

Business Plan Guide

Rural Health Network Development

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PURPOSE AND COMPONENTS

The *Business Plan Guide*, *Business Plan Template* and *Case Study Business Plan* are designed to support rural health Network leaders in both developing and writing a network business plan. Developing a business plan includes planning and problem solving 4 areas of the network's business that will enable sustainability of the network. This guide presents a traditional business plan format that incorporates a framework based on the Business Model Generation and Value Proposition Designer. Writing a business plan entails a compilation of plans with the primary purpose to convince external readers of the ongoing viability of the organization. External readers may include new partners, new members and funding opportunities. This is a living document that projects 3-5 years into the future and conveys the path the Network is intending to take in order to be sustainable.

This business planning tool includes the following components and objectives:

Description of the Organization and Strategic Objectives

Articulating the history and health care environment of the Network and their members/customers/partners and alignment of the network's mission and vision with strategic objectives.

Summary of Products/Services and Articulation of Value Proposition

Understanding the needs of members/partners/customers to ensure good product fit and identifying the value and benefit that the Network's members/partners/customers experience. .

Overview of Leadership, Culture and Operations

Describing attributes of key initiatives, infrastructure and members/partners that are needed for delivering the Network's value.

Outlook of Financial Performance

Estimating and forecasting the network's total financial scenarios for the coming 3-5 years, including the expected costs and the anticipated income of providing network services. Demonstrating financial value to members is a common component and is often communicated through a return on investment ratio.

GLOSSARY OF TERMS

Members

Organizations that have formally agreed to work together to meet a need.

Customers

Partners your Network works with or the people or end users that benefit from the work of your Network (i.e., children, under-insured, aging population, community-based organizations, schools, etc.).

Product/Service

What your Network does to meet the needs of its members, partners and end users (i.e. shared staff between members, grant writing services, recruitment or retention services, round tables for knowledge sharing, best practice development, care coordination or transitions of care services, contract negotiation for group purchasing, Health Information Exchange, health information data analytics and reporting services technology help desk support, shared training staff or curriculum development and delivery, etc.).

NETWORK DESCRIPTION

Network Description Guidance

The purpose of this section is to provide a high-level overview of your Network. In a way, it is an expanded “elevator speech”. This section will help external readers rapidly understand the goal of your Network and its unique value. Much of the content in this section will come from your strategic plan.

Network Description	Notes and Guidance
Mission:	A mission statement articulates your Network’s purpose for being. It includes how the Network will achieve its vision in relation to specific objectives and customer needs. Your mission is part of your strategic plan.
Values:	Value statements are principles and beliefs that guide your Network’s activities and the way it operates. It articulates your Network’s shared beliefs. If they are not already part of your strategic plan you should determine them at this time.
Vision:	A vision statement articulates your Network’s aspirations. It outlines where your Network wants to be; communicating your Network’s purpose and values. Future oriented. Your vision is part of your strategic plan.
History and culture:	The information in this section is foundational for the business plan. It provides the reader with just enough information to make sense of the rest of the plan; giving context for the network’s services, infrastructure, and financial projections. A brief history of your network is part of -your strategic plan. An area that may be new for your network to consider is your Network’s culture. To consider the culture of your network ask “how do we do our work when meeting our mission and implementing our work plans?” In a way your culture describes how your network staff lives the values. For example, high expectations for excellence, a learning organization, friendly and helpful. For the business plan, writing this section so the reader has some insight into how the network gets it work done. .. See pg. 3 of the <i>Case Study Business Plan.</i>

<p>Strategic Objectives:</p>	<p>Strategic objectives are goals that convert your mission statement into reality. These are located in your strategic plan. To help your reader, it is recommended that they are consistent with your language throughout your plan when describing your strategic objectives, for example, goals, strategies, objectives, outcomes, etc. Additionally, it is helpful to your reader to number your strategic objectives if you refer to them later in the business plan.</p>
<p>Business Structure and Governance:</p>	<p>Business structure is a description of your network’s leadership and staff alignment. It provides a picture of how the leadership and staff are paid. Business governance describes how decisions are made. Network governance is usually located within the Network’s by-laws or memorandum of agreement (MOA) or understanding (MOU). You may want to reference the Board Development presentation as it addresses structure and governance.</p>

MARKET ANALYSIS AND PLAN

Market Analysis and Plan Guidance

The general purpose of marketing is to determine the best fit of network service to member needs and then to communicate this as a value to current and potential members and customers. This implies two things: 1) your Network knows its value proposition, and 2) is able to communicate that value.

For a marketing analysis, your Network must take an in-depth look at the needs of its members and identify what products and/or services you can provide to meet those needs. This is how to determine 'product fit'. The other component of marketing is to communicate clearly the value of those products and/or services to your members. A thorough market analysis and plan will increase your Network's probability of sustainability and opportunity for growth.

Market Analysis and Plan Components	Notes and Guidance
Rural Health Care Environment and a Competitive Analysis	<p>Briefly describe the current health care environment that is impacting or influencing your Network and its members/customers. This is found in your marketing plan or the environmental scan that is part of your strategic plan. If you do not have a marketing plan it is recommended that you consider completing this effort prior to writing your business plan. To identify aspects of the environment that are impacting or influencing your network or your members, review the environmental scan that is part of your strategic plan and ask: "what are the key drivers of change – those levers or blocks that require the network or its members to adapt or adjust its work in order to continue achieving its mission?"</p> <p><i>A Competitive Analysis</i> for your Network, considers the options your members/customers have in choosing a service from another organization. For example, if your members have other options for receiving the service then ask; "What are the competitor's strengths and weaknesses in producing and delivering the product or service?"</p>

<p>Rural Health Network Members and Customers</p>	<p>List your Network’s current members/customers and provide a short description that offers the reader a brief insight in why each organization is a member/customer. You are building a profile of your members/customers here. This provides examples of member organizations that demonstrates the value in being a member. Suggestions for profile topics include: mission, type of organization, longevity of membership, location/town, specific equipment or connectivity, network products being utilized or valued, and shared resources.</p> <p>If you have a <i>Member/Customer Profile Study</i> or <i>Target Market Analysis</i>, include it here. Market analysis resource from the <i>U.S. Small Business Administration</i>: https://www.sba.gov/content/market-analysis.</p>
<p>Member and Customer Needs Assessment</p>	<p>Include a brief or summary level description of your members’ and customers’ needs. The needs assessment is located in your marketing plan. If you have not completed a member needs assessment to align your network’s products and services; identify a product fit, then it is recommended to complete a needs assessment prior to writing the business plan. The <i>Pains and Gains</i> section of the Value Proposition Worksheet (pages 2 & 3) is a good resource. .</p>
<p>Value Proposition of Products and Services</p>	<p>This is an opportunity to articulate the value that the Network provides to its current and potential members/customers.</p> <p>Provide value propositions for each network product and service. Keep this description at a summary level. It will be a starting point when developing marketing materials.</p> <p>The value propositions are located within your marketing plan. If you have not completed a value proposition then it is recommended to complete prior to writing the business plan. The Value Proposition Worksheet (pages 4-7) is a good resource.</p> <p>If your Network has a <i>Competitive Advantage Study</i>, include it here. This will show your Network’s ability to potentially deliver products/services for a lower cost or perhaps provide a higher level of service than competitors.</p>
<p>Promotion and Communication</p>	<p>Describe the approach and methods for promotion and communication of the network’s value propositions. Keep this section at a summary level. This information is located within the marketing plan. If your Network has a <i>Marketing Strategies</i> and/or a <i>Branding Plan</i>, include it here.</p> <p>If you have not yet completed a marketing plan that includes promotion and communication it is recommended to complete this work prior to writing the business plan. The Business Planning Worksheet, page 3, is a good resource. Also, reference the Case Study Business plan, p. 8.</p>

LEADERSHIP AND OPERATIONS REVIEW

Leadership and Operations Review Guidance

The purpose of this section is to illustrate to the business plan reader that your Network has the leadership staffing and key partners necessary to accomplish the initiatives of the Network. And that initiatives are aligned with strategic objectives and supported by appropriate resources. Tracking progress toward accomplishing your initiatives and moving toward strategic objectives is another aspect of operations. All of this to demonstrate Network stability and capacity to succeed.

Leadership and Operations Review Components	Notes and Guidance
Leadership Team and Skills	Briefly describe the leadership skills and attributes that contribute to the success of the Network. Keep it clear and direct, being mindful not to add too much 'fluff'. Provide an example if it will help paint the picture for the reader. An organizational chart may be helpful if you have one. The key here is to show the reader that you have the people resources and operational processes in place to support success. This section may have been developed for your strategic plan, but if not it is recommended to develop it for your business plan.
Key Initiatives	Describe key activities and initiatives focused on developing, implementing, supporting and providing products/services. This section is a summary or high level description of your work plan or logic model. Initiatives are those activities that take place from 6-18 months. Initiatives should be conveyed in a clear and concise manner in which the reader is convinced that your efforts are focused on the network's mission, vision and strategic objectives. Use the Key Initiatives segment (page 4) of the Business Planning Worksheet for this section. Using your work plan or logic model may also be helpful here. A scorecard format may be a helpful for this section. The scorecard is commonly located in the Evaluation Plan.
Key Resources and Infrastructure	Describe the fundamental resources and infrastructure of the Network that supports operations, (i.e. the 'guts or inner workings' that make the products/services possible to create and deliver). Provide the reader with just enough detail to convince them that the operations are effective, reliable, and stable. Keep this section concise by selecting the most important tools, technology, expertise, staffing, etc. This will most likely be new writing for you, as it is not included in either the evaluation plan or strategic plan. The Business Planning Worksheet , Key Resources, (page 4) will be a useful resource for this section.

<p>Key Partners</p>	<p>Identify the key partners of your Network from the perspective of supporting the operations. This is not the same as a stakeholders list. Key Partners are those that are contributing to the success of the network’s operations in meeting the mission. Key Partners may also be members.</p> <p>Briefly describe the type of relationship the partner has with the Network, (i.e., long-time funder, ex-official board member, informal advisor, etc.). The goal is for the reader to have a clear understanding of how the partner organizations are supporting operations and to be convinced that the key partners are committed to the Network’s success.</p> <p>This will most likely be new writing for you, as it is not included in the strategic plan, although it would be appropriate and you may consider adding this section to your strategic plan. Refer to the Key Partners portion (page 4) of the Business Planning Worksheet for this section.</p>
<p>Evaluation Dashboard</p>	<p>This is an executive level summary of metrics for monitoring and adjusting strategies and key initiatives. This dashboard format is located in your strategic plan. The dashboard should be limited to one - two pages. A resource for this section is the Sample Strategic Plans (pages 25–27).</p>

FINANCIAL OUTLOOK

Financial Outlook Guidance

The purpose of this section of the business plan is to convince the reader that your Network understands its finances and the forecast is reasonable and achievable. It shows that you have thought through the revenues and costs of your products/services. Both actual financial data and pro forma (projected or forecast) data is used.

The financial outlook has three aspects: 1) demonstrates an understanding of the Network’s operational costs and an estimate of future costs by product or service and 2) provides an understanding of its current revenue by product or service and an estimate of its future income, and 3) illustrates that the Network’s total revenues are indeed greater than the costs, therefore showing a net income. The pro forma scenarios will show the reader that the Network has considered all of its options.

Financial Outlook Components	Notes and Guidance
Estimated Operations Cost	<p>Provide a brief narrative or chart of the estimated operational costs of your Network. Doing this in annualized dollars, costs for the full 12 month year of work, can be the easiest for people to understand.</p> <p>Support this narrative with a summary level chart that shows the total cost components for your Network.</p> <p>The Business Planning Worksheet, page 5 is a useful resource to identify various costs to take into consideration.</p> <p>Additional resources for estimating costs are under development and will be provided this fall, 2015.</p>
Projected Revenues	<p>Provide a brief narrative or chart of the estimated revenue of your Network. Doing this in annualized dollars can be the easiest for people to understand.</p> <p>Support this narrative with a summary level chart that shows the total revenue components for the Network.</p> <p>The Business Planning Worksheet, page 5 is a useful resource to identify various costs to take into consideration.</p> <p>Additional resources for estimating costs are under development and will be provided this fall, 2015.</p>
<p><i>NOTE:</i> It may make the most sense to combine the estimated costs and revenues into the same chart. There is no one right way to present your financial information. The goal, however, is to make it easy for your reader to understand where you are spending</p>	

<p>your money and how you are bringing in revenue. It needs to be easy for them to be convinced of your Network's financial stability.</p>	
<p>Pro forma Scenarios</p>	<p>If your Network has some decisions to make that will impact the future of the Network, this is the place to include those various outcomes by using the same financial charts above, but changing the assumptions within the spreadsheet and showing different scenarios.</p> <p>Example of changing the number of member's: Scenario 1 = no growth, Scenario 2 = increasing members each year by a specific number or % increase, etc.</p> <p>Example of different ideas for dues structure or pricing assumptions: Scenario 1 = currently no dues, Scenario 2 = tiered structure based on member's net income, Scenario 3 = tiered structure based on members broadband use.</p> <p>Additional resources for developing scenarios are under development and will be provided this fall, 2015.</p>

RESOURCES

[Business Planning Worksheet](#) (Rural Health Innovations)

The *Business Planning Worksheet* is based on the *Business Model Generation: Business Model Canvas and Value Proposition Design*. This worksheet walks you through each section of the [Business Planning Tool Template](#) and includes definitions and prompts for each section.

[Business Planning Tool Template](#) (Rural Health Innovations)

The *Business Planning Tool Template* is based on the *Business Model Generation: Business Model Canvas and Value Proposition Designer*. The first page explains what to include in each of the sections, the second page allows you to fill in the blank boxes for your Network.

[Value Proposition Worksheet](#) (Rural Health Innovations)

Creating a Network Value Proposition Worksheet is based on the *Business Model Generation: Business Model Canvas and Value Proposition Design*. This worksheet walks you through what your customers are trying to do, jobs that need to be done, and how to help them solve their problems with products or services.

[Sample Strategic Plans](#) (Rural Health Innovations)

This *Sample Strategic Plans Guide* has been prepared to demonstrate clear and succinct components of an effective strategic plan. Portions of strategic plans from four Rural Health Networks have been assembled to show two samples of each plan component. Because this has been created using a compilation of different plans, the content between sections will seem disjointed. The intent is for you to read each section independently as a demonstration of a well-developed component. They are to be used as guides and inspiration for writing your Network's strategic plan.

Business Plan Due Date Reminder:

May Cohort; January 31, 2016

September Cohort: May 31, 2016