

The Management Moment

Business Planning for Public Health From the North Carolina Institute for Public Health

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This special issue is centered on case studies of six public health business plans, and the term “public health business plan” appears throughout the issue. But what is a public health business plan? And why might you want one?

First, let us discuss why business planning makes sense to today’s public health managers. When public health managers conceive of their work as business planning, they begin to graft a business-oriented model of analysis and operation onto the culture of nonprofit and governmental public health. The goal becomes customer service,¹ and the task becomes creating value. It means finding new, different sources of support for programs, diversifying partners, generating revenue, analyzing efficiency, determining cost per unit of service, calculating break even points. If public health were a baseball game, creating a successful business plan would be like hitting a grand slam to bring home the resources necessary to improve health in your community.

The shift toward a more entrepreneurial approach to planning social interventions comes in the context of economic uncertainty, rising expectations, and ongoing and emerging health threats. It has roots in the “reinventing government” movement² and the concurrent movement in the nonprofit sector toward social entrepreneurialism.³⁻⁶ Four needs are driving public health ventures in this direction: the needs for sustainable financing, proven results, improved efficiency, and effective multisectoral partnerships. Federal and state resources are becoming scarcer and more restrictive; public officials increasingly want demonstrable results for those public funds; grants increasingly require hard outcomes and sustainability plans; and grant funds continue to run in unpredictable cycles, though they are very predictably run out. “Doing more with less” may seem oxymoronic, but the environment requires it.

To sustain public health efforts at the community level, then, managers have to become expert at blending and diversifying funding sources and using those sources as efficiently as possible to achieve outcomes that are both measurable and sustainable. Business planning skills help government speak the language of business—which is increasingly the language of effective nonprofits as well. Many businesses are looking to engage in venture philanthropy and achieve a social return on investment; they are increasingly interested in public health, starting with public health hazards that could impact their bottom line. Taken together, these forces are driving public health managers to analyze and plan for sustainability the way businesses do.

Envisioning sustainability is a mind-set; business planning is a means to that end. Public health planning begins with an idea—a perception of a need in the community and a data-driven strategy to address it. Business planning similarly starts with assessment, always adding the question, “How can I solve this problem in a financially sustainable way?” To answer this question, an entrepreneurial public health manager must first know—in detail—the *feasibility* of the proposed plan. What is the evidence that the plan will work, with limited risk, in a way that is sustainable after the grant ends?

● The Feasibility Study

Undertaking a feasibility study will help you begin to think through the practicability of your project. A feasibility study is the first step in business planning, where

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you look at the data to determine who needs what, you analyze the environment in which you will act, study the relevant models, determine exactly how to measure your success, and insure the sustainability of your efforts by analyzing the financial picture. A simple feasibility study will help you decide whether to invest time in a full business plan, and it should serve as a blueprint for your business plan. The essential distinction between a feasibility plan and a full business plan is the level of detail. The following are critical components of both.

Narrative description

You should be able to tell your business plan as a story: this is the problem, and this is the solution. Describe the plan in two or three short paragraphs, in plain language, giving clear answers to key questions about its practicability: Is the project justified by the available needs assessment data? Do you have the resources? Are there models and evidence suggesting plans of this type are effective? Can outcomes be measured effectively? Will it support itself financially? Is it the same old thing, or a creative, fresh, tailored solution? Are the right community partners at the table and committed?

Demonstration of need and target market

Public health managers are experts on the population health needs of their communities. Use the data to show how important a problem is, and who is affected. Describe that data, and convince your audience that the problem is worth solving. Clarify the nature of the gap your plan is intended to fill. Define your target market, and use data to demonstrate need in this particular market. You may need to demonstrate that members of the target group have had some input into the assessment and planning process. Show what need is not being met efficiently, or why clients are not benefiting from current services. Compare benefits of funding the project to costs of failing to fund it. Think about tangible and intangible benefits of implementing your project. In the Dare County case in this issue,⁷ some of the benefits of having a cadre of peer health educators have gone far beyond peer education to affect the health habits of the larger community. And, the New Hanover County spay/neuter facility⁸ has led to higher customer satisfaction and subsequent higher rates of pet adoption, an unexpected benefit that is in the long run just as important as increasing pet sterilization.

Definition of plan

Describe the idea in detail. Outline the size and scope of your project, as well as your objectives. What specific

services or products or interventions are you planning? What is your client/geographic focus? What is your timeline? What are your plan's resource requirements? Are your stated objectives achievable? Carefully work through the many stakeholders involved individually: How will each be affected? Are your stated objectives logical? Are they pointed in the same direction? What are the critical success factors—the one or two things that have to happen for the plan to succeed? For instance, many existing programs provide access to dental care for children in rural communities; what factors do successful plans have in common? Ability to bill Medicaid? Buy-in from dentists? Availability of dental assistants?

Measurement

Describe the health goals you hope to achieve, and plan for data collection that will show progress toward those goals. What improvements in community health status can be expected as a result of your project? What process measures will you track? How will they be measured? How will you know if you have hit a “home run” with your project? Businesses often have very sophisticated ways of tracking performance: not just sales but sales to returning customers, marketing impressions, customer satisfaction, wait times, and return rates. This section of the business plan challenges you to understand deeply the process by which your plan will work to achieve its objectives, and then figure out how to measure it at each step. In the Wilkes County access-to-care case in this issue,⁹ process measures such as physician satisfaction and outcomes such as number of patients served are important measures of the program's value and sustainability. Such measurement will add value to the program when its administrators need to attract new partners or sponsors, or affect policy makers, or decide years down the road whether to continue it.

Industry analysis

We pride ourselves on the extent to which public health is evidence based, but many businesses are just as “evidence based” in their planning. Typical business plans include detailed analyses of things like key success factors and life cycle of a particular industry and market niche. Good public health program plans include similar analyses of the latest medical science and the evidence for (and against) specific approaches. Describe the “industry” in which your project fits and what you know about the structure of the industry. Is it a health promotion project? A screening project? Perhaps, as they did in Buncombe County,¹⁰ you want to start a program that provides behavioral healthcare for the underserved. What are the key success factors in

the industry? Are there legal, political, regulatory, technological, or economic obstacles to implementing your plan? How will you overcome these barriers? Could partners help?

Competitors/partners

In the business world, new efforts usually try to escape competitors, and instead “run to space.” A few decide to confront competitors head-on. In public health, there are plenty of health problems to go around: the goal is generally to describe how your business plan fills a gap in the public health system. You may have competitors: for instance, your plan may encroach upon services offered by local hospitals or other healthcare providers, health clubs, or others. Your plan should describe how your business plan complements and integrates with existing efforts in your organization and in the broader community. Who are the agencies and organizations with interests in this space? Who are the natural community/state/national partners in this project? How does this plan fit with their goals and objectives? Is the local environment receptive to this sort of plan? What is distinctive about your services relative to those of competitors in the marketplace?

Timeline

A detailed listing of key events and specific dates by which they will happen will help you determine the reasonableness of your idea and your needs for finances, personnel, and time. This section becomes a critical part of calculating financial needs in business: you must have enough cash throughout the process to pay the bills. In a world where grants or government allocations often cover start-up costs, initial cash flow is less a concern, but the timeline is critically important for clarifying steps and assigning roles for multiagency or multiorganizational efforts.

Risk and exit plan

Launching a program within the government sometimes requires us to soft-pedal the downside and push the upside to legislators and constituents, but experienced public health managers understand the risks and pitfalls of different kinds of interventions. The specific risks for your topic area and organization or community should be listed and analyzed. What are the things that could go wrong, and what preventive measures can be taken? How will you know if the program is not working? How will you shut the program down, if necessary?

For public health business plans, exit planning has an added function: planning the transition of a success-

ful program to another entity. For some public health programs, success is defined by the ability of the governmental agencies to smoothly hand off day-to-day operations of an ongoing intervention to organizations in the nonprofit or perhaps even the business sector: to assure services, in other words. Both possible “exits” should be prepared for in the business plan.

Financial resources

Writing a business plan means seeing money as part of the analytical problem, instead of seeing it as part of the frame. Often in our work, we start with a certain amount of money as a constant: such-and-such foundation or agency wants proposals for how we would spend \$500,000 over 3 years on diabetes prevention. Business plan finance is more dynamic. The task is to balance resources (including cash) and costs, using the best possible assumptions to get the best possible recommendation. To return to the dental care example: How many children can you sign up? How many could you see, given the staffing and space? What services will those children need, in what proportions? How much will it cost to provide fixed items such as personnel, equipment, and space? How much will it cost to provide service to each child? The revenue side of the equation is similarly complex: Who pays how much for what, when? How many children must you see to break even? What is the estimated 5-year budget for your business plan? What will have to happen to make the program sustainable financially in the long-term? The dynamic nature of this analysis requires detailed financial projections and assumptions. Public health business plans often use grants to start up an effort, but the best go beyond grants and general fund monies.

People who read business plans for a living often start with the finance section. It provides the framework on which the more narrative parts of the plan hang. And the level of detail in this section provides an instant reality check on the assumptions made in the plan. Some signs that your assumptions may be flawed:

- A nurse is funded half-time—to run a screening program that will triple in size over 3 years.
- The Public Health Department is providing a big chunk of the required resources as “in-kind” donations of staff time—forever, without new hires.
- Monthly expenses are the same every month—for a program to deliver influenza shots in schools.

Your finance section will give an early indication of sustainability. Does the program rely on a grant to come through in the future, or an existing grant to get extended? Do the revenue projections require unrealistically large utilization rates or market penetration? Does the program allocate money for evaluation? Are there

agreements in place with partners who are donating critical resources such as space and equipment? Have you accounted for “in-kind” contributions?

● The Business Plan

When you have answered the questions above, you have essentially begun writing a business plan for a new initiative that addresses a need in your community. You will need a business plan if (1) your sponsors or political allies (or foes!) want to see one; (2) your partners want to see one; or (3) you want to generate revenue. In short, if you want to implement your initiative and do so in a sustainable way, you need a business plan. A major difference between feasibility studies and business plans is that the former asks questions and the latter makes statements on the basis of the answers to those questions. A *business plan* is an argument that a new venture *should* be done and *can* be done; it sells the idea, and your capacity to execute it. It also prepares an important road map for action that is useful to you and your potential partners and supporters.

Business plans are not for internal projects, such as creating a new HR manual, but for external, revenue-generating projects. Business plans are not for doing strategic planning but for executing existing strategies: they are concrete implementation plans within the broader strategic plans of organizations and communities. And although business plans are designed to sell ideas, you should *not* use them to sell yourself on a bad idea. Business plans are meant to help predict a future outcome with as much certainty as possible.

Business plans that succeed are often *testable* (you could do a pilot version); *reversible* (can return to status quo); *divisible* (can be implemented in stages); *concrete* (with tangible results); *supported* (cover sunk costs, building on existing programs and resources); *familiar* (models are available); *congruent* (match goals, initiatives); *widely valued* (have publicity value that stakeholders will appreciate); *marginal* (not risky to the com-

plete enterprise); *idiosyncratic* (you can start it by yourself); and *timely* (reacts to an emerging crisis or uses a new means of attacking an old problem). Many business plans do not succeed. Good business planning can prevent those failures from being catastrophic.

It takes more than a Management Moment to do all the work it takes to create a successful business plan. For more information about getting the skills necessary to cover all the bases—and hit your own home run—go to <http://www.maph.unc.edu>.

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