

# Nonprofit business plan

There are many types of planning techniques a nonprofit can use to try to become financially stable. More popular in the corporate sector, business plans are an often-overlooked practice for nonprofits. Organizational business plans are quite rare but they make good business sense when crafted to test or start a new program, service or a business venture.

## What is a business plan?

It is probably easier to first define what a business plan is not. It is not the organization's strategic plan, operational plan, budget, marketing plan, or a case statement. A business plan is a comprehensive financial document created for a specific project — for instance, a potential new service — that presents a justification for the proposed project by introducing its economic impact for the organization. Naturally, a business plan includes elements of the organization's other plans.

## How does a business plan differ from a strategic plan?

A strategic plan has a broad focus that sets the overall direction for a nonprofit and defines the mission-related goals and strategies the nonprofit is going to achieve over a period of time. A business plan has a narrower and more specific focus and it analyzes the financial viability of the proposed project.

## How does a nonprofit business plan differ from a for-profit business plan?

For the most part it doesn't. The terminology may differ, such as funder for investor, but the basic approach and concept are the same. It is important to remember that a nonprofit is a business and should use lessons from the for-profit sector to its advantage.

## Why should a nonprofit have a business plan?

Creating a business plan is a smart business practice. A business plan helps to clarify whether the proposed project makes sense before risking financial and/or people resources. A business plan can serve many functions — from providing a comprehensive outline on implementing a new service to utilizing the plan to obtain funding for a social enterprise.

## Elements of a business plan

Business plans tend to be structured in format. Each element contributes essential information helping to create a roadmap for the project. Key components include an executive summary, descriptions of the organization and the proposed project, a market analysis, financials, an operations plan, and appendices.