Planning For Non-Profits

My last column started a discussion about “non-profits” and concluded that the role of this so-called “third sector” of our economy has become a vital part of our national culture. Non-profits have proven to be effective instruments for addressing social needs outside of government. To perform effectively, however, they must be free to take risks, try new approaches and invest in solutions as they see fit. This means developing the strategies and skills to build the capacities to serve their communities, to become self-sufficient and to compete for resources needed to achieve their missions. Therefore, planning for the start-up and/or ongoing operation of an existing non-profit is vital.

Traditionally, business plans have been a focus of the for profit sector; however, they are equally valuable as a tool for non-profit organizations. For the non-profit, the business plan can be considered a management tool that will steadily guide your organization through a changing environment. The business plan articulates what your organization does and how it will be managed. It clearly defines the organization’s goals and objectives and provides a mechanism for monitoring and evaluating the progress of the operation.

I suggest two planning exercises: a careful, comprehensive and honest strategic plan followed by a business plan. Given the organization’s vision, values and mission, the strategic plan:

• Provides a tool for anticipating the external environment, including competition, trends, client needs, legislative and regulatory changes
• Helps to dictate a course of action or direction for the future
• Guides the organization’s leaders
• Articulates the broad parameters under which the organization will operate for the next several years.

Clearly, an organization’s policy regarding financial self-sufficiency should be articulated and highlighted in its strategic plan. Because the strategic planning process provides a systematic way for an organization to express its vision, describe its values and state its mission, it inspires a process of analyzing and anticipating the effects of change.

I think a critical part of this process is to develop several scenarios that reflect alternative courses of action. Strategic planning is usually accomplished by a team comprised of the community, as well as board members, management and employees.
The process typically takes one to three months and culminates in a strategic plan that establishes the framework for leading the organization.

The **business plan** is a management tool for:

- Articulating specific goals and objectives
- Promoting efficiencies
- Identifying opportunities for improvement
- Establishing performance guidelines
- Raising funds
- guiding the implementation of capacity building strategies.

Business plans are usually updated annually if not twice a year, or whenever new program and funding opportunities arise. (Typically, an organization should first determine whether to proceed with a new venture by conducting a feasibility study.) Once the board and management approve a new program, it should be included in an updated version of the business plan. Because the business plan is a detailed account of how the organization will operate, it becomes the key document for investors, or donors, when soliciting financing, funding or major contributions. Therefore, the business plan should promote the organization’s capacity and should be viewed as a major communications tool.

Remember, too, that one plan does not fit all. A business plan should be written to meet the needs of a specific audience. If you are using the business plan to solicit financing from a bank or corporate investor, you must include material these individuals consider important. For example, if you want to acquire funding from a major corporation to build a facility, you will want to clearly express not only the relevance of your mission to the local community but to demonstrate how the corporation will benefit in turn.

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