







Sample Business Plan Framework 1: A program seeking to continue operations in the post-grant period as a not-for-profit (NGO) entity



Mission: Create a sustainable, local home energy efficiency market in the greater city “X” region
Vision: Recognized as key to building and connecting demand and market capacity, enabling the market to grow to its full long-term potential
Goal: Operate in post-grant period by generating sufficient revenues to cover costs

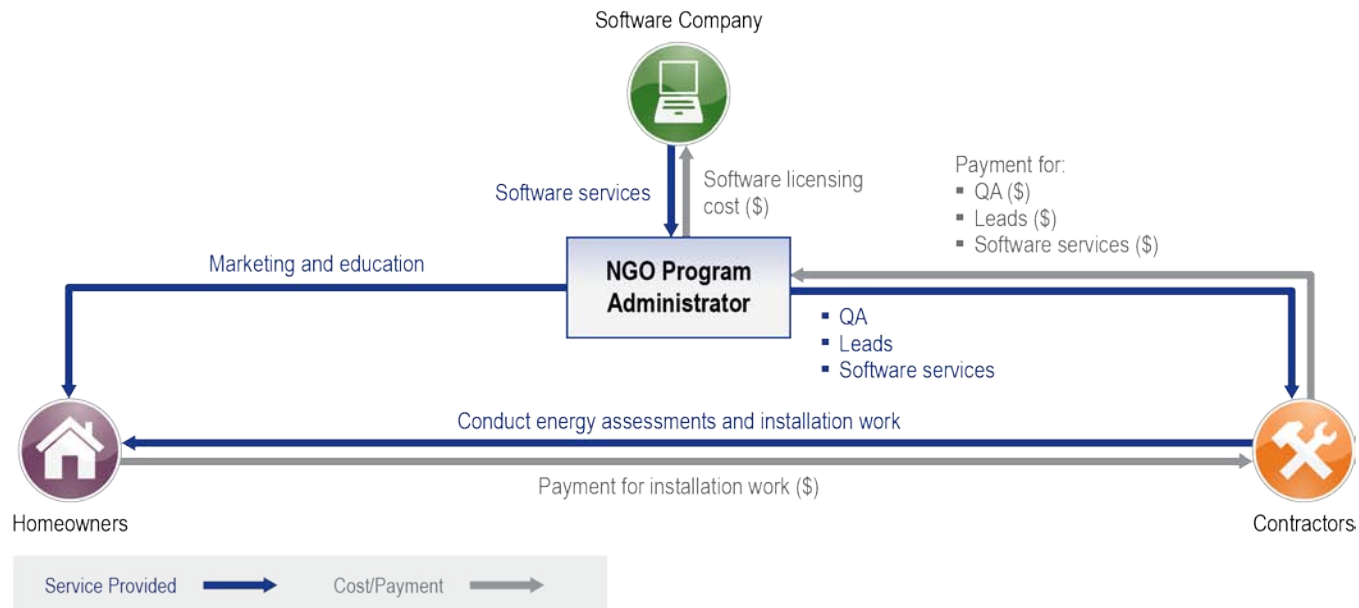
Governance 	Financial Structure 	Assets & Infrastructure 	Service Offering 	Customer 	Partners 
<p>Define internal responsibilities:</p> <ul style="list-style-type: none"> A not-for-profit with a technical advisory board <p>Define external restrictions (e.g., regulations, laws, etc.):</p> <ul style="list-style-type: none"> Original grant funding requires the reporting and tracking of program progress. Revenues generated using grant funds must be used for same purpose as original grant rules mandated 	<p>Identify sources/uses of funds:</p> <ul style="list-style-type: none"> Grant funding is used initially Post-grant period, additional revenues are generated by selling services created during the grant period to contractors Each service sold incurs both revenues and costs to the program <p>Track financial performance:</p> <ul style="list-style-type: none"> Profit is tracked through the use of an income statement 	<p>Identify assets (e.g., software, brand, etc.):</p> <p><u>Software:</u></p> <ul style="list-style-type: none"> Customer relations management Home performance reporting <p><u>Brand:</u></p> <ul style="list-style-type: none"> Invested in the development of a strong brand image that can be recognized by consumers to assist in education and outreach 	<p>List services offered:</p> <p><u>For Homeowners:</u></p> <ul style="list-style-type: none"> Energy efficiency education <p><u>For Contractors:</u></p> <ul style="list-style-type: none"> Lead generation Quality assurance (QA) Software services <p>Articulate value of service offering:</p> <ul style="list-style-type: none"> Makes finding qualified contractors easier for homeowners and ensures work quality Contractors reduce their marketing and QA costs <p>Describe distribution channel(s):</p> <ul style="list-style-type: none"> Program does QA and marketing directly Contractors conduct energy assessment and installation 	<p>Identify target customers:</p> <ul style="list-style-type: none"> Homes >1,500 sq.ft. Household income of >\$80,000 <p>Describe outreach strategy:</p> <ul style="list-style-type: none"> Host neighborhood events Train local “champions” to spread message Profile neighbors Use social media 	<p>Identify future partnering opportunities:</p> <ul style="list-style-type: none"> HVAC contractors Remodelers <p>Describe how program aligns with potential partner interests:</p> <ul style="list-style-type: none"> Program provides marketing, software, QA and other ancillary services that are generally considered areas of difficulty for contractors; In return, the program receives contractor compensation of 4% of total job cost
Costs			Revenue		
<p>List and describe costs:</p> <ul style="list-style-type: none"> Cost of goods and services sold (e.g., marketing/lead generation, labor and materials for QA) Software licensing fees Overhead (e.g., rent, utilities, administrative costs, etc.) 			<p>List and describe revenue:</p> <ul style="list-style-type: none"> Federal grants (initial funding) Revenues from sales (long-term funding based on demand for services) 		

Sample 1 Schematic: A program seeking to continue operations in the post-grant period as a not-for-profit (NGO) entity

Defining a program's mission, vision, and goals is critical to determining what an organization's basic characteristics are, and by extension, its model and schematic

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High Level Business Model Schematic



Once a high-level plan is in place, the organization can identify its data needs for each business model element, starting with finance

Financial Structure: Detailed Steps

How to build out a financial plan:

1. Design high level financial structure
2. Identify data needs
3. Track financial performance (conduct profit analysis)

1

Design High Level Financial Structure



Sources/Uses of Funds:

- Grant funding is used initially
- Funding is used to create services that can be sold to contractors in the future
- Each service sold generates both revenues and costs to the program

Tracking Financial Performance:

- Profit is tracked through the use of an income statement

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Identify Data Needs

Sources of Funds: Revenues

- Federal grants (initial funding)
- Revenues from sales (long term funding based on demand for services)

Uses of Funds: Costs

- Cost of goods and services sold (e.g., labor and materials for QA, marketing materials)
- Software licensing fees
- Overhead (e.g., rent, utilities, administrative costs, etc.)

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Track Financial Performance: Profit Analysis

- Revenue and cost data for each individual service offering can be rolled up on a year to year basis; These data can be captured in the form of an income statement
- Use of an income statement allows a business to monitor its profits or losses over time
- It is critical to monitor the profitability of individual services to determine where a program is really adding value

See sample income statement on following page

Once program financial data are gathered, they can be used to evaluate program performance over time

Key Inputs

Total Average Jobs per Year(2010)*	500
Average Job Size	\$ 5,000
Average Cost to Program per Job	\$ 1,250
Gross Profit Margin	15%
Total Program Cost per Year	\$ 625,000

*Grows at 2% per year

In this scenario, a pre-overhead margin of **15%** yields an overall profit for the program annually

A simple variation of this rate illustrates that the break-even point for this program is **11.1%** gross margin

This scenario assumes that all service lines are profitable (before accounting for overhead), though that may not always be the case

This net profit for the program can be reinvested into the business to expand its service offerings or be distributed to customers as direct incentives

Sample Income Statement

Revenues	2010	2011	2012 (Forecast)	Total
Software Usage Fees	\$ 115,000	\$ 117,300	\$ 119,646	\$ 351,946
Quality Assurance Fees	\$ 265,938	\$ 271,256	\$ 276,681	\$ 813,875
Lead Sales	\$ 265,938	\$ 271,256	\$ 276,681	\$ 813,875
Total Revenues	\$ 646,875	\$ 659,813	\$ 673,009	\$ 1,979,696
Cost of Goods Sold (COGS)				
Quality Assurance Labor	\$ (231,250)	\$ (235,875)	\$ (240,593)	\$ (707,718)
Software Licensing Fees	\$ (100,000)	\$ (102,000)	\$ (104,040)	\$ (306,040)
Education and Outreach Materials	\$ (231,250)	\$ (235,875)	\$ (240,593)	\$ (707,718)
Total COGS	\$ (562,500)	\$ (573,750)	\$ (585,225)	\$ (1,721,475)
Gross Margin (Tot Revenue - COGS)	\$ 84,375	\$ 86,063	\$ 87,784	\$ 258,221
Overhead Costs				
Program Admin	\$ (43,750)	\$ (44,625)	\$ (45,518)	\$ (133,893)
Rent and Utilities	\$ (18,750)	\$ (19,125)	\$ (19,508)	\$ (57,383)
Total Overhead Cost	\$ (62,500)	\$ (63,750)	\$ (65,025)	\$ (191,275)
Net Margin (Tot. Revenue - Tot. Cost)	\$ 21,875	\$ 22,313	\$ 22,759	\$ 66,946