Purpose of a Business Plan

- To launch a new venture
- To plan a major expansion of an existing venture
- To ensure success of a compromised venture
Myth

**Business Plan**

Used for a for-profit entity or “business”

**Strategic Plan**

Used for a not-for-profit service organization
How is a Business Plan Different From a Strategic Plan?

<table>
<thead>
<tr>
<th>Business Plan</th>
<th>Strategic Plan</th>
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<tbody>
<tr>
<td><strong>Purpose</strong></td>
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<tr>
<td>To insure success (or prevent failure) of a new venture</td>
<td>To establish priorities and guide daily management decision-making</td>
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<td>To raise money</td>
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<td>To manage growth</td>
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How is a Business Plan Different From a Strategic Plan?

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<td><strong>Emphasis</strong></td>
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<tr>
<td>Proposition; Financing</td>
<td>Operational Priorities</td>
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<tr>
<td><strong>Application</strong></td>
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<td>New venture; Major expansion; Potential failure</td>
<td>Existing business or program</td>
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<td><strong>Audience</strong></td>
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<td>Internal and External</td>
<td>Internal</td>
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What is a Business Plan?

A business plan is a complete “road map” for establishing or adjusting a business to ensure (financial) success.
Why Develop a Business Plan?

- Allows prospective “investors” to see why they should finance your “business”
- Establishes that you not only know what you want to do, but that you also know how to do it
- Enhances your credibility
- Makes grant writing a snap
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<td>Statement of Purpose</td>
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<td>Market Analysis</td>
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<td>Product Description (and who is doing what)</td>
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<td>Sales Forecast/ Production Schedule</td>
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<td>Marketing Plan</td>
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<td>Financial Pro formas</td>
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<td><strong>Total:</strong></td>
<td><strong>≈18-20</strong></td>
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The Beginning: The Business Proposition

Who wants to do what and why?
Business Identity

- Legal name of “owner” (lead agency v. medical sponsor)
- Legal status
- Person ultimately responsible (CEO)
- Tax Status/Tax ID number
- License, Accreditation, Certification
- Physical address of “headquarters”
Business Identity (continued)

- Mission of “owner” and how it aligns with project
- Accountant (CFO)
- Attorney
- Insurance Company/Agent (liability, malpractice)
- Other Partners
- Organization Chart
Statement of Purpose

- Nature and purpose of project
- Brief history of project
- Identification of key personnel or planning group
Market Analysis

- Description of target market (population to be served)

- Description of community (geographic, demographic and socioeconomic description of service area)

- Overview of needs assessment
Market Analysis (continued)

- Identification of “competition” (other providers within the service area offering same services to same target population)
- Advantages over competition
Questions
The Middle: The Devil is in the Detail!
Product Description

- Identification/qualifications of Medical Sponsor
- Identification and qualifications of sub-contractors (partners)
- Description and location of SBHC facility (address safety issues)
- Detailed description of services to be offered
- Hours, days, months of operation
- Staffing
Product Description (continued)

- Malpractice/General Liability Insurance
- Arrangements for:
  - lab and X-ray
  - pharmacy
  - after-hours care
  - specialty care
  - inpatient care
Product Description (continued)

- Major administrative policies (patient registration, parent consent, billing and collecting, etc.)

- Medical management
  (medical records, protocols for patient care, tracking of referrals, tickler for preventive services)
Product Description (continued)

- Information Systems
  - description of hardware and software for patient registration, billing/collecting, general accounting, clinical management

- Quality Assurance
  - description of QA plan, credentialing, confidentiality, patient grievance procedure, measuring patient satisfaction
Sales Forecast

- Size of potential population
- Estimate of users
- Estimate of visits
  - By month (especially if new start)
  - By service
  - By insurance status
Production Schedule

- Timeline for completion of major tasks
- Opening date
Marketing Plan

First and foremost

- Define who your “customer” is.

- Students
- Parents
- Community
- School Board
- Principal
- School Nurse
- MCOs
- Funders
- Legislature
Image – How do you wish your product to appear to your customers?

Features – What features do you plan to emphasize?
- Free or Low-cost
- Convenience
- Quality
- Confidentiality
Marketing Plan (continued)

- Pricing – How will your pricing strategy affect demand (utilization)?

- Customer Service
  - Hours of operation
  - Ease of appointment-making
  - Waiting time
  - Cash collection
  - PCP issues
Marketing Plan (continued)

- Promotion
  - Messages to be conveyed
  - Media to be used
  - Schedule of release
Questions
The End:
Show Me the Money!
Financial Pro Formas

A financial pro forma is a representation or projection based on educated guesswork.
Financial Pro Formas (continued)

- Descriptive
  - Projected Utilization
  - Sources of Revenue
  - Participation in Government Programs (Medicaid, CHP+)
  - Managed Care Contracts
Financial Pro Formas (continued)

- **Start-up Capital**
  includes purchase of facility or build-out and one-time purchases of durable goods (furniture, equipment, etc.) over a certain value

- **Sources and Uses of Funds**
  details the flow of money into and out of your business over a specified period of time (like in Income Statement)
Breakeven Analysis

- Finds the level of operation at which the business neither makes a “profit” nor incurs a loss.

- Enables you to study the relationship between volume, costs and revenue.
Attachments

- Resumes of key personnel (in common format)
- Copies of any licenses, accreditation certificates, OSHA & CLIA inspections
- Copies of financial documents such as IRS determination letter, State tax exempt certificate, financial statements
- Copies of contracts with partners
- Letters of support
Questions