BUSINESS PLANS

A **business plan** is a plan used to secure funding for a new SBCC product, service or intervention to be offered by the organization, or to expand current products, services or interventions to new or larger markets. It includes projections of the estimated financial and social return for the development and introduction of the new SBCC product, service or intervention. Business planning is the vehicle used to attract funding for the new SBCC product, service or intervention, or expansion efforts. The business plan centers on a new business opportunity that makes it possible for your organization to serve your clients in dramatically new ways.

A business plan can also be based on the ideas and opportunities that emerge from your strategic plan, as long as you have a motivated and dedicated team capable of drafting a compelling business plan.

Through funded business plans, organizations can gain a competitive edge in the growing field of organizations seeking to diversify their funding streams. Over time, these organizations can apply business-like thinking to become market innovators in health.

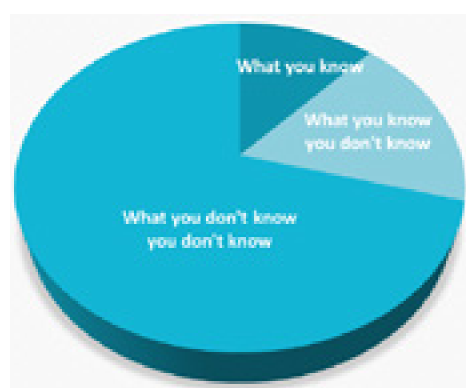
This approach to business planning builds upon three critical observations:

1. **Money follows good ideas.** Both research and experience show that there is more money available than there are good ideas for its use. Funders and investors want to fund innovative ideas that will make a difference. Too often, however, they are presented with ideas that are not innovative, are poorly articulated or cannot demonstrate a direct relationship between the investment and the results.
2. **Funders and investors want their money to make a difference in the lives of the underserved.** Every funder or investor wants to see a return on his or her investment. Those who fund social initiatives are no different-they want to see that their money is having a direct impact on the lives of the target population.
3. **The best ideas are the ones generated by an organization to respond to its clients' needs.** Often, ideas proposed by NGOs and private voluntary organizations are partially initiated by donors and other external parties and are simply adapted by the organization to obtain funds. In this *Business Planning for Health* program, participating organizations learn to generate ideas based on client needs, rather than adapt ideas based on donor priorities.

This portion of the Resource Mobilization I-Kit is designed to help you "think outside the box" to generate the new, breakthrough ideas and business opportunities that will attract investors. The program will encourage you to cast aside old and familiar ways of thinking and ask new questions that will give you a fresh perspective on the issues that your organization is trying to address. This requires you to recognize that, although you know a great deal about these issues, there is a great deal you don't know.

The Pie of Ignorance Model, right, (Landmark Education, Corp.) depicts just how much there is to learn about the needs of client populations.

The Pie of Ignorance



LESSON 1: The Organization's Mission

The first step in drafting a business plan is to share a brief history of your organization, presented in a lively way that will engage the potential funder or investor.

Often the most compelling section of a business plan, the story behind the organization, describes how it started, its purpose and social intent, the characteristics of the founder(s), and the early difficulties overcome by the organization.

Good business plans focus on the people within the organization – their distinctive skills, experiences, and commitment to the success of the organization; the idea or business opportunity the organization seeks to pursue, along with a solid appreciation of the market and a good marketing plan; and a thorough understanding of the financial structure of the organization and what additional funding is required to bring the new idea to the market.

This is your organization's best opportunity to "hook" the readers and inspire them to read more, with the hope that they will eventually provide funding for your idea or business opportunity.

Story Behind the Organization Worksheet:
http://sbccimplementationkits.org/resource-mobilization/wp-content/uploads/sites/8/2015/07/Story-Behind-the-Organization-Worksheet.docx

Articulating a Vision
Vision statements describe what the management of the organization would wish the future to look like in the next five years. A vision is not a panacea for organizational problems, but it gives a sense of direction.

Formulating a Mission
A mission statement describes purpose for which the entity exists, the scope of its offering and the target population to which its services are aimed (clients).

Current Scope
Now that you have provided highlights about the history of your organization, it is time to share your organization's current scope with the potential funder or investor. This component of the business plan describes the SBCC products, services or interventions currently offered by your organization, as well as the market scope and the geographic scope of those products, services or interventions. Please note that interventions can be a blend of products and services and can be used interchangeably with either term.

Before continuing, you need to be able to distinguish between a product and a service, and between the market scope and the geographic scope.

KEY DISTINCTIONS

Product: A product is something that can be packaged, priced and delivered in a number of different ways. It is something that has a defined purpose and use. Using a product does not require interface with another individual. Examples of products include drugs or contraceptives, a training curriculum and beauty aids.

Service: A service is also something that can be packaged, priced and delivered in a number of different ways; however, it is delivered in response to a need and usually requires at least some interaction with another individual (even if virtually). Examples of services include immunizations, surgery and counseling.

Market Scope: The market scope of an organization represents those segments of the market to which the organization targets its products and/or services, such as people of a specified age, gender, socio-economic status and health status.

Geographic Scope: The geographic scope of an organization describes the geographic area within which the organization's clients or consumers—those who use the products and/or services offered by the organization—live or work.

Current Scope Worksheet:
http://sbccimplementationkits.org/resource-mobilization/wp-content/uploads/sites/8/2015/07/Current-Scope-Worksheet.docx

Strategic Position
Presenting the scope of your organization's offering is important, but it is not enough. The array of products, services and interventions you offer should reflect how you relate to your clients. This is known as your strategic position.

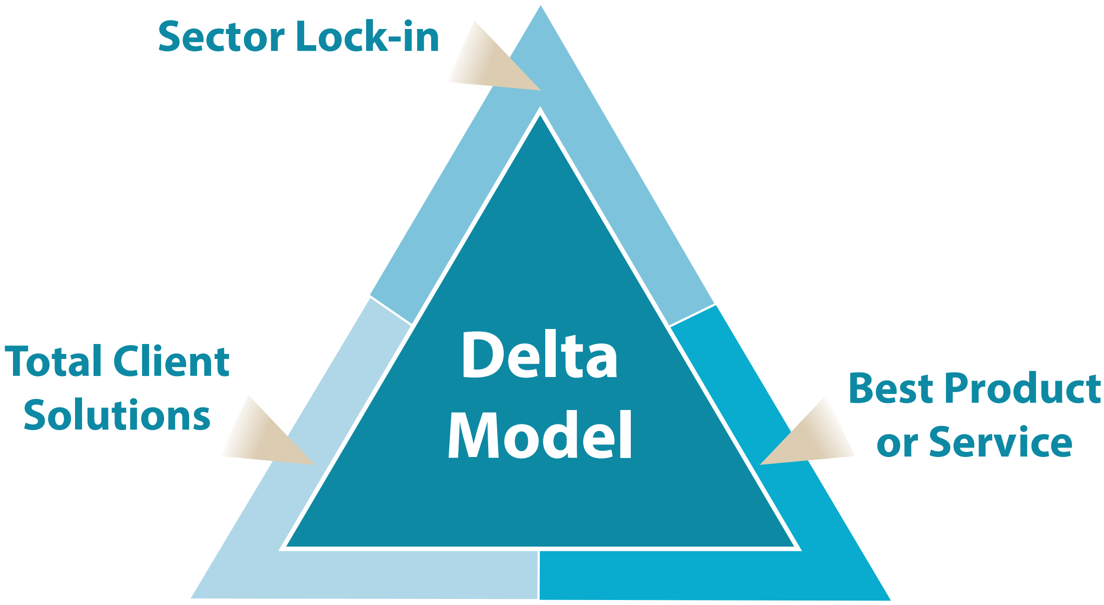
Most organizations, whether from the private or non-profit sector, establish a strategic position for themselves early in their existence; that is, they determine the strategies they will use to attract their target clients and consumers and outperform their competition.

Understanding your organization's strategic position is vital when trying to introduce new products, services or interventions into an existing or new market. To ensure that the product, service or intervention they are funding is strategically appropriate for the organization, funders or investors need to see early in your business plan the organization's current strategic positioning.

According to Arnoldo Hax, professor of Strategic Management at Massachusetts Institute of Technology's Sloan School of Management, and the creator of the Delta Model (next page), there are three potential strategic positions:

- Best Product or Service
- Total Client Solutions
- Sector Lock-in

Although your organization may not fall cleanly into a single position, chances are that one of them best represents your central strategic focus. This is what you need to research and determine. It may well be that what you thought was the intended strategic positioning of your organization is, in fact, not the case.



INSIDE THE DELTA MODEL

Best Product or Service: An organization using this strategy seeks to increase its own value, either through volume of sales, priced affordably for a large market; or through the sale of high-priced products and services that offer distinct features demanded by certain market segments. The success of such an organization is based on its market share; that is, on its ability to capture an increasing portion of the market that seeks either affordable, accessible products and services; or exclusive, highly priced products and services. Therefore, it must bring its product or service to market first and have the best packaging and delivery.

Total Client Solutions: With this strategy, an organization seeks to increase the client's value. This is done in two ways: reducing the clients' costs, and increasing the number of related products and services that are offered to the client. By offering a range of services and products (solutions) at a single point of delivery, a client is able to reduce the time and money spent seeking certain products or services. Likewise, by bundling or combining its products and services with support and follow up, a client will experience both convenience and savings. This type of organization's success is based on client share; that is, on attracting and retaining clients throughout their consumer life cycle. Therefore, it needs to secure its clients, learn from them, and customize its services and products around their feedback.

Sector Lock-in: An organization with this strategy seeks to monopolize its sector. This is done by locking in, mostly through outsourcing, high-quality partners who complement its products and services, allowing an organization to extend its own line of products and services, without having to invest in the development or maintenance costs. This strategy provides an organization with a competitive advantage, since complementors will adapt their products and services to those of your organization if they feel they will benefit. This type of organization measures its success by its share of complementary partners. It is critical for this type of an organization to develop proprietary standards (set the standard) and to keep out competitors.

Product and Service Inventory Worksheet:
http://sbccimplementationkits.org/resource-mobilization/wp-content/uploads/sites/8/2015/07/ProductandServiceInventoryWorksheet.xls

Core Competencies
Having a broad product, service, market and geographic scope is only an advantage if your organization also boasts the core competencies necessary to deliver the offering successfully.

Core competencies are those skills and capabilities that an organization must have to operate effectively and efficiently. They include the technical strengths and the management and leadership practices that set your organization apart and give it an advantage over its competitors.

Core Competencies Worksheet:
http://sbccimplementationkits.org/resource-mobilization/wp-content/uploads/sites/8/2015/07/Core-Competencies-Worksheet.docx

LESSON 2: The New Business Opportunity

At this point, your business plan includes information about the history and current offering of your organization. These details should serve to draw funders or investors into the rest of your business plan.

The next step in the business planning process is to conceive, test, shape and articulate breakthrough ideas that will lead to the development of new products or services.

Breakthrough Ideas

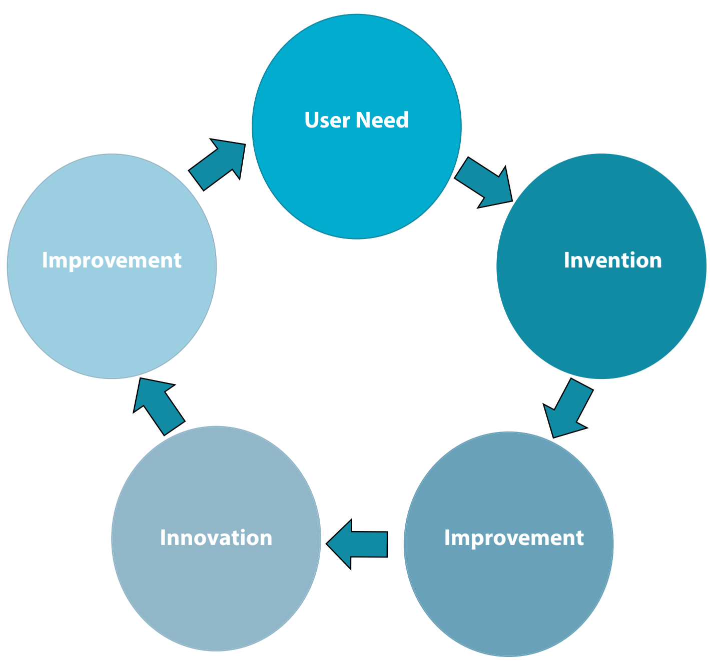
Some important distinctions to consider as you move forward are those between inventions, improvements and innovations.

1. An invention is something that has never been seen before; it is an attempt by the inventor to meet an immediate need not yet met in the marketplace.
    - Take social media for example as a means of broad, real time communication. The first social media site that everyone can agree actually was social media was a website called Six Degrees. It was named after the 'six degrees of separation' theory and lasted from 1997 to 2001. Six Degrees allowed users to create a profile and then friend other users.
2. An innovation is when an invention moves from the hands of an inventor to the production line of a manufacturing plant, so that the masses can have access to the good.
    - From Six Degrees, the internet moved into the era of blogging and instant messaging. Eventually, this lead to a whole range of computer-mediated tools that allow people to create, share or exchange information, career interests, ideas, and pictures/videos in virtual communities and networks. Familiar social media include: Facebook, Twitter, Yelp, Pinterest, You Tube, etc.
3. An improvement is an incremental change to an innovation that retains the integrity of the product, but improves its features or functionality.
    - A recent example is the shift of many social media platforms to mobile-based applications that are available for download and use on mobile phones.
    -

Video: A TED talk by Navi Radjou on creative problem-solving:
http://www.ted.com/talks/navi_radjou_creative_problem_solving_in_the_face_of_extreme_limits

This illustration shows the cycle of innovation. It is an ongoing process.

The Innovation Cycle



The best organizations and companies are constantly asking themselves how they can better serve their clients. First, the invention is created by someone who is attempting to address the clients' needs. Sometimes, this is someone in a company's Research and Development Department; other times, it is someone tinkering in their basement or workshop. Then, improvements are made to the invention until such time as it can be patented and mass produced or manufactured, and offered publicly in the marketplace. Innovations constantly undergo changes, or improvements, to make them more functional and more attractive to clients. But, just how does one come up with these ideas?

Video: A TED talk by Richard Turere about an inventive idea:
http://www.ted.com/talks/richard_turere_a_peace_treaty_with_the_lions

Strategic Mapping
The Strategic Mapping exercise will help you generate breakthrough ideas to improve the quality of life of your target population.

Strategic Mapping Worksheet:
http://sbccimplementationkits.org/resource-mobilization/wp-content/uploads/sites/8/2015/07/Strategic-Mapping-Technology-Worksheet.docx

Internal Investment
Chances are you have identified a number of breakthrough ideas that could meet the health and welfare needs of your target population. It is always a good idea to make an internal investment in new business opportunities to show funders and investors that your organization is willing to take risks.

An internal investment can be demonstrated by either directly funding a portion of the development of a new SBCC product, service or intervention with new streams of funds, or, alternatively, by shifting existing funds from an obsolete product, service or intervention that continues to consume resources.

At this time, it is important to refer back to your Product and Service Inventory Worksheet to see if there are any SBCC products, services or interventions in your inventory that no longer require funding from your organization. If there are, and if these funds have not yet been reallocated, they may be available as seed funding for the new products, services and interventions your business plan will introduce.

Current Scope - Part II Worksheet:
http://sbccimplementationkits.org/resource-mobilization/wp-content/uploads/sites/8/2015/07/Current-Scope-Part-II-Worksheet.docx

Competitive Scan
Once you have brainstormed a list of potential new SBCC products, services or interventions, and established the status of your organization's current SBCC products, services and interventions, it is time to use the Competitive Scan Tool to determine the likelihood of each proposed new product, service and/or intervention thriving in a competitive marketplace.

The competitive scan considers four critical criteria:

- Client demand
- Ease of entry
- Cost of failure
- Threat of competition

Within each of the four criteria, there are several factors to help you decide the competitive positioning of the new product, service, intervention or market segment.

Client Demand: This criterion looks at the power of the buyers (clients), in terms of their potential number and their ability to pay for your organization's new or current SBCC product, service or intervention. It also assesses the availability of substitutes offered by competing organizations. Ideally, you should introduce your new or current product, service or intervention to a large and growing market that has access to few substitutes and has an ability to pay for any product or service. Specifically, this criterion is composed of:

- Potential size of market.
- Availability of substitute products, services or interventions.
- Clients' ability to pay.

Ease of Entry: This criterion looks at the barriers you need to overcome to gain entry in to the sector in which you do not already have an established market. If your new SBCC product, service, intervention or market segment will require you to enter in to a new sector, such as microfinance, environmental health or agriculture, you need to examine the potential barriers you may confront. This will help you determine the level of attractiveness of the new product, service and/or intervention. Specifically, this criterion is composed of:

- Brand identification or identity, such as will clients recognize your organization?
- Relationship to existing products or services.
- Access to distribution channels, such as do you have pre-existing distribution channels that you can utilize?
- Access to appropriate technology, such as medical devices, laptop computers and more.

Cost of Failure: This criterion looks at the barriers you may need to overcome to phase out the new SBCC product, service or intervention, or to exit from a new sector or market segment if you do not succeed in attracting clients, or if funding is not available. Ideally, the cost of exit should not out-weigh the possible social or financial gains to be made from the organization's investment in developing the new product, service or intervention, or entering a new market or sector. Specifically, this criterion is composed of:

- Degree of product or service specialization, such as is a high degree of specialization required? The more specialization, the higher the cost.
- Cost of exit.
- Strategic relationship with other organizations, such as can you partner with another organization that already works in the new market segment or that has already established distribution channels?
- Emotional barriers.
- Investment made in complying with government regulations.

Threat of Competition: This criterion looks at the relationship of your competitors to your organization in terms of the number of competing organizations, the degree to which their SBCC products, services or interventions are specialized, the growth of the target market and the diversity of the competition. Specifically, this criterion is composed of:

- Number of competitors.
- Growth of target market.
- Product features.
- Service features.

The Competitive Scan Tool requires that evidence (data) be presented for all variables corresponding to each of the four criteria. The SBCC product, service or intervention that gets the highest score is that which is most likely to be successful.

Competitive Scan Worksheet:
http://sbccimplementationkits.org/resource-mobilization/wp-content/uploads/sites/8/2015/07/CompetitiveScan.xls

Stakeholder Commitment

Now that it is clear which SBCC products, services and/or interventions your organization may no longer need to support, and now that you know the competitive positioning of the top two products, services or interventions your organization wants to introduce, it is time to seek the support of your organization's stakeholders for the new business opportunity and to demonstrate this support to the funder or investor.

Stakeholder's Commitment Worksheet:
http://sbccimplementationkits.org/resource-mobilization/wp-content/uploads/sites/8/2015/07/Stakeholders-Commitment-Worksheet.docx

Statement of Justification

The final step in this section of your business plan is to prepare a Statement of Justification that explains how your organization will make a difference and why you are uniquely capable of introducing this new SBCC product, service or intervention in response to the challenge.

A Statement of Justification is much like an "elevator pitch." It is a mechanism for crystallizing and broadcasting your organization's intent.

Statement of Justification Worksheet:
http://sbccimplementationkits.org/resource-mobilization/wp-content/uploads/sites/8/2015/07/Statement-of-Justification-Worksheet.docx

Video: The Dollar Shave Club: **https://youtu.be/I2CxymssjwY**

Video: How great leaders inspire action: **https://youtu.be/qp0HIF3SfI4**

LESSON 3: The Market for the New Business Opportunity

You have now researched and presented details about the history and offering of your organization, articulated your business opportunity, and selected the single SBCC product, service or intervention that your organization should introduce to an existing or new market to improve the health and welfare of your target population. The next step is to show your funder or investor that the SBCC product, service or intervention you have chosen meets the needs of your target population, and that you will be able to effectively market it to the population.

For SBCC Organizations

Take note that even those SBCC organizations that work in social or normative change, community level interventions, or other programs, likely do so by offering some form of product (curriculum, script, poster, booklet) or service (facilitated meeting, drama, radio program) – all of which can be packaged and priced. In the event that your work can not be packaged and priced as a product or service, you should seek funding through a grant, proposal or fundraising strategy, since business plans, by nature, require that a product or service be available for the market.

KEY DISTINCTIONS

The Marketplace: The marketplace is where exchanges take place. It is where an organization exchanges something of value (a product or a service) for something that it needs (monetary or in-kind contributions, or coverage or other indications of impact).

The Market: The market represents all of the possible consumers of an organization's products and/or services.

The Target Market/Population: The target market is the group or groups to whom organizations market their products and/or services. It includes current and potential users of the products and/or services. It also may include consumers of services who may be different from users, such as employers and donors, and the supporting community.

Marketing: Marketing is the practice of learning about the target market/population, adjusting products, services and/or interventions to better satisfy their needs and preferences, and persuading these populations to continue their use or support of a specific organization. Marketing practices can influence the level, timing and composition of demand for an organization's products, services and/or interventions.

Marketing Mix: The marketing mix is the combination of efforts an organization makes to increase knowledge of and demand for its products, services and/or interventions. These efforts fall into the categories of: targeted population, price, place, production and promotion.

Market Niche: Market niche is an organization's unique role and image ("brand") within the greater marketplace. An organization's niche should be large enough to provide it with the funds and other resources it needs, fit the skills and resources it has or can easily obtain, offer potential to grow and be of little interest to major competitors.

Market Segmentation: Market segmentation is the process of breaking down a large market into smaller groups that share common needs or interests. Markets can be divided by income levels, geography, health status, age range, gender and more.

Marketing is often considered an organization's most powerful competitive weapon. According to management expert Peter Drucker, marketing is about "creating and continuing to create customers." Before proceeding further in this module, it will help you to familiarize yourself with the language of marketing. A list of terms and definitions is provided here.

Market Research Design
It is critical to design your market research so that it provides quantitative or detailed qualitative data that can help you divide your target populations into segments. You can then identify and understand the characteristics of these segments, or sub-populations, so that you can develop SBCC products, services and interventions that these groups will use.

Your market research should provide your organization with information about:

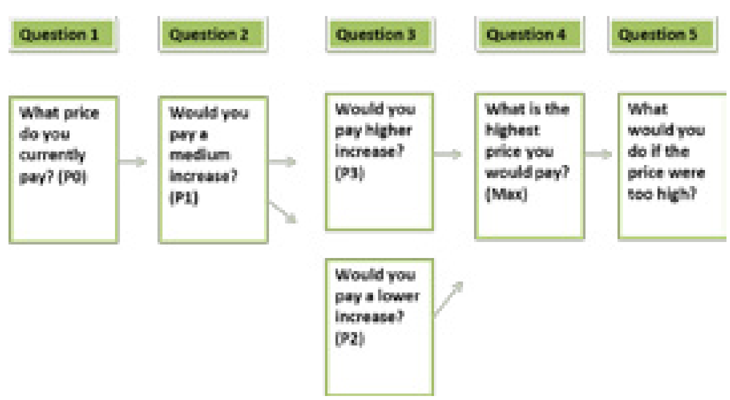
- The potential market for the new SBCC product, service or intervention
- The specific benefits the target market will expect from the product, service or intervention
- Adjustments that should be made to the prototype of the product, service or intervention prior to launch, to meet the needs of the target population
- A reasonable price for the product, service or intervention
- The place from which the SBCC product, service or intervention will be delivered

THE FIVE P's OF MARKETING

1. **Population:** What is the potential market for the new SBCC product, service or intervention?
2. **Price:** What is a reasonable price for the product, service or intervention?
3. **Place:** Where and how are you going to deliver the product, service or intervention to the target population?
4. **Promotion:** What is the most suitable way to package and promote the benefits of the new product, service or intervention?
5. **Production:** What is the quantity of the product, service or intervention that will be needed to meet potential market demand?

- The quantity of the SBCC product, service or intervention that will be needed to meet potential market demand
- Methods and techniques to inform potential clients about the new product, service or intervention, and motivate them to seek and use it

Please note that your market research need not be limited to the collection of original data using a questionnaire. Other examples of how SBCC or social marketing organizations such as yours might gather market research data include using existing or ongoing market studies and research, DHS data, routine service statistics and focus groups. All of these are captured in the resource, *Nine Steps Required to Design and Implement Your Market Study.* (http://sbccimplementationkits.org/resource-mobilization/wp-content/uploads/sites/8/2015/07/NineSteps.doc)



Market Research Worksheet:
http://sbccimplementationkits.org/resource-mobilization/wp-content/uploads/sites/8/2015/08/Market-Research-Worksheet.docx

Data and Report
If you choose to administer a market research questionnaire, one option is to use Survey Monkey. This is an automated program for collecting, organizing and presenting data. It can be used in the following ways:

- You can send the survey out via email with a link. All responses will be captured on Survey Monkey.
- You can conduct phone or face-to-face interviews and input the data yourself electronically.

After collecting the data, you need to compile all of the information into a well-written market research report, which will inform the funder or investor that you have a full understanding of what will drive your target population to use the new SBCC product, service or intervention you intend to introduce.

Market Research Report Template:
http://sbccimplementationkits.org/resource-mobilization/wp-content/uploads/sites/8/2015/07/Market-Research-Report-Template.docx

Marketing Plan
Once you have researched the market for your organization's new SBCC product, service or intervention, the next step in the business plan is to establish goals for the marketing program. This demonstrates to the potential funder or investor that your organization is intent on promoting the new product, service or intervention to the target population. Marketing goals include action goals and image goals related to attracting target populations.

SAMPLE ACTION GOALS

- Over the next year, our organization will increase the demand for voluntary counseling and testing services in our five health centers by 15 percent.
- Over the next two years, our organization will provide insecticide-treated nets to 85 percent of parents of newborns in three communities.

Action Goals
Action goals identify the specific, measurable results that you want. Stating these goals clearly will allow you to measure progress toward achieving them within a given time period.

Action goals for marketing new products and/or services usually concentrate on creating demand for:

- The new SBCC product, service or intervention by a current group of clients
- The new SBCC product, service or intervention by a new group of clients
- An existing SBCC product, service or intervention by a new group of clients

SAMPLE IMAGE GOALS

- Over the next two years, our organization will become known as the organization that provides the best counseling and referral services for HIV-infected pregnant women.
- Over the next two years, we will achieve a transformation in the public perception of our organization from a family planning provider to a full-service primary health care provider.

Image Goals
Image goals identify how you want your organization to be seen as a result of the new SBCC product, service or intervention. You can measure progress in achieving these goals through focus groups or market surveys. Image goals often concentrate on:

- Helping your organization become more widely known
- Improving your organization's reputation
- Gaining public recognition of a change in your products, services and/or interventions

Marketing Goals Worksheet:
http://sbccimplementationkits.org/resource-mobilization/wp-content/uploads/sites/8/2015/07/Marketing-Goals-Worksheet.docx

Marketing Mix
Once you have articulated your action and image goals, you need to develop strategies and a plan for promoting and publicizing this new SBCC product, service or intervention. Your market research should supply you with ample information about your marketing mix. That is, it should provide evidence that your organization's new product, service or intervention is accessible, affordable and responsive to the needs of your target population.

Another critical step in marketing is to identify the promotional techniques and messages that, within the constraints of your resources, will best motivate your target population to use your product, service or intervention. Carefully tailor your techniques and messages to your target population to ensure that they will help you meet your marketing goals. Depending on the needs of your populations, consider low-cost techniques that promote:

- The basic information about your new SBCC product, service or intervention
- The key features of your new product, service or intervention

Marketing Mix Worksheet:
http://sbccimplementationkits.org/resource-mobilization/wp-content/uploads/sites/8/2015/07/Marketing-Mix-Worksheet.docx

Marketing Plan
Once you have completed your market study, identified your potential market niche, clarified your goals and developed your promotional strategies, you are ready to put together a marketing plan and budget. Your plan should describe what you need to do to achieve your goals and include costs for items, such as staff time, supplies and promotional materials.

A marketing plan format has been provided, which you and your marketing team can use to organize your marketing plan. The plan includes your marketing goals, the marketing mix you are planning and the key promotional activities through which you will achieve this mix. Add as many rows as you need for the activities you want to include in your plan.

Marketing Plan Template:
http://sbccimplementationkits.org/resource-mobilization/wp-content/uploads/sites/8/2015/07/Marketing-Plan-Template.docx

LESSON 4: The Plan for Design and Launch

The next step in drafting your business plan involves providing an overview of the team that will design and introduce the new SBCC product, service or intervention. The team should be balanced with team members that possess diverse skills, perspectives and experience. According to Edward B. Roberts of the Massachusetts Institute of Technology Sloan School of Management, a high-performing, innovative team normally has members who possess specific characteristics, take on strategic roles and carry out well-defined functions.

Roles	Characteristics	Functions
The Idea Generator	This person has very keen technical skills. This person is considered an expert in his or her field. He or she likes to work on a conceptual level and deals well with abstractions. This person is considered highly innovative and tends to prefer working alone.	You can count on this person to solve problems, generate breakthrough ideas and test the feasibility of these ideas.
The Entrepreneur	This person has strong application skills. He or she has a wide range of interests, is energetic and determined, and enjoys taking risks.	This person puts into action what others propose, sells the new SBCC product, service or intervention idea to others in the organization and secures resources.
The Manager	This person focuses on decision-making. He or she uses the organizational structure and systems to get things done. This person understands how all the functions of the organization fit together and respects procedures and processes. This is a manager who is capable of leading others.	This person provides the team with leadership and motivation. He or she plans and organizes the design and roll-out of the new SBCC product, service or intervention, and coordinates the team. This person sees that the process moves along efficiently and ensures that administrative requirements and organizational needs are met.
The Gatekeeper	This person stays informed of what is happening in the field. He or she knows what the competition is doing, what the funders are looking for and what the clients want. This person is a networker.	You can count on this person to gather intelligence and relay important news to others.
The Coach	This person represents the voice of experience. He or she is often more senior and offers objectivity and experience in developing new ideas.	This person provides access to the organization's power base, to get what the team needs from other parts of the organization and to provide legitimacy and organizational confidence in the new SBCC product, service or intervention. Furthermore, this person provides guidance to the team and helps members develop their skills and talents.

Instructions: Read and complete the following steps.

1. Click on the Financial Modeling Tool (Excel Spreadsheet).
2. Go to the tab labeled "Main Menu" and then click on the link "Basic Information."
    - The list of items under Other Direct Costs will appears as drop-downs on subsequent tabs.
3. Provide the requested information using the instructions provided in the boxes on the far right of the worksheet.
4. Go to the tab labeled "Master Staff List" and enter in all staff names, roles (titles) and daily rates.
    - This will be based on your review of the "The Roles, Characteristics and Functions of Your Team."
    - The list of names in the Master Staff List will appear as drop-downs on subsequent tabs.

Financial Modeling Tool:
http://sbccimplementationkits.org/resource-mobilization/wp-content/uploads/sites/8/2015/07/RM_Financial_Modeling_Tool.xlsx

Plan for Design and Launch: Implementation
Once you have identified the team of persons who will work on the design and launch of your new SBCC product, service or intervention, it is important to note the activities that will be carried out by these individuals.

There are traditionally five steps to launching a new product or service. These are:

1. Design the prototype
2. Test the prototype
3. Package the product or service
4. Promote the product or service
5. Manage the launch

Steps to Design and Implementation Worksheet:
http://sbccimplementationkits.org/resource-mobilization/wp-content/uploads/sites/8/2015/07/Steps-to-Design-and-Implementation-Worksheet.docx

Now that you have named each person who will work to develop the new SBCC product, service or intervention, and listed the activities to be carried out for each step in the design and implementation process, a scope of work (SOW) is needed for each team member. Each SOW should provide a clear and concise description of the requirements for the successful completion of the activities for which the team member is responsible. SOWs are used to ensure that all required elements of the activity will be completed. They also help those responsible for budgeting to accurately forecast costs and allocate the resources needed to complete each activity.

Scope of Work Template:
http://sbccimplementationkits.org/resource-mobilization/wp-content/uploads/sites/8/2015/07/Scope-of-Work-Template-use.docx

Instructions: Read and complete the following steps.

1. Refer back to the Financial Modeling Tool.
2. Locate the five tabs: "Design," "Test," "Package," "Promote" and "Manage" to enter activities for each step, the staff that will be working on those activities and their respective LOE for each activity.
    - NOTE: Persons will appear on drop-down menu generated from Master Staff List.
    - The information used for populating these cells and drop-down menus comes directly from the SOWs you have prepared.

Financial Modeling Tool (Design, Test, Package, Promote, Launch - Staff, LOE, Other Direct Costs):
http://sbccimplementationkits.org/resource-mobilization/wp-content/uploads/sites/8/2015/07/RM_Financial_Modeling_Tool.xlsx

All of the activities you have scheduled under the tabs of the Financial Modeling Tool generate a Gantt Chart, found under the "Gantt" tab.

The Gantt Chart displays the steps and major activities that must be carried out and the chronological order in which these activities must be completed to ensure the successful, timely launch of the SBCC product, service or intervention.

The Gantt Chart is included to illustrate what will happen throughout the design and introduction stages. It should show the month or quarter in which each activity or cluster of activities will begin and end and indicate who is responsible for the activity and/or deliverable.

Instructions: Read and complete the following steps.

1. Refer back to your Financial Modeling Tool.
2. Go to tab labeled "Gantt." See instructions in the tab. The Activities will self-populate once you fill in the five tabs: "Design," "Test," "Package," "Promote" and "Manage"; and the timeline will automatically be highlighted.

Financial Modeling Tool (Gantt):
http://sbccimplementationkits.org/resource-mobilization/wp-content/uploads/sites/8/2015/07/RM_Financial_Modeling_Tool.xlsx

Video: An ABC Nightline Segment on the IDEO Shopping Cart: **https://youtu.be/M66ZU2PCIcM**

LESSON 5: The Financial Health of the Organization

Financial management involves controling, conserving, allocating and investing an organization's resources. An organization's resources can include personnel, equipment, supplies and non-monetary contributions, such as goodwill, intellectual property and in-kind donations. Before investing in or contributing to your organization, funders or investors will want to know that the organization is in good financial health and has sound financial management and accounting practices.

TERMS AND DEFINITIONS

Financial Management: Financial management is a necessary tool for supporting the organization's goals and objectives. Its purpose is to provide information that helps managers to make the organization's short- and long-term plans a reality. Financial management is about analyzing financial performance, identifying ways to use resources efficiently and finding creative ways to use existing resources to generate additional resources.

Accounting Principles: Accounting systems collect and record an organization's business transactions and produce thorough, accurate financial statements, which are essential for making sound financial management decisions. Accounting documents the organization's income, expenditures, assets, debt (how much and to whom) and what it is owed, by whom. Accounting rules and standards ensure the ethical and appropriate use of resources. The Generally Accepted Accounting Principles (GAAP) are widely applied standards that provide guidelines on how to measure, organize, record and report key financial information.

Budgets: A budget projects the costs, and, in many cases, the revenues of an activity, program or organization. It quantifies the organization's programmatic goals and objectives by guiding the allocation of financial and human resources. A budget can be used with periodic expenditure reports to review expected costs against actual spending, identify which programs are cost-effective, predict cash needs, determine where costs must be cut and provide input into difficult decisions, such as which programs to discontinue.

Assets: Assets are the property and resources an organization owns, with a value that can be quantified. A fundamental principle of accounting is expressed in the formula: Assets = liabilities + equity.

Liabilities: Liabilities are what an organization owes: the obligation to pay some amount of money or render a service.

Equity: Equity is the value of an organization at any given moment, expressed as the difference between assets and liabilities. It is expressed in the formula: Equity = assets – liabilities.

Balance Sheet: A balance sheet displays the assets, liabilities and equity of an organization. The balance sheet reflects a fundamental principle of accounting, expressed in the formula: Assets = liabilities + equity.

Revenue: Revenue is the money an organization receives in the form of fees, donations or grants. Revenue may come from clients, an organization's headquarters or external sources, normally in exchange for a product or service (including such products as proposals, workplans or reports).

Costs or Expenses: Costs or expenses are the financial outlays or resources used to deliver a product or service, or to implement a project or program. Such charges may be related to employing personnel, procuring supplies and maintaining equipment.

Income Statement: An income statement reports on revenue and costs or expenses resulting from the organization's operations during a specific period. The standard format lists all sources of income, subtracts itemized expenses and shows the net result ("bottom line"). When the bottom line shows a positive result, there is a net profit from operations; a negative result indicates a net loss.

Statement of Cash Flows: A statement of cash flows shows the inflow and outflow of cash within an organization. It covers cash flow in three categories: operating activities, investing activities and financing activities. It is a critical report, helping managers assess whether there will be sufficient cash on hand to cover expenditures, or if additional cash is needed to support operations.

The Balance Sheet
There are three essential financial reports in any organization: the Balance Sheet, the Income Statement and the Statement of Cash Flows. Although you may not be completely familiar with your organization's financial statements, the purpose of the next section is to help you converse more easily with your finance staff, so together you can identify funding shortfalls or gaps.

A balance sheet is always divided into two parts. The top half shows the organization's assets, while the bottom half shows the organization's liabilities and equity. The balance sheet can be understood as:

Equity + Liabilities = Assets

The top and the bottom halves are always in balance; that is, they add up to the same amount. This is because the top half shows what the organization owns and what others owe the organization; while the bottom half shows what the organization owes and has to pay out. The entries under each line of the balance sheet provide important information about the financial health of the organization.

In short, the balance sheet simply breaks all the financial and material assets into those that you own and those that you owe. They balance because the money that comes into your organization is often used to pay for services, salaries, benefits, inventory and more. If there is money left over, it goes into your fund balance, or reserves, which, if not used in the fiscal year, often need to be returned to the donor or reinvested (spent on the organization). Therefore, any money that comes in will have a destination, which is why the balance sheet does, in fact, balance.

Better Health International		
Balance Sheet	**2012 - Local Currency**	**2012 - U.S. $**
exchage rate used	1	8.25
ASSETS		
Current Assets		
Cash (Bank Accounts)	812,759	98,516
Accounts Receivable	89,201	10,812
Inventory	256,186	31,053
Total Current Assets	1,158,146	140,381
Fixed Assets		
Other Fixed Assets	340,601	41,285
Equipment	1,536,913	186,292
(Less accumulated depreciation)	(309,099)	(37,467)
Total Equipment	1,227,814	148,826
Total Fixed Assets	1,568,415	190,111
TOTAL ASSETS	2,726,561	330,492
LIABILITIES		
Current Liabilities		
Accounts Payable	408,998	49,576
Credit Line	-	-
Current Portion Long-Term Debt	57,815	7,008
Total Current Liabilities	466,813	56,583
Long-Term Liabilities		
Long-Term Debt	169,079	20,494
Total Long-Term Liabilities	169,079	20,494
TOTAL LIABILITIES	653,892	77,078
Equity		
Fund Balance	2,090,669	253,414
TOTAL EQUITY	2,090,669	253,414
TOTAL LIABILITIES & EQUITY	2,726,561	330,492

The Income Statement
An Income Statement records all the revenue your organization earns and the expenses it incurs over a predetermined period of time. By adding all the revenue your organization receives from selling goods or services and then subtracting the total cost of operating your organization, the income statement shows net profit, which can be expressed as:

Revenue – Expenses = Net Profit

Better Health International		
Income Statement	**2012 - Local Currency**	**2012 - U.S. $**
exchage rate used	1	8.25
Revenue		
Clinic-Based Services	4,600,000	557,576
Ancillary Services	506,180	61,355
New Product or Service	-	-
Total Revenue	5,106,180	618,931
Grants/External Funding		
Existing Financing	250,000	30,303
Financing for New Product or Service	-	-
Total Grants/External Funding	250,000	30,303
Total Revenue (inc. Grants/External Funding)	5,356,180	649,234
Costs		
Direct Costs		
Direct Labor	750,000	90,909
Other Direct Costs	1,536,913	186,292
Inventory	-	-
Total Direct Costs	2,286,913	277,202
Gross Operating Margin	3,069,267	372,032
Indirect Costs		
Indirect Labor	725,000	87,879
Administrative	460,000	55,758
Corporate	200,000	24,242
Depreciation	150,000	18,182
Facilities	595,620	72,196
Marketing and Selling	256,000	31,030
Other Indirect Costs	435,220	52,754
Total Indirect Costs	2,821,840	342,041
Net Operating Margin	247,427	29,991
Other Costs		
Interest Expense	-	-
Unallowable Expenses	75,000	9,091
Total Other Costs	75,000	9,091
Total Revenue in Excess/(Deficit) of Expenses	172,427	20,900

The income statement should cover a period that makes the most sense for your organization. The fund balance, which is reported at the bottom of the balance sheet, allows an organization to sustain its current services, survive in periods of low cash flow, and reinvest money in the organization for important new activities and projects.

Simply put, the income statement tells you where your money goes once it comes into the organization. Any money left over at the end of the reporting period goes into the fund balance (also known as "equity" on the balance sheet).

The Statement of Cash Flows

The statement of cash flows monitors the flow of cash in and out of your organization over a period of time. This statement also identifies the sources and uses of your organization's cash. Having income after expenses, also known as "net profit" does not mean that an organization has cash readily available to support new activities or projects. If too many of your organization's assets are tied up in your inventory, such as equipment and property, or if you do not generate enough revenue to meet your regular operating costs (personnel, supplies, rent, utilities, promotion), an organization may have difficulty meeting short-term expenses and may even run out of cash.

Better Health International		
Statement of Cash Flows	**2012 - Local Currency**	**2012 - U.S. $**
exchage rate used	1	8.25
Cash In		
Operating Activities		
Cash Received from Billings (90%)	5,106,180	618,931
Accounts Receivable (10%)	89,201	10,812
Total Cash from Operating Activities	5,195,381	629,743
Financing Activities		
Credit Line	-	-
Total Cash from Financing Activities	-	-
Investment Activities		
Grants/External Funding	250,000	30,303
Unprogrammed Funding	-	-
Sale of Used Equipment	-	-
Total Cash from Investment Activities	250,000	30,303
Total Cash In	5,445,381	660,046
Cash Out		
Operating Activities		
Direct Labor	750,000	90,909
Indirect Labor	725,000	87,879
Accounts Payable	3,633,753	440,455
Inventory	256,186	31,053
Total Cash for Operating Activities	5,364,939	650,296
Financing Activities		
Interest	75,000	9,091
Credit Line	-	-
Long-Term Debt	-	-
Total Cash for Financing Activities	75,000	9,091
Investment Activities		
Equipment	-	-
Total Cash for Investment Activities	-	-
Total Cash Out	5,439,939	659,387
Cash Flow Activity		
Beginning Cash Balance	807,317	97,857
Ending Cash Balance - Operating Funds	812,759	98,516
External Funding Sources (Detail)	-	-

Financial Health

Potential funders and investors will analyze your organization's financial statements to assess the risk of investing in the design and launch of your SBCC product, service or intervention. You and your team will need to be familiar with the fundamental financial traits of your organization prior to meeting with potential investors.

Financial Health Worksheet:

http://sbccimplementationkits.org/resource-mobilization/wp-content/uploads/sites/8/2015/07/Financial-Health-Worksheet.docx

LESSON 6: The Funding Requirements

Launch Budget

Instructions: Read and complete the following steps.

1. Refer back to your BPH Financial Modeling Tool.
2. Go to tab labeled "Launch Budget." The spreadsheet will self-populate once you fill in the "Basic Information" tab, as well as the five tabs: "Design," "Test," "Package," "Promote" and "Manage."

Financial Modeling Tool (Launch Budget):
http://sbccimplementationkits.org/resource-mobilization/wp-content/uploads/sites/8/2015/07/RM_Financial_Modeling_Tool.xlsx

Product Forecast

After developing your budget and determining the cost of designing and launching the new SBCC product, service or intervention, you will now need to calculate how much it will cost to actually deliver the new product, service or intervention. This will help estimate the potential income to be generated from the sale of the new product, service or intervention in the future. An organization's success in launching new product lines or providing additional services is determined by their accuracy in predicting profitability. There are various ways to establish a "working price" for purposes of modeling income.

One option is to calculate all costs associated with the delivery of the new product, service or intervention and then add a percent margin to the unit cost to establish the price. A margin of 5 percent to 10 percent is common.

Another option is to do Internet-based market research to see what other, similar organizations are charging for a like product, service or intervention.

Regardless of how you choose to define the unit price, the real income elasticity lies in the level of costs associated in operating the product, service or intervention on a day-to-day basis for the next three years. Any time an organization can reduce its costs to elevate sales, it translates into greater income.

Product costs can be defined in two ways:

1. **Variable Costs:** Expenses that change in proportion to the activity of the business.
2. **Fixed Costs:** Expenses that are not dependent on the levels of activity in the business.

Contribution Margin = Revenue – Variable Cost

Video: A TED talk by Manu Prakash:
http://www.ted.com/talks/manu_prakash_a_50_cent_microscope_that_folds_like_origami

Instructions: Read and complete the following steps.

1. Refer back to your Financial Modeling Tool.
2. Go to tab labeled "Product Forecast."
3. List all of the potential revenue and expenses for your product in the next three years. This will be separated into different categories based on variable costs versus fixed costs.

Financial Modeling Tool (Product Forecast):
http://sbccimplementationkits.org/resource-mobilization/wp-content/uploads/sites/8/2015/07/RM_Financial_Modeling_Tool.xlsx

LESSON 7: The Return on Investment

Return on Investment
Now, it is time to demonstrate to your prospective funder or investor the measurable improvements in health status, access to services and quality of care that will result from the target population using your new SBCC product, service or intervention. It also articulates the anticipated financial return on investment from the sale of the new product, service or intervention to end users or third party payers.

Social Return on Investment
Social return indicators should answer the question, "What can we look at that will show the organization and the funder or investor that the new SBCC product, service or intervention is making a difference in the lives of the target population?" In other words, how has the introduction of the new SBCC product, service or intervention made a positive impact in the health or welfare of the intended users?

There are several types of indicators. Each measures a different phase of an intervention: input, process, output, outcome and impact. Most funders or investors are looking for different types of indicators at different stages of the life cycle of a product, service or intervention.

TYPES OF INDICATORS

Input: Input indicators describe the financial, technological and human resources invested in a product, service or program. Examples might include staff time, supplies and equipment, funds or in-kind contributions to an intervention.

Process: Process indicators describe activities carried out to achieve the desired results or objectives of an intervention; they show what is done and how well it is done. Examples of process indicators include training sessions or educational programs prepared and presented to transfer knowledge or skills.

Output: Output indicators describe the results achieved at the program level in which the intervention was delivered, usually observable immediately after the intervention. Such indicators might include the number of people who completed a training course or attended an educational session.

Outcome: Outcome indicators describe changes in behavior among members of the target population as a result of introducing an intervention. These changes are generally observed at least a few months after the intervention. Examples could include the percentage of sexually active adolescents using contraceptives, the number of households using treated bed nets to prevent malaria, or the number of clients requesting voluntary counseling and testing for HIV/AIDS.

Impact: Impact indicators measure changes in the health or socioeconomic condition of the target population that generally occur after several years. Examples include changes in fertility, morbidity or mortality among certain segments of the population. You will not be measuring the impact of your intervention (product or service) at this point. Impact on health or socioeconomic status cannot be attributed to any single intervention. These long-term changes are the result of many factors, some intentional (products, services or programs designed to produce social change) and some beyond the control of any organization or agency (natural disasters, political shifts or global circumstances). Although an intervention may make a significant contribution, it can never be given full credit for these changes.

In measuring social return, input, process and output indicators are often valuable in the early stages following the introduction of the SBCC product, service or intervention. Over time, however, funders or investors will expect to find outcome indicators as the new product, service or intervention takes hold in the target population.

Although it is important for inputs to be in place for the process to be carried out as planned, and for the immediate outputs to be positive, the true value of an investment lies in its outcome. If the introduction of your new product, service or intervention has a positive short- to medium-term outcome–a positive effect on the behaviors of the target audience–it is likely that, in combination with other interventions, it will contribute to long-term impact on health welfare.

Social Return Worksheet:
http://sbccimplementationkits.org/resource-mobilization/wp-content/uploads/sites/8/2015/07/Social-Return-Worksheet.docx

Financial Return on Investment
Although funders or investors are probably more interested at this stage in a social return on their investments, it may also interest them to see that your organization is benefiting financially from the investment, particularly if you are able to leverage the investment to extend or enhance the services you currently offer to your clients.

Financial return indicators can provide information about the performance of an investment. However, for organizations launching a new SBCC product, service or intervention to improve public health, it can be most useful to look at the potential rate of cost recovery from the sale of the new product, service or intervention.

Conducting cost and revenue analyses will help you develop a baseline of programmatic and financial data for your organization. It provides a picture of the current situation and helps your organization identify ways to increase cost efficiency and revenue generation.

TYPES OF INDICATORS

Contribution Margin % (Contribution Margin/Total Revenue): Contribution margin is the leftover profits made after accounting for variable costs. Contribution margin % is expressed as contribution margin over total revenue.

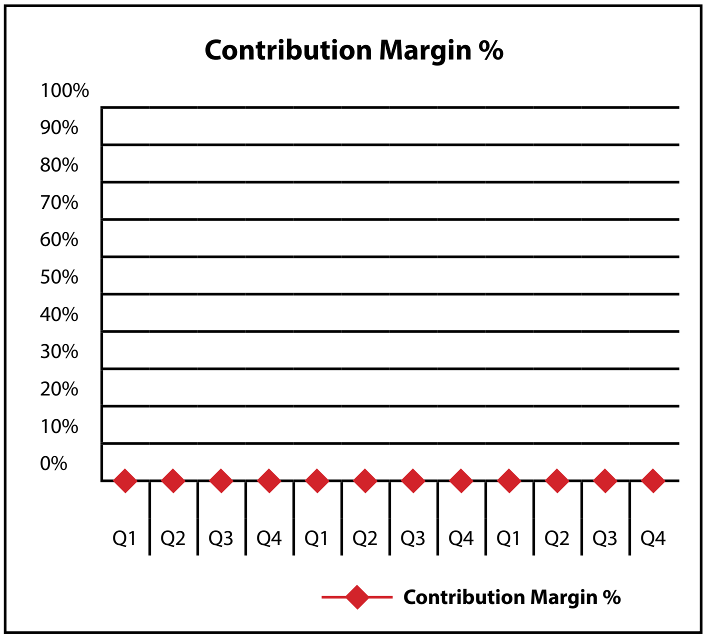
Gross Margin % (Gross Margin/Total Revenue): Gross margin is the leftover profits made after accounting for variable costs and fixed costs. Gross margin % is expressed as gross margin over total revenue.

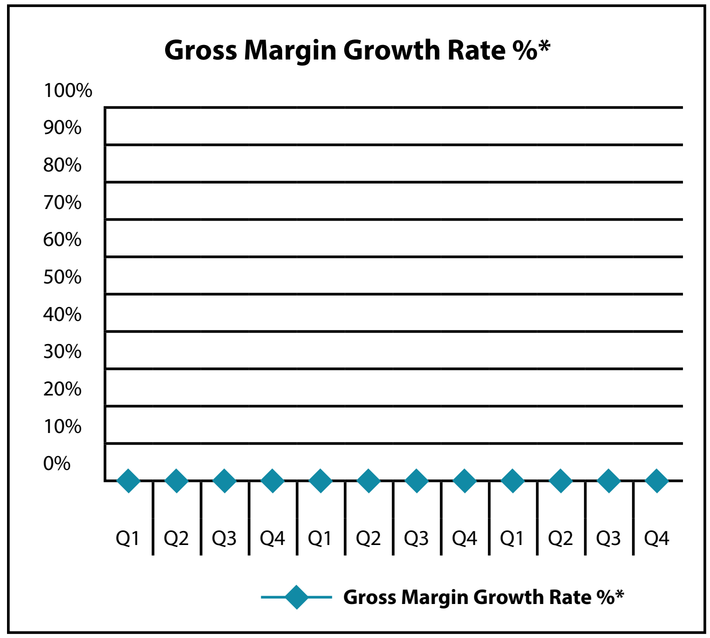
Gross Margin Growth Rate % [(Current Gross Margin – Prior Gross Margin) / (Prior Gross Margin)]: Gross margin growth rate % is the percent increase in gross margin from one period to the next.

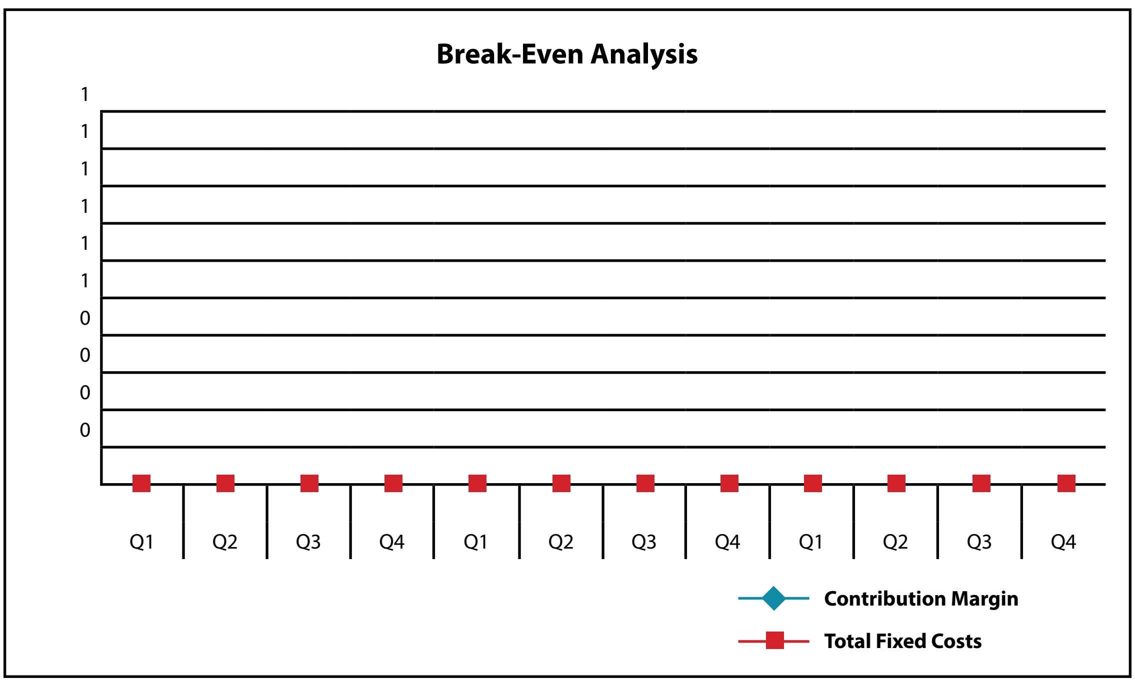
Break-Even Analysis: Break-even analysis is used to determine the point at which profits exceed total costs (both variable and fixed costs). Under the "Financial Charts" tab, you will be able to identify at which point in the three-year period your product, service or intervention will become profitable. This is indicated at the cross section of the contribution margin and the fixed expenses.

Proceed to the Financial Modeling Tool to see the Product Forecast and Charts.

Financial Modeling Tool (Charts):
http://sbccimplementationkits.org/resource-mobilization/wp-content/uploads/sites/8/2015/07/RM_Financial_Modeling_Tool.xlsx







LESSON 8: The Evaluation Plan

Once you have identified the social and financial return indicators, the next step in the business plan is to draft an evaluation plan that will contain the current and projected status of each of your indicators, the activities your organization will undertake to monitor and measure the indicator, and the month(s) in which these activities will be undertaken. The evaluation plan demonstrates to the potential funder or investor that your organization is intent on monitoring the effect the new SBCC product, service or intervention will have on the target population.

Social and Financial Return Gantt Chart:
http://sbccimplementationkits.org/resource-mobilization/wp-content/uploads/sites/8/2015/07/SocialFinRetGanttChartAssign1.xls

Approach Funders and Investors:
https://sbccimplementationkits.org/resource-mobilization/lessons/approach-funders/