business plan aims to demonstrate the financial viability of the proposed venture. A *green* business plan must also account for the environmental and social impacts of the proposal. This is called a triple-bottom-line approach: measuring success according to the impacts on people, the impacts on the planet, and the generation of profit.

A green business plan must drive home to the reader in each section exactly how the enterprise will preserve or enhance the environment, and how it will improve social equity locally and/or globally. For example, a green plan for a business with a mail-order component should detail the environmental impacts of shipping a product to customers. What happens to the packaging after your customer is finished with it? Will it be thrown into the trash, thereby contributing to the overflow of landfills? Can it be recycled? Is the packaging itself made from recycled materials? As this example illustrates, many business decisions have environmental or social dimensions that green entrepreneurs should consider.

Ultimately, a green business plan should demonstrate that the proposal is economically viable, environmentally sound, and socially just.

### ► BUSINESS DEVELOPMENT SUPPORT

No two green entrepreneurs are exactly alike. They come from an array of communities, backgrounds and industries. Even so, green entrepreneurs do have a number of things in common:

- They are inspired by an idea or business opportunity that seeks to protect natural resources or help achieve social equity.
- They are hard working and persevere in the face of challenges.
- They need support to succeed.

A number of useful, free resources are available to support new entrepreneurs.<sup>3</sup> We highly recommend that you take advantage of these resources and develop a support structure within your own community (family, friends, or other small business owners). Many entrepreneurs have navigated this road before; don't be afraid to ask them for help and advice along the way.

### ► HOW SHOULD YOU USE THIS GUIDE?

After reading this guide, we recommend that you download sample business plans available online so you can see what a finished product might look like.<sup>4</sup> You can also find webinars and templates online to help you craft your business plan.<sup>5</sup> If you use a template, be sure to refer to this guide as you write each section. This will help you incorporate the green aspects of your business into the plan.

### ► GETTING STARTED

#### **Set personal goals for completing your business plan**

Draft a basic timeline with targeted goals you would like to reach and the dates by which you would like to reach them. Concrete, time-specific objectives are a good way to hold yourself accountable and stay on track.

#### **Think through how your business will contribute to the green economy**

Before you begin writing, spend some time brainstorming all of the ways that your business will contribute to the green economy. Consider your product, service, internal operations, and the local economy. Compile a list of the environmental and social impacts of your business. (This list will likely grow as you continue to write your plan.) This brainstorming exercise will help you communicate the green aspects of your business within each section of your plan.

*The Green For All Capital Access Program (CAP) provides coaching services to a select group of green entrepreneurs to help them scale their businesses and make a positive impact in their communities. To learn more about this program, please go to: <http://www.greenforall.org/what-we-do/capital-access-program>. A number of other helpful resources—many of which are listed throughout this document—can assist you in your entrepreneurial efforts.*

3. <http://www.mbda.gov/>; <http://www.sba.gov/smallbusinessplanner/index.html>; <http://www.score.org/>; SBA start-up check list assessment: <http://web.sba.gov/sbbtn/sbat/index.cfm?Tool=4>

4. Sample plans are available online: [http://www.bplans.com/sample\\_business\\_plans.cfm](http://www.bplans.com/sample_business_plans.cfm); <http://ses-1.stanford.edu/reports/global.pdf>; [http://www.mbda.gov/business\\_writer\\_program](http://www.mbda.gov/business_writer_program)

<http://www.businessplans.org/>

5. The MBDA business plan writer: [http://www.mbda.gov/apps/bp\\_writer/tbp\\_e/main/index.cfm](http://www.mbda.gov/apps/bp_writer/tbp_e/main/index.cfm); Score also has good resources: [www.score.org/business\\_toolbox.html](http://www.score.org/business_toolbox.html)

Please see below for a list of examples.

### **Product**

1. Can you use locally sourced materials to produce it?
2. Can you use sustainable or recycled goods to produce it?
3. How can you minimize the waste and harm to the environment during the manufacturing process?
4. Is it possible to employ disadvantaged workers (e.g., at-risk youth or the formerly incarcerated) during the manufacturing or distribution processes?

### **Service**

1. Will your service reduce greenhouse gas emissions?
2. Will it provide opportunities for green-job training?
3. Will it educate consumers about environmental or social justice issues?
4. Will it provide consumers with the opportunity to reduce their environmental impact?

### **Internal Operations**

1. How will you minimize waste generated by your business?
2. How will you reduce greenhouse gas emissions associated with your business activities?
3. How will you conserve natural resources as part of your operations?
4. How will you conserve energy?
5. How will you create a green supply chain?
6. Will you focus on creating green job opportunities?
7. Will you hire from underserved populations?
8. How will you educate employees about your green initiatives?
9. How will you monitor and report progress on your green initiatives?
10. How will you ensure a safe working environment for your employees?

### **Local Community and Economy**

1. How will your business affect other local businesses and non-profit organizations?
2. Will you offer job-training services, which could enhance job skills for the unemployed?
3. Will you give back to the community through services, donate a percentage of profits,<sup>6</sup> or donate products or services?
4. Will your business or facilities contribute to redevelopment in distressed communities or urban areas?
5. Will your business stimulate economic growth for your community as a whole?

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6. For example: Give Something Back business products: <http://www.givesomethingback.com>

### Stakeholder Analysis

Another preliminary exercise is the stakeholder analysis. A stakeholder is anyone who will be impacted by your business, or anyone who has a strong interest in what you do or produce. Take 15 minutes to compile a list of your key stakeholders. You will be writing your plan with these stakeholders in mind, and focusing on how your proposal will impact them. You can also leverage key stakeholders to access your target population, or partner with them to achieve your environmental objectives.

Some potential stakeholders to consider:

- Customers
- Employees
- Community members
- Non-profit organizations
- Community groups
- Other business owners
- Politicians
- Suppliers
- Investors
- Lending institutions

# THE CONTENTS OF A GREEN BUSINESS PLAN

## I. Cover Page

Your cover page should include a title for your plan, such as *Recycling Gurus: Draft Business Plan and Financial Overview*.

- Be sure to include your company logo, company name, physical address, website address (if you have one), the date, and your contact information.
- You may also want to state that the document is confidential (if desired).

## II. Executive Summary

*(Although the Executive Summary appears first in your document, it should be the last section you write after you have completed the entire plan.)*

The executive summary is a succinct, 1-2 page “snapshot” of your green business plan. It is arguably the most important section of your plan because it will give the reader—and potential investor, advisor or partner—her first impressions of your business. Busy executives often do not have time to read lengthy documents; you may have only until the end of the executive summary to impress them. You must clearly and persuasively demonstrate:

- what makes your proposal unique;
- why your business will be profitable;
- how you will be using market-based initiatives to drive much-needed environmental or social change; and
- how you will make a positive impact on the environment and your community.

### Elements of the Executive Summary:

- An overview of the proposed business: What is it going to do or produce? Where is it located? Who are the owners/managers? What is the legal structure? What is the current status of the venture (e.g., is it already in operation and generating revenues, or are you expecting to launch soon)?
- A description of the market opportunity that clarifies why this business is needed.

- Detail on the social and/or environmental needs that your business aims to address.
- A concise outline of your products and services (ideally presented as a bulleted list) that highlights the green and social justice elements of each.
- A Financial Summary, ideally in narrative format, that includes your projected revenues and net income for the first three years. If you are applying for a loan or seeking investment, be direct about the dollar amount you need, as well as how the funds will be used.

### III. Mission Statement and Objectives

#### Mission Statement

A mission statement encapsulates your business's philosophy, commitment to green initiatives, and reason for being.<sup>7</sup> As a green business, sustainability and social justice initiatives should be at the core of your philosophy and guiding mission. The mission statement provides an excellent opportunity to explicitly and concisely demonstrate your company's commitment to these values.

Once your enterprise is launched, you will be able to use your mission statement to guide business decisions, and to develop training materials for new employees that help them understand the green values driving your business model. Your mission statement will also be a useful tool in marketing strategies, helping you differentiate yourself from companies that are not acting to promote environmental health and social justice in their communities.

Here are a few examples of mission statements from green enterprises and non-profits:

**Green For All's mission:** Green For All is dedicated to improving the lives of all Americans through a clean-energy economy. The national organization works in collaboration with the business, government, labor, and grassroots communities to create and implement programs that increase quality jobs and opportunities in green industry—all while holding the most vulnerable people at the center of its agenda.

**Solar Richmond's mission:** Solar Richmond brings green jobs, clean energy, and economic opportunity to Richmond, California, through solar installation training for low-income residents and innovative job creation and placement services to empower emerging leaders of the green economy.<sup>8</sup>

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7. Additional resources for mission statements: <http://www.businessplans.org/mission.html>, <http://ecopreneurist.com/2008/08/25/the-green-mission-statement/>

<http://www.entrepreneur.com/management/leadership/businessstrategies/article65230.html>, retrieved on November 12, 2009

8. Retrieved from: <http://www.solarrichmond.org/id47.html> on November 12, 2009.

**Green Home's mission:** Our mission is simple: green the home. Provide tools for the coming renaissance in healthy, simple living. Stop participation in the poisonous ruin of our bodies and our earth. Start in our own backyards.<sup>9</sup>

As you can see, each of these sample mission statements informs the reader about the enterprise's product or service, as well as the change it is aiming to create in the marketplace. Your mission statement is a unique opportunity to show how your business will make an impact on environmental, economic development and social justice issues. As a green business or social enterprise,<sup>10</sup> this is one of the main reasons you are in business: to use the marketplace to drive much-needed change that protects the environment and promotes social equity.

### **Objectives**

Directly below your mission statement in your business plan, you should list at least three clear, achievable objectives you plan to accomplish with your business.<sup>11</sup> Think ahead ten years from now. What environmental and social changes do you hope to have made using the force of your business in the marketplace?

For example, if your business is an organic restaurant in an urban area, your objectives could be:

- To prepare high-quality, healthy and affordable food, made from 100% local and organic ingredients.
- To inspire people in inner cities to adopt healthy eating habits.
- To maintain a healthy, safe and loving workplace for our employees and customers.
- To adhere to our triple-bottom-line philosophy of caring for the people of our community and the Earth while generating a sustainable profit stream.
- To create living-wage green jobs and training programs for at-risk youth in our community.
- To be a model of a green, sustainable, local business, and share best practices with the community and other businesses.
- To foster a community space to be used for important gatherings, such as community meetings, local activism, and music, all of which bring people together.

## **IV. Company Description**

In this section of the plan, you will provide a general description of your business and highlight your reasons for starting it. What is the environmental or social need? What

9. Retrieved from: <http://www.greenhome.com/about/team/aboutus.shtml> on November 12, 2009.

10. This document admittedly does not give much treatment to how one might start a social enterprise. Please refer to this website for a help guide on that topic: [http://www.forthsector.org.uk/docs/New\\_BusPlanGuide.pdf](http://www.forthsector.org.uk/docs/New_BusPlanGuide.pdf)

11. Article on business goal setting: <http://www.entrepreneur.com/encyclopedia/term/82158.html>

inspired you to begin this process? In essence, you need to position your company and describe its potential impact. Some critical impacts to consider:

- Economic impact on your local economy
- Community impact (e.g., will it improve your neighborhood?)
- Water preservation
- Energy conservation
- Reduction of greenhouse gas emissions

You will also need to include the following sections.

### **Company Overview**

Write one paragraph that describes the “Who, What, Where, Why and How” of your business. Here you should be direct and succinct; you will go into much more detail later in the plan. If possible, try to highlight the green aspect of each of these elements within your business, and be sure to touch upon how they are a part of your guiding philosophy. Here’s an example:

“We are an eco-friendly party supplies company that manufactures our goods from recycled materials. We are located in downtown Oakland, partly so we can be close to some of the Bay Area’s largest recycling companies, but also so we can help create jobs in an area that needs them most. We do this because we are dedicated to an inclusive green economy, and as part of our commitment, we will continue to provide high quality, low—environmental impact party supplies.”

### **Background information**

Here you’ll need to state whether this is a new or pre-existing business. If it’s a new business, the entrepreneur should explain why she is starting this business (e.g., personal experience, attempting to meet a need in the community). Pre-existing businesses should briefly address who started the business, the current ownership and legal status, and the business’s major accomplishments to date.

### **Ownership**

One of the first decisions you will make as an entrepreneur is choosing a legal structure that best suits your needs. This is an important decision; your legal structure will affect your personal financial security, potential investors, and the amount you pay in taxes.<sup>12</sup> A relatively new movement is underway for sustainable businesses to register as “B” Corporations (B standing for public benefit), which means they take into account triple-bottom-line principles of people, planet and profit.<sup>13</sup> A “B” Corporation’s legal structure

12. SBA information on legal structures, with explanations of each option: [http://www.sba.gov/smallbusinessplanner/start/choose-structure/START\\_FORMS\\_OWNERSHIP.html](http://www.sba.gov/smallbusinessplanner/start/choose-structure/START_FORMS_OWNERSHIP.html)

13. For more information on becoming a B Corp: <http://www.bcorporation.net>

encompasses transparent and comprehensive standards that support stakeholders beyond those who own shares in the business. These stakeholders include community members, customers, and the environment. We recommend you consult a lawyer for assistance prior to making a final decision about the legal structure of your business.

### **Location and Facilities**

Where will your business be located? Will you have a storefront, or will you operate solely online? Be sure to include your physical address, the size of facilities, and the advantages of your location. As a green business, your choice of location can have important impacts on your green initiatives, such as minimizing your greenhouse gas emissions, greening your supply chain, and creating local green-collar jobs. Furthermore, if you are building a new facility or retrofitting an existing one, you should consider green or energy-efficient measures.

Some things to consider about your location and its impact on green initiatives:

1. Is your facility/headquarters located near public transit? If so, this helps reduce greenhouse gas emissions associated with travel to and from your location.
2. Is your location in an underserved, low-income, or economically distressed community? If so, your business will provide much-needed jobs and economic stimulation.
3. Can nearby suppliers provide goods, services, or raw materials to your facility? If so, this will also lower your greenhouse gas emissions.
4. Will you be building a LEED-certified green building, which incorporates energy- and water-efficiency standards?
5. Will you be using recycled or green building materials to construct or furnish your facilities?

### **Third-Party Validation (optional)**

At the end of the Company Description section, it can be helpful to include a short paragraph that summarizes external validation your plan may have received. This might include endorsements from green organizations, activist groups, well-known politicians, business owners, or allied organizations, as well as a summary of funds raised to date.

## **V. Products and Services**

The next section must provide a detailed description of your products and services. As you are writing this section, be sure to address the key green features and benefits of each product and service you will be offering. Specify the ways your products promote environmental and human health, as well as how they conserve natural resources. For example, does your service reduce pollution? Do your products promote energy efficiency? Are your products recyclable or compostable? Addressing questions like these in great detail

will help define just how green your business really is.

Here are some things to include:

- Your competitive advantage.<sup>14</sup> Explain why a customer will choose your product or service over the competition's. Are you offering a healthier alternative? Are your prices competitive?
- The green features of your product (e.g., minimal packaging, local distribution, environmentally friendly manufacturing, use of biodegradable or recycled materials).
- The green impact of the service you provide (e.g., clients' waste reduction, customers' energy-efficiency improvements, consumers' increased awareness about their environmental impact).
- Third-party environmental certifications.<sup>15</sup>

## VI. Market Information

Market research is a critical aspect of writing a business plan.<sup>16</sup> Before you prepare a marketing strategy to draw customers, you must make sure you understand the marketplace. Depending on the type of business you are launching, you may need to research the traditional industry trends, as well as those quickly emerging within the green space. For example, if you are launching a solar installation business, you may be able to limit your research to the renewable-energy market. On the other hand, if you will be selling organic cotton t-shirts, you will need to research market trends for both organic and non-organic t-shirts.

Here are some things you should consider:

- What is the size of your industry? How much money did U.S. consumers spend last year on similar products in this industry?
- What is your target market?
- What is the size of your target market?<sup>17</sup>
- What are some prevailing consumer trends for your green product, as well as for other similar products?
- Will any new technologies or tools that make your green product/service more affordable, more sustainable, or more socially just?
- Could any organizations or companies in the industry be potential collaborators or partners?
- What are the potential barriers to market entry, and how you will address them?

14. See <http://www.entrepreneur.com/encyclopedia/term/82480.html> for a good overview of what constitutes a "Unique Selling Proposition."

15. For more information on green certification, refer to the Green For All guide "Going Green: A Guide to Greening Your Business" [http://www.greenforall.org/CAP\\_resources/green-your-business](http://www.greenforall.org/CAP_resources/green-your-business); additional resources: <http://www.business.gov/expand/green-business/green-marketing/green-certification.html>

16. Additional tips on market research: [http://www.score.org/60\\_guide\\_market\\_research.html](http://www.score.org/60_guide_market_research.html)

17. To find demographic information on your market or local area: [http://factfinder.census.gov/home/saff/main.html?\\_lang=en](http://factfinder.census.gov/home/saff/main.html?_lang=en)

(Potential barriers to entry for a green business might include: gaining brand recognition as a truly green business in the face of increasing greenwashing efforts by competitors;<sup>18</sup> high capital costs; government regulations; consumer acceptance and awareness of the environmental benefits of your product/ service; retail limitations, etc.)

## VII. Marketing Plan

Depending on your product or service, your location, and your market, your status as a green, sustainable and socially conscious business can be a powerful tool to differentiate you from the competition. Consumers are becoming more aware of how they, and the businesses they support, are impacting people and the planet. Providing consumers with an opportunity to reduce their impact and feel good about purchasing your product gives your business a chance to grow a strong, loyal base of environmentally and socially conscious consumers. To do this, you must have a strategic and targeted marketing plan in place before you launch your business.

Your marketing plan must clearly describe how you will raise awareness about your products or services, and how you will set yourself apart from your competition—both green and non-green. Assuming that you have no competition is a recipe for failure, and investors know this. Prepare to answer these two critical questions: “Who are your target customers?” and “Who is your major competition?”

Green marketing is an emerging field, rife with challenges and pitfalls. One major challenge for new green businesses is the lack of industry standards for describing a product or service as “green.” We recommend you carefully research your own green claims prior to launching a marketing campaign.<sup>19</sup>

A good marketing plan will include:

- Description of your target customers (age, gender, income level, occupation, habits, etc.).
- Competitor matrix or table listing that outlines your key competitors and your relative strengths and weaknesses (see Appendix 1 for an example). This will help you describe the competitive landscape for your business.
- Pricing structure of your products or services, and how this compares to your competition.
- Description of your unique niche (e.g., your area may have three other pizza

18. For additional information on greenwashing, read the Seven Sins of Greenwashing 2009 report: <http://sinsofgreenwashing.org/findings/greenwashing-report-2009/>

19. U.S. Federal Trade Commission (FTC) environmental marketing guidelines: <http://www.ftc.gov/bcp/edu/pubs/business/energy/bus42.shtm>; [www.greenbiz.com/browse/marketing-communications](http://www.greenbiz.com/browse/marketing-communications); Great resource for green marketing regulations: <http://www.business.gov/expand/green-business/green-marketing/regulations.html>

restaurants, but you may have a niche as the only pizzeria to use 100% organic, local ingredients).

- Explanation of how you will reach your target market (e.g., existing green networks and events, website, social media outlets like Facebook and Twitter, live events, sales strategies, etc.).

A successful green marketing campaign utilizes the “4 P’s” of conventional marketing, and incorporates the company’s green mission into every aspect.

### The 4 P’s of Marketing:<sup>20</sup>

- Product:** This refers to services as well as physical products. You will need to make a variety of decisions about your product, ranging from the name of the company to the type of packaging you offer. Each of these decisions will convey a marketing message to your consumer. Make sure that your green focus is consistent throughout your business model.
- Price:** Remember that the price you charge serves as a marketing signal to consumers. If your green product costs less than traditional alternatives, you will need to use other areas of your marketing mix to explain why that is the case—particularly since green products often come with a price premium.
- Place:** You’ll need to find a way to distribute your products, perhaps through a retailer, or maybe through your own store or website. Whatever sales or distribution channel you use, you should make every effort to ensure that your commitment to the environment and social justice is clear. For instance, manufacturing organic candy bars but selling them only at gas stations (rather than health food retailers or grocery stores) would not be properly incorporating “place” into your marketing mix.
- Promotion:** This includes all information, advertising, and public relations for your product and business. Be sure to properly educate your consumers about all of the green aspects of your product/service, as well as your company’s overall commitment to triple-bottom-line principles. You should also be sure to use collateral and brochures made from recycled, non-bleached paper and non-toxic inks, further underscoring your green focus.

*A great example of green marketing:<sup>21</sup> <http://www.myfax.com/green/>*

20. For more information on the 4 P’s of marketing: <http://www.netmba.com/marketing/mix/>

21. Example retrieved from: <http://sbinfocanada.about.com/b/2008/05/25/an-example-of-green-marketing-myfax.htm> on January 5, 2010.

“Greenwashing” describes disingenuous claims made to promote a product/service as green that is in fact not green.<sup>22</sup> In order to build a loyal customer base of environmentally and socially conscious consumers, be sure that your green marketing mix is honest, credible and transparent. Otherwise, you run the risk of being called a “greenwasher,” which could have a disastrous impact on your brand and public image.

### VIII. Operations

This section is an overview of how your business will operate. Depending on what type of business you intend to start, your operational plan will include an overview of how you will manufacture your goods, sell your products, deliver services to your customers, and/or manage your staff to achieve your company’s triple-bottom-line objectives.

Being a green, sustainable, and socially just business goes far beyond simply offering a green product or service. As an example, suppose a manufacturer of file folders offers one type of folder made from recycled paper content and twenty types made from virgin forest fibers and requiring harmful chemicals to produce. Without strong internal sustainability initiatives, we could not legitimately consider this a green company. As a truly green business, it is imperative that you develop internal operating principles that support your environmental and social initiatives. Each of your employees and stakeholders should be able to help you achieve the green outcomes you are seeking as a business.

A green business plan should clearly describe how your operations will support your environmental and social mission and initiatives. Important green elements to consider in your operational plan are:

- Your environmental and sustainability goals and initiatives (e.g., will you be steadfastly focused on conserving energy and water?)
- Your energy purchases and/or consumption (e.g., will you use energy that comes from renewable sources, or install renewable energy devices at your location?)
- Your working definition of Corporate Social Responsibility
- How you will report on your environmental initiatives<sup>23</sup>
- How you will benchmark and track the carbon footprint of your production, inventory, and delivery of products<sup>24</sup>
- Partnerships with government agency programs or non-profit organizations that may help you achieve your environmental goals<sup>25</sup>

22. For additional information on greenwashing, read the Seven Sins of Greenwashing 2009 report: <http://sinsofgreenwashing.org/findings/greenwashing-report-2009/>

23. The Global Reporting Initiative offers guidance and tools: <http://www.globalreporting.org/ReportingFramework/G3Online/DMA/>; Sample green scorecard for businesses: [http://www.greenbusinessplan.com/pdf/scorecard\\_blank.pdf](http://www.greenbusinessplan.com/pdf/scorecard_blank.pdf)

24. There are a number of different calculators available online to estimate your carbon emissions. Here is one from EPA: [http://www.epa.gov/climatechange/emissions/ind\\_calculator.html](http://www.epa.gov/climatechange/emissions/ind_calculator.html) For additional steps to take to reduce your emissions: <http://www.epa.gov/climatechange/wycd/businesses.html>

25. EPA climate leaders program: <http://www.epa.gov/stateply/>; EPA Green Power Partnership: <http://www.epa.gov/greenpower/>

Other questions you may want to address in this section, particularly if you're planning to start a larger manufacturing business, include:

- Will you conduct a Life Cycle Assessment (LCA)<sup>26</sup> on your products?
- Will you consider building LEED-certified<sup>27</sup> facilities or offices?
- Will you make an effort to green your supply chain?<sup>28</sup>
- Who are your suppliers, and what are their environmental standards?<sup>29</sup>
- How will you minimize waste in your operations (taking into consideration design principles, employee behaviors, and smart purchasing)?
- How do you plan to create a safe and healthy working environment for your employees?
- Will you aim to become a certified green business?<sup>30</sup>
- Will you designate an internal "Green Team" to set sustainability standards and report progress?
- Will you invest a portion of your profits back into your community?
- Will you donate a percentage of your profits to a non-profit organization aligned with your environmental or social mission?
- Will you hire from within your local community?
- Will you offer living-wage, career-track positions for employees?
- Will you hire from low-income and underserved communities?
- When hiring contractors, will you ensure that local, disadvantaged business enterprises (DBEs) receive serious consideration?
- Will you offer job training or internship opportunities for jobless, at-risk, or underserved populations?

*Please refer to [Green for All's Going Green: A Guide to Greening Your Business for specific ideas on how to green your operations.](#)<sup>31</sup>*

Your operational plan should also consider the following topics.

### **Personnel**

You should calculate the number of full-time equivalent (FTE) job positions that your business will create. (This information may help you receive grants and loans because many government agencies aim to support businesses that create jobs for the local

26. Life Cycle Assessment overview: [www.eiolca.net/Method/LCA\\_Primer.html](http://www.eiolca.net/Method/LCA_Primer.html)

27. For information on LEED certification: <http://www.usgbc.org>

28. EPA guidebook to green your supply chain: <http://www.epa.gov/oppt/library/pubs/archive/acct-archive/pubs/lean.pdf>

29. Walmart's sustainability index initiative is a good example of inquiring about the environmental impacts and initiatives of your suppliers: <http://www.nytimes.com/2009/07/16/business/energy-environment/16walmart.html> <http://walmartstores.com/Sustainability/> on November 11, 2009.

30. <http://www.business.gov/expand/green-business/green-marketing/green-certification.html>

31. "Going Green: A Guide to Greening Your Business" [http://www.greenforall.org/CAP\\_resources/green-your-business](http://www.greenforall.org/CAP_resources/green-your-business)

economy.) In addition to the expected number of FTE jobs, include brief descriptions of the positions and the skills that they will require. You should also note if you plan to offer job-training services to employees, community members, or interns.

### **Suppliers**

Creating a green and socially just supply chain is a critical element of ensuring that you adhere to triple-bottom-line principles in your business operations. One way to build a green supply chain is to develop criteria that your company can use to select suppliers that are aligned with your mission.

Some examples of green, socially just supplier criteria:

- Choose local suppliers when possible.
- Choose suppliers who have clear and transparent sustainability initiatives to reduce waste, conserve natural resources and minimize greenhouse gas emissions.
- Choose suppliers who offer organic and fair-trade certified products wherever possible.
- Choose suppliers who offer environmentally sound products (e.g., a printer who uses 100% post-consumer paper products to print your marketing materials).
- Prioritize suppliers who hire from underserved communities.

### **Legal Environment**

If applicable, be sure to address whether your business must comply with any state or federal regulating agencies, as well as whether you'll need special permits or licenses to operate.

## **IX. Management**

It is often stated that investors invest in “people, not ideas,” which means that your business plan must communicate why you are the right person to launch and manage this green business. Detail any personal or professional experience in green industry or related fields. Describe any life experiences that give you special, first-hand insight into the impacts of—and solutions to—environmental degradation and social inequality. You should also introduce readers to the other important members of your team. Be sure to highlight any relevant green or environmental experience they may have. If you have assembled a well-rounded and competent team, this will reflect well on you and improve your chances of attracting investment. Be sure this section includes a summary of the following groups of people:

- **Management Team**—Identify each member of the management team, and highlight his or her key responsibilities and relevant experience.
- **Advisors**— Describe any additional support you will receive from an advisory board, consultants, or your board of directors. Be sure to list their names, titles and affiliations.

## X. Financial Plan

The failure of many startup companies can be traced to undercapitalization. The financial portion of your business plan should demonstrate that you have thought through every aspect of your start-up requirements, and have estimated the funds needed to carry you through your first **three** years of operation. Potential funders, such as investors and bank lenders, will want to see your financial projections and forecasts before deciding whether or not they will fund your plan. We recommend that you seek advice and support in crafting this section of your plan to ensure that your projections are as reliable as possible.<sup>32</sup>

Being a green business has many advantages, not the least of which is access to tax breaks and special loans and grants aimed at green industry. We recommend you research tax incentives<sup>33</sup> and sources of grants and loans that pertain to your business and your location.<sup>34</sup> For information on sources of business financing for green entrepreneurs, please refer to the Green For All publication *Where to Get the Green: Sources of Funds for Green Entrepreneurs*.<sup>35</sup>

The Financial Plan is one of the most critical pieces of a business plan (particularly from a funder perspective), and this guide does not provide an exhaustive examination of how to craft it. Other existing resources already do an excellent job of this.<sup>36</sup> That said, the following items should be contained in any green business plan:

- Startup expenses and sources of capital (e.g., owner investments, third-party investments, loans, grants and donations)
- Income Statement
- Cash Flow
- Balance Sheet
- Assumptions (You'll need to provide detailed information on how you came to the numbers in your forecasts. This should include references to source materials, as well as any numbers you may have used to calculate your projects.)

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32. Score offers free counseling: <http://www.score.org>

33. The Database of State Incentives for Renewables & Efficiency (DSIRE) provides comprehensive information on incentive programs and state/federal regulations aimed to promote use of renewable energy and energy efficiency practices. [www.dsireusa.org](http://www.dsireusa.org)

34. Environmental grants and loans: <http://www.business.gov/expand/green-business/grants-and-loans/>

35. "Where to Get the Green: Sources of Funds for Green Entrepreneurs"  
[http://www.greenforall.org/CAP\\_resources/green-financing](http://www.greenforall.org/CAP_resources/green-financing)

36. SCORE Financial Forecasting tools and templates can be found here: [http://www.score.org/business\\_toolbox.html](http://www.score.org/business_toolbox.html)



# CONCLUSION

Writing a business plan is not easy. It requires a great deal of time, thought, and effort. But nothing good ever came easy. Developing a strong business plan is a mandatory first step for any entrepreneur with any aspirations of owning a business. It is a valuable learning experience, and the plan you produce will be indispensable as you look to raise money from lending institutions and capital providers. Though it may be daunting, crafting a business plan will yield many rewards. In this way, it is much like running a business—hard work, but well worth it.

# ADDITIONAL RESOURCES

Refer to these additional Green For All Capital Access Program Guides:

- **Going Green: A Guide to Greening Your Business**
- **Green Speak: A Glossary of Terms Used in Green Business**
- **Where to Get the Green: Sources of Funds for Green Entrepreneurs**

## Green marketing

Green marketing information from Business.gov

<http://www.business.gov/expand/green-business/green-marketing/regulations.html>

Green marketing guide from Queensland, Australia

<http://www.derm.qld.gov.au/register/p01860aa.pdf>

Driving Success: Marketing and sustainable development (a user's guide)

<http://www.wbcds.org/DocRoot/trtbhaurdMMrmngrn2ou/marketing.pdf>

## Business plan templates and online tools

Business templates from SCORE

[http://www.score.org/template\\_gallery.html](http://www.score.org/template_gallery.html)

Business development essentials, including a "Business Plan Writer" tool

[http://www.mdba.gov/?section\\_id=5](http://www.mdba.gov/?section_id=5) (business plan writer)

## Books

Croston, Glenn. 75 Green Businesses You Can Start to Make Money and Make a Difference. Entrepreneur Media, 2009.

Croston, Glenn. Starting Green: From Business Plans to Profits. Entrepreneur Media, 2009.

Esty, Daniel and Andrew Winston. Green to Gold: How smart companies use environmental strategy to innovate, create value, and build competitive advantage. New Jersey: Wiley, 2009.

Hawken, Paul, Amory Lovins, and Hunter Lovins. *Natural Capitalism: Creating the Next Industrial Revolution*. New York: Little, Brown and Company, 1999.

Jones, Van. *The Green Collar Economy: How One Solution Can Fix Our Two Biggest Problems*. New York: HarperCollins, 2008.

McDonough, William, and Michael Braungart. *Cradle to Cradle: Remaking the Way We Make Things*. New York: North Point Press, 2002.

Savitz, Andrew, and Karl Weber. *The Triple Bottom Line: How Today's Best-Run Companies are Achieving Economic, Social, and Environmental Success - And How You Can Too*. Jossey-Bass / Wiley, 2006.

# APPENDIX 1:

## COMPETITOR ANALYSIS TEMPLATE

Competitor	Location (City, State)	Your strengths & weaknesses relative to this competitor
1. (Closest Competitor)		
2.		
3.		
4.		