

Nonprofit Business Plan Development:

From Vision, Mission and
Values to Implementation



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What is Business Planning?

Business planning is a vital component for any nonprofit organization. This planning is the blueprint that helps to establish a foundation upon which the organization can focus on its vision, tailor its mission and incorporate values it deems essential to the organization's success. As the nonprofit grows, a sound business plan can assist in promoting a well-developed idea into a rewarding accomplishment. Likewise, a poor or mediocre business plan can impede the growth of the nonprofit and hinder the organization from achieving desired results.

Business planning is the process of gaining *organizational agreement* on long-term and short-term goals, and when it is properly managed, can take an organization well beyond agreement on overall direction and goals. One of the best by-products of a business planning process is increased engagement of the organization's various stakeholders, including board members, staff, committee volunteers, members, donors, those served by the organization, community leaders, funders and others important to the organization. When stakeholders are brought together in a dialogue that produces decisions about organizational priorities, the process can ensure that the organization will continue to have (or create) the impact that it desires to have on its community. A high level of stakeholder participation in the process also brings ownership of the final product, which should be a viable plan that will guide the next several years of an organization's growth and development.

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Business planning covers all areas of the organization, whether the organization is a community-based coalition or a non-profit corporation. These areas may include mission delivery (programs, services, policy change, advocacy), infrastructure development, marketing and communications, and resource acquisition.

Business planning anticipates the inevitability of organizational change, and focuses on producing a plan that is realistic, comprehensive and integrated across organizational functions – all while remaining true to the mission of the organization.

Business planning addresses critical questions facing an organization, including:

- What is our primary purpose?
- Where are we now?
- Where are we going as an organization – what are we trying to achieve?
 - a. How will we get there?
- Who are the key target audiences that we serve?
- What organizations are similar to ours?
 - a. What are they doing to accomplish their mission?
 - b. How are they acquiring resources?
- What are our core competencies?
- What do we do best? What could we do best?
- How much money do we need to accomplish our mission?

In order to answer these questions, there are several steps that are undertaken in the planning process:

Step One: Creating the Situational Analysis

In your situational analysis, you conduct an organizational assessment and an environmental scan so that you can understand where your organization is at the current moment – *a snapshot in time*, if you will, of how you are doing as an organization. In addition, this phase lets you know what other nonprofits and community coalitions are doing that may be similar or duplicative of your efforts. You also explore trends in your community's demographics and economics, changes in the nonprofit sector that may affect your work, and how the funding may or may not be changing for your work.

Step Two: Developing A Picture of Success

Gaining agreement on organizational vision, mission and values underpins the planning process. Values guide the organization as it navigates change, providing a decision-making compass for internal stakeholders (board and staff) and sending a message to external stakeholders (those being served by the organization and the community-at-large) about what matters to the organization.

In this facilitated discussion among your board and staff, informed by the knowledge that you have gained in your situational analysis, you will discuss your vision of the future: *What does success look like for your organization?* During this step, you should look at your current mission, asking yourselves about the relevance of your mission to the community that you are serving, and determining your core competencies to accomplish your mission (which leads to the achievement of your long-term vision).

Step Three: Accomplishing Your Mission

This phase involves the development of strategies to achieve goals, using metrics that determine when success is achieved and assigning of accountability for implementation of the business plan. This is critical to the planning process, and the organization is best served by securing agreement of the stakeholders (on the elements of the plan) *during* the process.

Gaining agreement on organizational vision, mission and values underpins the planning process.

An important element of business planning is the allocation and acquisition of the resources required to implement the plan, whether they be human (staff and volunteer) or financial (cash or in-kind) resources. Each of these aspects of the planning process will be discussed in greater detail in this publication. A visual representation of a planning process might look like this:



Step Four: Implementation

Peter Drucker, who has been termed the creator of modern management, once said that “A plan is useless unless it immediately deteriorates into hard work.” This is the phase of planning where you make the plan come alive – and stay alive. Our motto should be “No shelf time for this plan!” We will explore how to do this through the establishment of performance expectations based on the plan, and by using organizational meetings (including staff and board/coalition meetings) to maintain a focus on the goals and strategies that have been deemed the highest priorities – high enough that they have been included in the organization’s business plan.

Who is Responsible for Business Planning?

In a nonprofit organization, the board of directors holds the ultimate responsibility for ensuring that a business plan is in place, in partnership with the chief executive of the organization (executive director or CEO.) In an unincorporated organization, like a community coalition, the steering committee and/or officers or primary staff are responsible for initiating a planning process for the organization. The processes outlined in this document are the same, with the last step prior to implementation being the approval of the business plan by either the board of directors or the coalition's membership. In both types of organizations, it is critical for the staff and volunteer leadership to work together to create the plan, as both groups will need to work together to make the plan come to life and realize the full promise of the organization's mission.

Business Planning: The Steps in the Process

STEP ONE: SITUATIONAL ANALYSIS

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An organizational assessment is a study of an organization's practices and policies meant to uncover the organization's strengths and challenges*. This comprehensive assessment identifies the organization's strengths, weaknesses, opportunities and threats (SWOT), and offers thoughts and recommendations on future organizational direction. Strengths and weaknesses are internal to the organization, and opportunities and threats are external. A proper SWOT analysis will cover program and service delivery, evaluation of the organization's programs and services is conducted, operational and financial management practices, governance and decision making, and utilization of technology.

An organizational assessment is often supported by an environmental scan (discussed on pages 7 & 8).

Here are some questions to consider when conducting your SWOT analysis:

S **Strengths:** What do we do exceptionally well? What advantages do we have in our marketplace (i.e. number of people affected would be one!) What valuable assets and resources do we have (human or financial)? What would those we serve say are our strengths? What do we have that our competitors (other nonprofits raising money or serving similar clients or constituents) do not have?

W **Weaknesses:** What could we do better? What are we criticized for or receive complaints about? Where are we vulnerable?

O **Opportunities:** What are we aware of but have not been able to address? Are there trends on which we can capitalize in our marketplace?

T **Threats:** Are any of our weaknesses likely to make us critically vulnerable, i.e. unable to operate? What are our roadblocks? What are our competitors doing that we are NOT doing?

**(Note: See Healthcare Georgia Foundation's publication on organizational assessment for detailed information about conducting an organizational assessment.)*

Strengths (Internal)	Weaknesses (Internal)
• Knowledge of the issue • Passion for the cause • Past success	• Lack of experience with fundraising • Limited human (volunteer & staff) resources
Opportunities (External)	Threats (External)
• Established collaborative partnerships with other nonprofits and coalitions in the community • Expansion of programs throughout geographic area	• Competition from other nonprofits and coalitions for funding • Competition from others to deliver programs and services to target population groups • Lack of relationships with the local business and civic community

An environmental scan is the acquisition and use of information about events, trends and relationships in an organization's external environment. An environmental scan takes a critical look at the trends facing the organization in its field of work, in its community, and in the area of future funding. The results of the environmental scan can provide information about potential future scenarios and options available to the organization for its growth and development. An objective scan of the marketplace that your nonprofit or coalition is operating in can provide a "fresh pair of eyes" and help your organization to be as agile as possible when responding to external trends in the marketplace. Examples include the possibility of priority shifts among funding sources, or the sheer number of nonprofit organizations now operating in any community. In the United States, there are more than 1 million 501(c)(3) organizations, as of this writing, and information about organizations that are similar to yours and how they are offering programs and services in the community can be very valuable in forming your future plans. An environmental scan usually includes:

- demographic information about the target population groups served by your nonprofit or coalition;
- place-based data including information about where other nonprofits and coalitions are providing similar services and programs in your geographic area;
- information about the funding landscape, including trends among potential individual, corporate and foundation donors;
- specific information about your particular issue or cause, including what is happening in other areas of the country that may be applicable to your work.

This information can support the decision-making of the staff and volunteer leadership, as they prioritize the future activities and direction of your organization. An organizational assessment and environmental scan can be prepared by internal (staff or volunteer) or external (consultant) resources. The most important thing is that *proper data are gathered and utilized* in the process. Once the report(s) is/are completed, it should be discussed throughout the organization – with staff, with board members or coalition leadership, and with other key stakeholders. This can be accomplished in a facilitated setting like a retreat or in a regularly scheduled meeting. Some suggestions for organizing that discussion, no matter what setting it takes place in, are:

1. Send the complete report(s) to all discussion participants ahead of time, preceded by an executive summary (no more than one page) for each report that you include. Send it at least one week in advance of the scheduled meeting to allow time for participants to absorb the material.
2. Present the highlights of each segment of the report, followed by discussion of that particular segment of the report only. This will allow for a more focused discussion of that particular section of the report, and allow discussion participants the opportunity to air their views on that particular topic.
3. Provide questions to focus the discussion:
 - a. How can we utilize what we have just heard to make our organization and/or program stronger/better?
 - b. Is there anything that we have learned that might make us change what we are doing? If yes, what changes do we recommend?
 - c. How soon do we need to make changes in order to stay ahead of the trends that we are hearing about?
4. Determine the next steps, which should include prioritizing the recommendations contained in the report(s) and the acceptance of that prioritization by the staff and volunteer leadership. These recommendations can be used to inform the business planning process – as a “touchpoint” for the next steps in the process.

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A mission statement should be one sentence, and a vision statement should be one sentence; if these statements are longer than that, they become difficult for all organizational stakeholders to remember.

STEP TWO: DEVELOPING A PICTURE OF SUCCESS

In “Leaders,” Warren Bennis and Burt Nanus conclude, “Leaders articulate and define what has previously remained implicit or unsaid; then they invent images, metaphors, and models that provide a focus for new attention. By so doing, they consolidate or challenge prevailing wisdom. In short, an essential factor in leadership is the capacity to influence and organize meaning for the members of the organization.”

If we follow the logic of Bennis and Nanus, we know that we need powerful, brief statements that succinctly communicate to our stakeholders what it is that we are doing (mission), where we are going as an organization (vision), and what we stand for as a group of individuals who come together to work on a common issue (values). A mission statement should be one sentence, and a vision statement should be one sentence; if these statements are longer than that, they

become difficult for all organizational stakeholders to remember. Conciseness in communication is important so all volunteers and staff in the organization can be vigilant about using the mission and vision statements as the touchstones for decision-making, which is how effective organizations use mission statements.

Vision is a coherent and powerful statement of what an organization can – and should – accomplish in the future.

WHAT IS VISION?

Vision is a coherent and powerful statement of what an organization can – and should – accomplish in the future. It is part emotional and part rational. It is emotional because it forces people to dream and have a sense of imagination and rational because analysis of issues facing an organization are a necessary part of the vision process. Vision is *a view of the future that everyone can believe in.*

Vision is a guiding image of success – what does success *look like*? The mission statement provides a blueprint for an organization's work – the what, why, and how of what it does – and – the vision is the *realization of that mission.*

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WHAT IS MISSION?

A mission statement answers three key questions:

- What do we do?
- For whom do we do it?
- What is the benefit?

A vision statement, on the other hand, describes how the future will look if an organization achieves its mission. A mission statement gives the overall purpose of an organization, while a vision statement describes a picture of the “preferred future.”

Vision looks forward; mission looks at today.

KEY ELEMENTS OF A POWERFUL VISION STATEMENT

- Ideals are set high – it is about a “better future”
- It inspires enthusiasm and encourages commitment
- It is ambitious
- It is easily understood and can be remembered
- It provides *focus* on what is important to the organization
- It promotes change

UTILIZATION OF VISION AND MISSION STATEMENTS

For a vision statement to have an impact on an organization, it must be widely disseminated and discussed, and it must be referred to frequently as a means of determining appropriate responses to the various situations that confront the organization. Only if the vision and mission statements are used as the basis for organizational decision making and action will it have been worth the effort of creating them. Once these statements are created, we recommend revisiting them every 5-7 years to ensure that they are still relevant to the current environment and the work that the organization originally set out to do.

EXAMPLES OF VISION STATEMENTS

There will be a personal computer on every desk running Microsoft software. (Microsoft) Children and youth are healthy, safe, and prepared for a productive adulthood. (Children's Bureau)

Families are able to provide a healthy and supportive environment for their children. (Georgia Academy)

10 Our company's vision is to help people live longer, healthier and happier lives. (CVS)
Year after year, Westin and its people will be regarded as the best hotel and resort management group in North America. (Westin Hotels)

A world without Alzheimer's disease. (Alzheimer's Association)

Finding Cures. Saving Children. (St. Jude Research Hospital)

A world without arthritis pain. (Arthritis Foundation)

EXAMPLES OF MISSION STATEMENTS

To preserve and protect human life. (Merck)

To be a catalyst for change in the lives of women and girls. (Atlanta Women's Foundation)

To elevate women to positions of power and influence in the commercial real estate industry. (Commercial Real Estate Women Atlanta)

To advance the health of all Georgians and to expand access to affordable, quality healthcare for underserved individuals and communities. (Healthcare Georgia Foundation)

Only if the vision and mission statements are used as the basis for organizational decision making and action will it have been worth the effort of creating them.



WHAT IS A VALUES STATEMENT?

Values represent the core priorities in how an organization chooses to operate and represent itself to stakeholders, both inside and outside the organization.

Values statements should:

- Be understood by people internal and external to the organization;
- Represent the organization's mission;
- Represent how the organization operates and deals with people;
- Be adhered to by the board of directors, coalition leadership, volunteers and staff as decisions are made on behalf of the organization.

EXAMPLES OF VALUES STATEMENTS

- Responsibility and Integrity
 - Participate – say what you believe
 - Work to know who will do what and by when
- Leadership
 - Model our corporate vision, mission, and values in all that we do
(*The Management Assistance Program for Non Profits*)
 - Commitment to Planning
 - Flexibility and Adaptability
 - Creativity and Resourcefulness
 - Delivery on What is Promised
 - Energetic and Enthusiastic
 - 360° Thinking
 - Performance with a Sense of Urgency
 - Open Forthright Communication (*Gemma*)
- Our work is about people and science. (*Alzheimer's Association*)
- Pride
- Purpose
- Passion
(*Arthritis Foundation*)

Values statements should:

Be understood by people internal and external to the organization;

Represent the organization's mission;

Represent how the organization operates and deals with people;

Be adhered to by the board of directors, coalition leadership, volunteers and staff as decisions are made on behalf of the organization.

DEVELOPMENT OF YOUR MISSION, VISION AND VALUES

Vision, mission and values are best developed by the leadership of the organization. Senior staff and board (or coalition) leadership should come together for a discussion grounded in the following questions. This meeting can be a special retreat (in fact, the same retreat in which the situational analysis is discussed) or in a board meeting. Allow three to six hours to develop and agree on the mission, vision and values of the organization. This can, as previously noted in the situational analysis discussion, be facilitated by a combination of internal staff and volunteers in the organization, or by an outside consultant.

Mission:

- What is the purpose of our organization?
- What do we do every day to improve our community?
- What do those we serve consider the most important aspect of our work? What do they need from us most?

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Vision:

- How would the world be changed or different if our organization succeeded in our mission?
- Dare to dream the possible – how do we define “success” for our organization? What will we need to achieve in order to feel that we have accomplished our mission?
- What makes our organization unique (among our peers and competitors)?

Values:

- What are the key values that our organization should embrace?
- How should we, as the leadership of the organization, hold ourselves accountable for living by these values?

Vision, mission and values are best developed by the leadership of the organization

STEP THREE: ACCOMPLISHING OUR MISSION

- Establishment of measurable goals;
- Determination of strategies to achieve goals, with defined timeframes;
- Allocation and acquisition of human (staff and volunteer) and financial resources

Goals are statements describing what an organization wishes to accomplish on behalf of its mission. (In turn, accomplishing the mission leads to achieving the organization’s vision.) Goals are the “ends” toward which energy and efforts are directed.

An easy acronym for goal-setting is SMART, which stands for:

- **Specific** – What do we want to accomplish, exactly? An example of a general goal is “we hope to improve our top of mind awareness among the public.” An example of a specific goal is “60% of the public will be aware of our organization by the year 2015, as measured by public opinion polling.”
- **Measurable** – The second goal above is measurable, meaning your organization would know when you had achieved the goal. Ask yourself questions like “How many?” “How much?” “How will we know we achieved it?” when determining if a goal is measurable or not.
- **Attainable** – The most important question to ask to ensure if a goal is attainable or not is “Can we figure out ways to make it come true?” If an organization can figure out the ways to make it come true – the strategies – then it will be able to attain the goal within a timeframe that allows the organization to work toward the goal, even if it is several years in the future.
- **Realistic** – To be realistic, a goal must represent something you are *willing* and *able* to work on as an organization. Remember that goals that are not sufficiently challenging represent “low motivation” in organizations. Frequently, it is easier to achieve goals that appear more aggressive because they capture the imagination, energy and excitement of the people within the organization and these stakeholders are motivated to work toward the goal.
- **Timely** – Without a timeframe, there is no sense of urgency to reach a goal.

Five measurable goals seem to be the maximum number that most organizations can manage.

How many goals should an organization have? Five measurable goals seem to be the maximum number that most organizations can manage. Jim Collins, in *Good to Great*, observed that organizations with more than four goals rarely succeeded in accomplishing them all, even when they were measurable.

When your organization has agreed on its goals, test yourself by asking:

Is each goal measurable and does it have a timeframe, a date by which we will achieve it?

Does each goal move us closer to achieving our mission?

If you can answer yes to these two questions about each of the goals you have established, you are ready to move to the action planning phase, which involves creating the strategies that you will employ to reach the goals. Strategies are descriptions of what must be done to meet the goals. They are clear, specific statements of what you plan to accomplish. As depicted in the following diagram, the strategies lead directly to “action” and the documentation that will allow the organization to begin the process of implementation (step four in our planning process.)

Each goal may have several strategies, which is really the organizational “to do” list that must be completed in order to achieve the goals. Each strategy must have its own timeframe in order to assign accountability for its completion and determine what resources might be needed to work on it. An example document might look like this:



Organization Name
Business Plan, 2007–2010

Vision: _____

Mission: _____

Values: _____

Goals: _____

1. _____

2. _____

3. _____

4. _____

Goal #1:	Strategy #1.1:	Timeframe to Accomplish Strategy: Start Date? Completion Date?	Accountability – Staff Position and/or Board (or Coalition) Committee	Resources Required: Financial (Cash or In-Kind?) and Human (Volunteer and/or Staff)	Measure of Success for this Strategy (an interim benchmark along the way to the overall goal)
	Strategy #1.2:				
	Strategy #1.3:				
Goal #2:	Strategy #2.1:				
	Strategy #2.2:				
	Strategy #2.3:				

A chart like this, along with a narrative explanation or executive summary of your business plan (which is not always necessary), provides the management framework for the board and the staff to work on the business plan and “keep it alive.”

When your plan is complete, whether it has been assembled by a planning committee, or the board and staff during a retreat, or by the committees of the organization over a period of months (each working on one aspect of the organization’s operation), or by a combination of all of these methods, you are now ready to present the plan to the board (or the coalition’s leadership group) for approval so you can move forward with implementation.

STEP FOUR: IMPLEMENTATION

By now, you will have spent at least a few months on the preparation and development of your business plan, and are ready to move into the implementation phase: putting in place all of the exciting ideas that your planning process has generated. The chart below demonstrates how an organization moves through the various phases of planning into implementation.



We have all heard the adage, “What gets measured, gets done.” To that end, we have some suggestions for keeping the plan alive and making the most of all of the generative thinking that your planning process has produced:

- Each strategy in the plan should “belong” to at least one staff position, and be placed prominently in that staff position’s performance expectations, and the subsequent performance evaluation at year end. In addition, each strategy should be placed in the annual work plan (that “to do” list) for an appropriate committee of the organization or of the board. This will bring accountability to staff and volunteer work on the plan.

- The “Resources Required” column in the business plan should become the basis for the organization’s annual budget, answering the important question: How much money *do we need* to do our work? (This is different from the question many organizations ask: How much money can we “get” to do our work?) It is much more effective to start from a point of knowing what resources are actually required and making the case for those resources to individual, foundation and corporate donors, even if this is over a period of years.
- Each meeting agenda throughout the year is developed based on the strategic plan, whether it be a board meeting, a coalition meeting, a committee meeting, a staff meeting, or a staff performance review meeting. The meeting agenda should focus on business plan goals and strategies and the measurements for those goals and strategies. This singular focus in an organization will bring the alignment that organizations need to be successful and remain focused on their vision, mission and goal achievement. (This may require a revision of how organizational meetings are conducted, including using visual indicators of performance, such as “stoplight analyses” in which the business plan is distributed with red, green, or yellow assigned to each strategy to denote the progress made on each strategy. The discussion then focuses on how the organization can provide resources to support the successful achievement of the plan.)
- Every 18 months to two years, hold an extended board meeting or a retreat (at least 4-6 hours with board and management staff present) and review in-depth the goals and strategies contained in the plan. Determine if any changes are in order by focusing the conversation in an evaluative manner: Did we do what we said we were going to do? Did we do it in the way we said we would do it? Do we need to alter our strategies in order to meet these goals?

Singular focus in an organization will bring the alignment that organizations need to be successful and remain focused on their vision, mission and achievement of the agreed-upon goals.

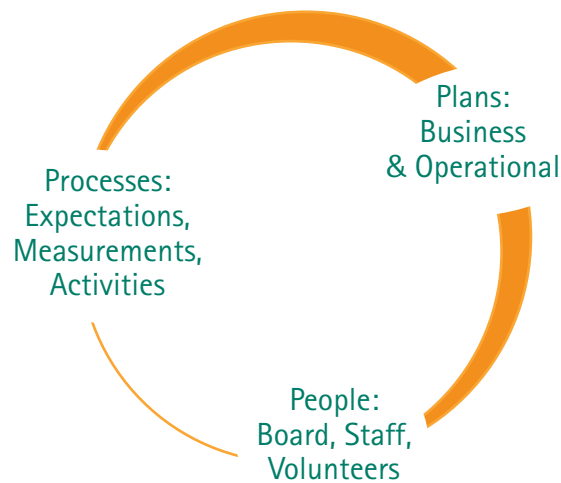
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Form follows function, and the next diagram illustrates the implementation loop that an organization can expect from a robust and thoughtful business planning process, beginning with the development of the plan itself, followed by the alignment of the structure, meaning that people are in the right positions in order to achieve the goals in the plan. The size of the board and its committees should reflect the needs outlined in the plan, and the staff should be in the positions needed to implement the work outlined in the plan. In addition, the organization’s processes, the way it conducts itself day-to-day, should also be aligned with the plan through performance expectations for staff positions and expectations for board members and committees that tie directly to the work that needs to be done to achieve the business plan’s goals. In addition, the procedures of the organization may need to be altered to support the work of the plan.

When these steps take place, the plan will not “sit on a shelf.” Instead it will become the driver of your organization’s important work and will serve as the basis for new or renewed community energy for that work.

How long should business planning take?

Some organizations choose to conduct business planning during a 2-3 day meeting (or less) and emerge from that planning session with agreements reached and a document completed shortly thereafter by a group assigned to that task. Others have found it to be more effective to stretch out the planning process over a period of several months. This is to allow the participants the opportunity to reflect on discussions, information and build a consensus around the decisions that will drive an effective business plan. Those decisions include agreement on mission, vision, values, goals, and strategies to accomplish those goals.



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UPDATING AN EXISTING PLAN

Most business plans cover a three or five-year period of time. Three years is most common due to changes taking place in the external environment at such a rapid pace today. If an effective business plan is in place and being followed, planning activity should commence at least six to nine months prior to the expiration of the current plan. Larger organizations may require more advance planning time. The same applies to organizations who wish to involve large numbers of people in the planning process. As much as one year may be needed in a large organization, due to the complexities of the organization and the needs of various work groups or committees to meet, make recommendations and allow those recommendations to be properly vetted within the organization prior to approval and inclusion in the final business plan.

An alternative way to keep the business plan fresh following its implementation is to devote a half or whole day of planning annually to review the business plan.

An alternative way to keep the business plan "fresh" following its implementation is to devote a half or whole day annually to review the business plan and determine what, if any, modifications need to be made to the plan to

keep it current. This is an opportune time to address "adding on" to the plan. If the plan is a three-year plan, it is relatively simple to continue to add one year as each year is completed, thereby maintaining a rolling business plan for the organization, provided no changes are needed in vision or mission.

There is no strict guideline on how long a planning process should take. As noted earlier, even in very large organizations with multiple levels of stakeholders involved in the process, development of a plan should not take more than six to nine months. Planning processes should be tailored to meet the needs of your organization and should give you the ability to work at a pace appropriate to your organization, while devoting the time and resources that you will need to effectively complete the process.

Planning processes should be tailored to meet the needs of your organization.

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