

# Business Planning Components<sup>1</sup>

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.

---

<sup>1</sup> 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?

