

Business Planning Components¹

The business planning process typically includes four distinct components

Strategic Clarity

Developing a concrete description of the impact expected over a specific period of time and the cause-and-effect logic explaining how the work will lead to that impact (sometimes called a Theory of Change).

Questions used to gain strategic clarity:

- Who or what are we ultimately trying to serve?
- What are the specific outcomes for which we want to be held accountable?
- What activities must we undertake to achieve concrete, measurable results?
- How does our specific portfolio of programs and services lead to change?

Strategic Priorities

Determining what specific actions and activities must take place to achieve the intended impact.

Questions used to help surface strategic priorities:

- How well does each of our current programs or activities align with our mission and intended impact?
- What are our full costs, both direct and indirect, for operating each program?
- What is our cost per outcome or positive result?
- Do all of our activities complement our core capabilities and expertise, or are we stretched too thin across different services?
- How well do we perform compared to our peers?
- Are there services we should modify or add to maximize impact?

Resource Implications

Understanding the resources – financial, human, and organizational - needed to pursue these priorities and mapping out a plan to secure them.

¹ adapted from the Bridgespan Group's "Business Planning for Nonprofits"



Questions to help assess the financial resource implications:

- Can we manage the budget required by the human resource and infrastructure investments?
- How will the increased budget affect our organization's culture?
- How will the new costs affect our cost per outcome?
- How is the funding community likely to respond to the spending plan? Can we raise the money we need?

Questions to help identify required human resource investments:

- Do we have the right organizational structure in place to implement the plan?
- Does our existing staff have the skills and expertise to execute our strategic priorities?
- If so, how much capacity does our current staff have to take on new work? Do we need to add positions, or scale back our goals?
- If not, what roles do we need to create? And where will we find the right people to fill these roles?
- How soon do we need to bring new people on board? What's a realistic timeline given our culture and ability to raise funds?

Questions to help identify necessary infrastructure resource investments:

- How much staff and client growth can our current office and program space accommodate?
- What new or improved systems do we need to do our work more effectively (e.g., IT, performance measurement, financial)?
- What human resource systems should we put in place to manage our organization (recruiting, orientation, training, evaluation)?

Performance Measures:

Establishing the quantitative and qualitative milestones that make it possible to measure progress toward the intended impact.

Questions to help identify performance measures:

- What milestones will be most helpful for us to measure?
- Do we have the resources in place to efficiently monitor these milestones?
- How often will we check-in on progress and in what way?

Other Useful Questions for this Process:

- Are we prepared to tackle tough questions and, if necessary, make the trade-offs that flow from answers to these questions?

- Can we devote sufficient time and energy to make the business-planning process worthwhile?
- Who will we involve in the process, and what will be expected from them?
- How will we solicit input from others and communicate progress?

