



USAID
FROM THE AMERICAN PEOPLE

Private Sector Project for Women's Health

**Outreach NGO
Sustainability:
Trip Report
March 15 – 28, 2008**

Submitted to:

Dr. Basma Khraisat
Cognizant Technical Officer
USAID/Jordan

Submitted by:

Nancy Natilson
Banyan Global Consultant

April, 2008

Private Sector Project for Women's Health-Jordan
PSP Task number 802
Contract number: GPO-I-802-04-00007-00

The information contained in this document is considered CONFIDENTIAL and is intended for the recipient and their authorized representatives only. Any unauthorized distribution is strictly prohibited without the prior written consent of submitter.

PSP Jordan Trip Report

Amman, Jordan, March 15 – 29, 2008

Contract/Project No.: GPO-I-802-04-00007-00

Submitted to: Dr. Basma Khraisat
Cognizant Technical Officer
USAID/Jordan

Date Submitted: **April 2008**

City, Country: Amman, Jordan

Traveler: Nancy Natilson

Trip Date(s): March 15 – 28, 2008

Purpose: Conduct a needs assessment and business planning workshop for PSP-Jordan’s two outreach partners, CCA and GUVS, in order to improve their sustainability.

TABLE OF CONTENTS

Summary	3
Objectives	4
Background	5
Activities	6
Findings.....	6
Recommendations.....	14
Follow-up/Next Steps	16
Meetings.....	17
Appendix I: Business Planning Workshop	18
APPENDIX II: Memos to Senior Management of CCA and GUVS	75
APPENDIX III: Business Plan Template and Spreadsheet	77

SUMMARY

Nancy Natilson visited Amman, Jordan from March 15 – 28, 2008 to conduct a needs assessment and business planning workshop for PSP-Jordan's two outreach partners, Circassian Charity Association (CCA) and General Union of Voluntary Societies (GUVS), in order to build their capacity to improve sustainability. The consultant spent several days with the senior staff of each NGO to identify institutional strengths and weaknesses and to develop recommendations to improve the sustainability of the projects. During the two-day business planning workshop, the key elements of a business plan were discussed within the context of sustainability, and a template with an excel spreadsheet was developed for the project staff to support their efforts to develop a business plan. A local consultant, Dina Sabbagh, was recently hired by PSP-Jordan to work with Nancy Natilson while she was in Jordan, and to follow-up with the NGOs and assist them in completing their business plans.

It was agreed that the outreach project management would complete a three year business plan covering the calendar years 2009 – 2011. This time frame begins under the present USAID contract, but will also cover two years post-contract as well. The plan can be used to submit a proposal should USAID extend the project; otherwise it can be used to present to other donors. The business plan format will add new dimensions to the proposal process, such as more thought about the break even point and unit costs under different scenarios, the market and its needs, the possibility of competitors and/or strategic partners, the NGOs' image in the marketplace, and the possibility of new services.

The financial section of the business plan will be informed by the findings of a market study (to the extent that there is time to gather some market information; but given both time and resource constraints, perhaps PSP-Jordan or the Ministry of Health can provide to the outreach project management some general data about the size and characteristics of the market and its needs), so that any proposed new services and scope will be market-driven. Excel spreadsheets will be used, incorporating ratio analysis with efficiency indicators and break even calculations; and cash flow projections with clear assumptions under several scenarios. This represents a change from CCA and GUVS' present financial management practices which consist exclusively of manually accounting for cash inflows and outflows. The local consultant will work closely with the management of the projects to support these efforts.

Based on the assessment, the consultant also recommends longer term sustainability initiatives, which include attempting to diversify revenue sources, finding strategic partners, increasing operating efficiencies and addressing other weaknesses that were uncovered in the assessment and the workshop. Recommendations to address these weaknesses include:

- On-going financial management: Implement the discipline of monthly financial reviews complete with a variance analysis comparing actual figures with budgeted figures, focusing on operating efficiencies, and monitoring of cash flow.

- Governance: Develop an engaged Board that is involved in strategic decisions and to whom the Project Director reports; if the existing NGO structure does not provide this kind of oversight, explore the possibility of creating an advisory board.
- Performance review: Formalize the process with appropriate formats and policies and procedures at all levels.
- Succession planning: Increase management depth and invest in training deputy directors and delegating responsibilities.

OBJECTIVES

Nancy Natilson visited Amman, Jordan from March 15 – 28, 2008 to conduct a needs assessment and business planning workshop for PSP-Jordan’s two outreach partners, CCA and GUVS, in order to build their capacity to improve sustainability. During the two-day business planning workshop, the key elements of a business plan were discussed within the context of sustainability. Also, participants completed practical exercises and discussed various sustainability strategies. (See Appendix I for documents relating to the workshop.) Although institutional, programmatic and financial sustainability were all discussed, the focus was on financial sustainability.

The consultant spent several days with senior staff of each NGO to identify institutional strengths and weaknesses and to develop recommendations to improve the sustainability of the projects. (See Appendix II for the recommendation memos to senior project staff.) Commitment to sustainability, innovation, revenue diversification, operating efficiencies and effective financial management were discussed as key components of sustainability.

A local consultant, Dina Sabbagh, was recently hired by PSP-Jordan to work with Nancy Natilson while she was in Jordan, and to follow-up with the NGOs during the next several months and assist them in completing their business plans. A template for the business plan was adapted to fit the needs of the outreach partners, and a financial model was created in Excel for cash flow projections, financial statement development, and indicator calculations. (See Appendix III for both the template and financial spreadsheet.) The final product of this sustainability exercise will be three year business plans created by the project management in both CCA and GUVS, which can be used both internally by management to understand the contextual framework of their outreach activities better and monitor financial performance, as well as externally for potential donors and strategic partners.

BACKGROUND

The Private Sector Project for Women's Health (PSP-Jordan) is a five-year project (February 2005 – January 2010) funded by the United States Agency for International Development (USAID) with a mandate to improve the health of Jordanian women and families. The project uses an integrated approach to increase demand for modern contraception and related women's health issues, increase availability of quality private sector health care services, increase early detection of breast cancer and reduce domestic violence.

The project addresses these technical areas through seven main components:

- Outreach to women
- Communications for Behavior Change
- Training, Quality Assurance, Continuing Medical Education
- Private Provider Network
- Private Contraceptive Market Access
- Breast Cancer Early Detection Program
- Violence against Women (VAW)

One of the Project's activities is outreach to women in their homes to generate demand for RH/FP services. Focus is on raising awareness, education and referrals regarding family planning, early cancer detection (breast and cervical), antenatal/post natal care, and general women's health issues. The Violence against Women program was added in 2007 to address a need that was identified for more awareness and upgraded services for female victims of violence.

PSP through its partners Circassian Charity Association (CCA) and General Union of Voluntary Societies (GUVS) recruits and trains women from local communities as Health Workers to provide important health information to women age 15 – 60 years old in towns and villages across Jordan. (The Violence against Women program targets women between the ages of 16 – 35.) The Community Health Workers discuss women's health issues, including benefits of modern family planning methods and the importance of early detection of breast cancer, and also teach self-breast examination. Vouchers and referrals for medical assistance are made to Ministry of Health and private and NGO providers, depending on the woman's economic status and preference. As of September 2007, the project reached over 727,585 women out of the planned 1,100,000 women. During FY 2008 (October 2007 – September 2008), the 145 Community Health Workers from both NGOs are estimated to reach an additional 217,000 women, (of which 50,000 are reached by GUVS).

ACTIVITIES

Activities during the consultant's visit included:

- Meetings with key PSP-Jordan project staff to understand the background and scope of the project and how the outreach component is being implemented.
- Meeting with CCA's Project Director, Field Director, Accountant (part-time volunteer), six Coordinators, one Supervisor and two Community Health Workers to understand their operations and challenges, and to gather relevant documents to review.
- Meeting with GUVS' Project Director, PSP Coordinator, Field and Administrative Coordinators, many Supervisors and Community Health Workers to assess their strengths and weaknesses and also review available documents.
- Facilitating a two day workshop on business planning for GUVS and CCA senior management teams. The objectives of the workshop included: understand how sustainability can be achieved; review the uses and components of a business plan; practice some basic financial management tools; create an action plan.
- Working with the local consultant to finalize recommendations for creating the business plans
- De-briefing meeting with USAID was cancelled due to illness of the Cognizant Technical Officer

FINDINGS

The sustainability of PSP Outreach Projects within CCA and GUVS was the focus of the consultancy, and not the NGOs themselves. CCA and GUVS have existed for 76 and 49 years, respectively, so they are considered sustainable by any standard. In fact, GUVS was appointed by the Jordanian Government to operate the National Lottery, which is its main source of funds. GUVS is the umbrella of over 1,000 local grassroots NGOs (voluntary social societies). In addition to the institutional support of the PSP project, CCA's income is generated by nominal membership fees from its 3,000 Circassian members and the operations of a kitchen and school which it runs.

Both NGOs were chosen in 2002 by Commercial Market Strategies, the USAID project prior to PSP-Jordan, to implement the outreach component on a pilot basis. The boards of the NGOs approved the contracts, and the NGOs provide the legal structure for the projects to operate within them (with bank accounts in the NGOs' names, for example). In March 2005, the two NGO's were contracted under PSP to cover up to 1.1 million women in Jordan over a 5 year period under PSP contract and local currency funding. Implementation of the outreach programs is carried out by the project staff within each NGO. The PSP Project management at CCA has many years of valuable experience in health care relief and awareness projects. The PSP Project

Director at GUVS comes with 22 years of experience at GUVS in training, finance and working with income-generating projects.

The outreach programs are funded 100% by USAID (about two-thirds directly from PSP Jordan and one third in local currency channeled through the Jordanian Government). It is very unlikely that the community outreach component alone will generate, nor does it seem likely that the projects themselves could develop or manage other related income-generating activities (like sale of family planning products); and although CCA does not have a budget to support such projects, it seems that GUVS would be willing to subsidize the outreach program with income it derives from the National Lottery, but on a greatly reduced scale. Significant cost efficiencies in an inflationary environment (estimated 5% in Jordan in 2007 and increasing to 9% in 2008) also are unlikely, unless strategic alliances could reduce overhead.

Therefore the most reasonable sustainability options *other than continued USAID support* appear to be: (a) have the Ministry of Health take over the outreach programs, (b) find an NGO with related RH/FP services (like Jordan Association of Family Planning and Protection, JAFPP) which might be willing to “absorb” and subsidize the outreach program, or (c) find other donors (international and local; government and private) who would support the outreach programs. For all of the sustainability options, a business plan is a useful tool to use as a proposal to either potential strategic partners or donors.

A. CCA

Background of the NGO

The Circassian Charity Association was created in 1932 with the following humanitarian objectives: promote education of young men and women, serve needy families, and promote “brotherhood” (i.e. Circassian culture) in the community. Most of the services are for Circassians, who represent about 1% of Jordan’s population (numbering around 50,000). CCA runs a K-12 school, and also a kitchen, whose primary goal is to employ Circassians. CCA also has a computer center with ten computers, for training CCA members. CCA has agreements with certain doctors and hospitals who give CCA members a 25% discount. CCA has a head office in Amman and seven branch offices. CCA employs five people, including two receptionists, a secretary and two janitors.

CCA’s revenue sources include:

- Annual membership fees of 6 JD (or US\$4.08) from some 3,000 members (18 and older) 18,000 JD
- Donations from CCA members to help poor Circassian families. (This money flows directly to the families without hitting CCA’s accounts. It amounts to approx. 65,000 JD/year.)
- Rent from buildings that have been donated 17,000 JD
- PSP Project fee (5%) 15,000 JD

APPROX. TOTAL 50,000 JD

The CCA Board of 15 is elected every two years. It meets weekly for about two hours. The treasurer only reports on the finances at the end of the year. There is no budget, according to the Treasurer, because “they spend only what they have, and 100% of it!” Neither the school nor the kitchen’s financial situations are known to the CCA treasurer as the projects are run completely apart from CCA. Only the global results (total income and expenses) are reported annually.

Organizational Issues of the PSP Outreach Project at CCA

The Project Director, Basim Aziz, has been associated with ADRA for some 17 years and had experience with health relief and awareness programs. Before coming to CCA, he was ADRA’s Regional Director for 5 years, and previously he was the Chair of its Lebanon board. He also held many positions for the Seventh-day Adventist Church. He has a BA in Religion and History. The Field Director, Dr. Sahar Izzat, is a General Practitioner who has worked at Save the Children and ADRA. And the Bookkeeper/ Coordinator also came from ADRA. So the three managers have worked together in the past, and form a very supportive team. The Accountant is a volunteer.

The Project Director, together with the Field Director, hires the six Coordinators. These eight people make up the “Project Board”, which formally meets monthly to review the previous month’s activities, make personnel decisions, and discuss strategies, challenges, and plans for the next month.

Among the six coordinators, two have PhDs (in management and leadership and educational psychology) and one has a Masters in Special Education. The others have secretarial and training certificates. They all identify more with the project than CCA, as did the supervisor and community health workers who were interviewed. They spend an average of 50% of their time in the office and 50% in the field. They are motivated by the project’s objectives and the positive impact they have on women’s lives. According to the coordinators, higher salaries for the community health workers would allow them to perform their duties better. The project indicators provide the necessary data to review their performance, even though the Violence against Women indicators are not as measurable as the reproductive health indicators. The commitment to the mission was also evident in the meeting with a supervisor and community health workers; warm welcomes, appreciation, behavior changes, and increased self-esteem for the clients and the workers keep motivation levels high.

There are four project offices in total, of which two are in Amman. One Amman office is dedicated to RH/FP and the other to VAW. The other two offices have both RH/FP and VAW staff. Each RH/FP unit has a coordinator; 2 – 3 supervisors, each with approximately 10 community health workers (CHW); 2 data entry persons; and one editorial worker who reviews the information and is the link between the CHWs and the data entry. Each RH/FP CHW does 20 -25 visits per day in densely populated areas. Each VAW unit has a head who is the coordinator, 25 – 30 CHWs, and one data entry person. Each VAW CHW does only 8 – 9 visits per day. The CHWs report monthly on the results of their activities; this information is then edited and input into the database.

The implementation methodology is described in a 20 page document that is written only in Arabic, which the Project Director calls a “Strategic Plan”. Job descriptions, as well as work flows and reporting requirements are included. Perhaps this document could serve as the basis for certain sections of the business plan, but lacks other sections including management and governance, the market and competitors, market image, the financial plan, and the action plan. In other words, the focus is the implementation of the present program only, and does not address the overall context or the future.

Financial Issues of the PSP Outreach Project at CCA

The flow of financial data is as follows: Field Coordinators send their monthly reports to the Director or Field Director for approval. Then the invoices are sent to the Bookkeeper to be paid. The Bookkeeper gives the receipts to the Accountant of CCA, who reconciles the cash into and out of the checking account monthly. The Project sends a report to the CCA Treasurer and Board on a quarterly basis, detailing the account activity.

The consultant met with Mohammed Hinna, Treasurer of CCA until April 2008, to learn how the project fits into CCA from his perspective. (Hinna is a civil engineer and ex-government worker.) He mentioned that the project financial statement is not consolidated with CCA’s financial statement. CCA’s financial statement is audited, but the project’s is not. The project’s checking account belongs to CCA, and it takes two CCA signatures to move money. The project takes a draw monthly and pays all of its expenses, including salaries, with cash. CCA provides the use of funds for cash flow shortages, but any losses at the end of the project are the responsibility of the project Director. CCA gets 5% of the USAID funds as “institutional support”. This could represent as much as 30% of CCA’s annual budget. They are appreciative of this “institutional support” which they mainly use to make real estate improvements. CCA also likes having the project associated with CCA because of its mission.

The Project Director reviews the actual cumulative expenses compared to the budget; the budget is based on number of new women visited, so as long as CCA is on target, the budgeted figures equal the PSP disbursements. The project does not have a balance sheet nor income statement, claiming that the Ministry of Social Development insists on manual accounting of cash inflows and outflows only.

The project invoices PSP based on number of women reached. There is sometimes a lag in disbursing the funds, depending on the accuracy of the reports, and on the bureaucracy of the local currency disbursement process by the Jordanian Government. This shortfall due to timing is made up with the funds in CCA’s account for the project, or with “excesses” from previous periods. CCA had about 50,000 JDs in its bank account at December 31, 2007, which represents a solid cushion that could cover about 1.5 months of operating expenses.

Strengths of the Project

The Project Director, Field Director and Bookkeeper of the Project at CCA clearly have many years of relevant experience and work together well as a team. The project outcomes are on-target, and the methodology has proven itself. Close supervision by project management has

been necessary to add credibility to the data. CCA feels it collaborates well with the Ministry of Health and the providers who are in the voucher program. Since this PSP project is the only one of its kind that reaches women in their homes and gives them individual attention, the belief is that the need for this kind of activity will continue in the near future, and that CCA is well-positioned to continuing implementing the project because of its performance.

Weaknesses of the Project

There is little substantive oversight by the CCA Board. Financial management is limited to manual cash accounting of deposits into the checking account and expenses paid. The salaries are low compared to present market standards, according to CCA Project management, given the fixed cost nature of the contract and the inflationary environment. Reporting methodology needs to be adjusted to more accurately analyze discontinuation of family planning methods, and the issue of clients not being honest during the initial visit. Due to CCA's limited budget and sources of income, it is unlikely to be able to continue operating the outreach program after USAID funding ends. Options other than continued USAID support need to be entertained for the project to be truly sustainable.

B. GUVS

Background of the NGO

The General Union of Voluntary Services (GUVS) was established in 1959 to coordinate the activities of Jordanian charitable societies (NGOs). Even though GUVS itself is considered an NGO, it is directly linked to the Ministry of Social Development and is the sole operator and beneficiary of the National Lottery. This umbrella organization now serves over 1,000 NGOs, in both monitoring and evaluating their development work as well as capacity-building. Although the PSP Outreach Program's mission is more specific, it does share with GUVS the mission to help Jordanians and raise awareness about important issues. GUVS is organized geographically, with a head office in Amman and regional offices in each of the other eleven governorates.

The General Assembly, with representatives from the twelve unions, elects a Board of Directors every three years. Presently there are 15 on the Board. The President is very supportive of the PSP Project and has met with PSP staff on various occasions. Director of the PSP Outreach Program at GUVS has 22 years of experience with the organization. The outreach team that covers the south actually operates out of GUVS' Tafileh and Kerak offices. And the Community Health Workers in Amman are taken to their worksites every day by a GUVS bus, whose expense is subsidized by GUVS. So there is some synergy with the "parent" NGO and the PSP Project in GUVS. (Also, three workers from the GUVS head office staff attended the Business Planning Workshop.)

The operational team at GUVS head office is divided into the following administrative units: financial affairs, administration, development projects, local community development, social aid, lottery, public relations and engineering. The reason for the latter unit is to maintain and improve GUVS many buildings, including the Islamic House of Burying Project and the Al-Khair Mosque and Condolence Hall. Other GUVS projects include: Al-Azraq, which is a tourist

project and Al-Amal Centers for the Handicapped and for Special Education. The community outreach programs include poverty alleviation, child care and parenting, orphan care, caring for the disabled and elderly, and educational services.

The majority of the funding for GUVS comes from the National Lottery, of which it is the sole beneficiary as decreed by law. According to its 2004 annual report (which is only published in Arabic and for which this was the latest version available), the annual revenues were 1,775,400 JDs, of which 53% was from the National Lottery; 22% from the tourist project which GUVS operates; 7% from the PSP project; and 6% from small local donations. GUVS finances its projects, partially and wholly, with both grants and loans from its own funds, not from financial institutions.

Organizational Issues of the PSP Outreach Project at GUVS

Although there is a Project Director, Ali Mustafa al Zoubi, who had 22 years of prior experience with GUVS in training and finance, the main manager is the PSP Coordinator, Randa Ahmed, who works at GUVS 50% and the PSP office 50%. (Her salary is paid for 100% by PSP.) Randa has a BA in Mathematics and worked 14 years as a math teacher. Before joining CMS in 2000 and then PSP, she worked as a supervisor with the Ministry of Education. The other two members of the senior management team are Rasha Fakheraldden, Technical Coordinator, and Hadeel Zawaneh, Administration Coordinator. Both have university degrees; Rasha in Engineering and Hadeel in Political Science.

Three Supervisors report to Rasha. All Supervisors have college degrees, of which one is in nursing. (She has 12 years of nursing experience, including two years in a clinic that was run by GUVS but is now closed.) Each Supervisor has 10 Community Health Workers who report to them. Two Supervisors cover Amman and the third covers the two southern offices. Each southern office has an Assistant Supervisor and five CHWs. The standard is 20 visits / day / CHW, same as in CCA.

The project administration team consists of its coordinator, plus four data entry people, one person in charge of purchases, one in charge of human resources, and one receptionist. The PSP project is housed at the Baqa Camp in the outskirts of Amman. The two southern offices are at GUVS project sites in Tafileh and Kerak. In 2008 two new offices will be opened in the south in Aqaba and Ma'an, per the original contract. The disbursed geographic area will require more supervision and control.

Every day the CHWs in Amman come to the office at 8:00 AM for a meeting, before they are transported by a GUVS bus to the field, along with two supervisors. The bus returns to the office after the home visits are completed. In an informal meeting with the supervisors and many CHWs (while they were waiting for the bus to take them to a skit put on by Queen Noor's Foundation on VAW at a near-by hospital), it was learned that many identify with GUVS as well as the project. Their ID badges have the GUVS logo on it. All were very enthusiastic about their work and are very committed and motivated to helping women increase their awareness about family planning and breast cancer, decrease their fears, support them in getting medical attention, and in extreme cases, actually save lives. They know from the client feedback and the

results that the outcomes of their work are positive. In order to do their job better, they suggested new materials including brochures about UTIs and osteoporosis, and small models of reproductive organs, as well as more training – their appetites to learn are insatiable! Challenges include the fact that there are no MoH clinics in some of the villages, nor female doctors in many health centers.

Financial Issues of the PSP Outreach Project at GUVS

Ali Mustafa al Zoubi, the Project Director, is the only person at the GUVS' PSP Outreach Project who does any financial management. But no financial reports are produced by the Director other than the required reports to the PSP Jordan for payment, and the manual accounting of cash inflows and outflows. The Community Health Workers and Supervisors submit reports similar, if not identical, to those submitted by CCA, for internal control and for input into the data base.

Similar to the response of staff at CCA, the staff at GUVS said that costs are increasing and they are operating at a bare minimum. In fact now GUVS has to subsidize the transportation expenses since the project cannot cover the increased cost of gasoline.

As with CCA, the account that directly receives the funding from USAID and the Jordanian Government belongs to the NGO. But unlike, CCA, the PSP Outreach Project at GUVS maintains its own checking account, with Ali as the sole signing authority.

Ideas about future funding should the USAID contract not be extended include the possibility that GUVS could maintain one person at each office to do community outreach until such time that more funding is procured. At least this would attempt to protect part of what has been gained so far. But obviously the scope would be greatly reduced.

Strengths of the Project

GUVS has national geographic coverage with its offices, including in very rural areas. It appears there is synergy between GUVS and the PSP Outreach Project, including use of GUVS bus and car and its rural offices.

Daily meetings with CHWs at the office provide close supervision, control and support. And the fact that two supervisors go with the CHWs to the field is also indicative of the level of support. Randa and Rasha visit the southern offices once a week as well.

Retention of Community Health Workers is high, especially in Amman, where approximately 15 of the 20 CHWs have been with the project since its inception in 2002. Their motivation and commitment to the project's objectives are very strong.

Weaknesses of the Project

Management relies heavily on the PSP Coordinator, although the Technical and Administrative Coordinators appear to be very capable university graduates. None of the management team has

a medical background. The only medically trained person in the entire project staff is a nurse who is a supervisor. And as with CCA, the financial management is limited to the manual cash accounting that is required by the Ministry of Social Development.

High turnover of the CHWs in the southern offices is a challenge. This is due in part to cultural constraints, and also to distance from the head office. Another challenge in the south is that Bedouins are mobile, so follow-up is sometimes impossible.

C. General feedback from the workshop

The objectives of the two-day Business Planning Workshop were as follows: understand how sustainability can be achieved; review the components of a business plan; practice some basic financial management tools; and create an action plan as an institutional team.

The twenty participants came from the following organizations:

- 7 from CCA (including 3 from its VAW program)
- 7 from GUVS (including 3 from the GUVS local community development administrative office)
- 1 from Zenid (one of PSP's VAW partners)
- 5 from PSP Jordan Project Office

The group was very engaged and the discussions were quite rich. Highlights follow:

- The progression from general to specific is reflected in continuum starting with the strategic plan, which can become the business plan, which can become a proposal for a specific project. What is included depends on the purpose of the document and the intended audience (which can include internal and external users).
- Writing a business plan can serve as a diagnostic tool to uncover and address weaknesses for management to follow-up with later.
- A change in attitude is necessary for the Project management teams to commit to sustainability. The project needs to be managed like a business, with effective financial management and a proactive focus on the future.
- New qualitative issues to address sustainability include: governance (and/or the concept of an advisory board); succession planning; formal performance reviews; market study (trends, client needs); competition/partners; creation and promotion of image in marketplace (including public relations); updating vision and mission and key strategies; new services.
- Financial issues to address include: lack of using computerized excel spreadsheets for financial management; lack of financial statements for project, especially balance sheet and cash flow; lack of variance reporting of actual vs. budget; lack of cash flow

management (including projections); lack of any financial analysis (trends, indicators, breakeven).

It was agreed in meetings with the outreach partners after the workshop that they would work on a three year business plan, from 2009 – 2011. This time frame begins under the present contract, but will also cover two years post-contract. The plan can be used both internally by management to understand the contextual framework of their outreach activities better and monitor financial performance, as well as externally for potential donors and strategic partners. The due dates for certain assignments for writing the business plans must reflect the local business planning consultant's contract which presently ends May 31. Although the participants realized a lot of work needs to be done, PSP-Jordan project staff assured them that they would work with them to see that it is completed.

The PowerPoint slides were translated into Arabic and there was also simultaneous translation; both were needed to facilitate communication and ensure understanding. Participants' expectations, which mirrored the workshop objectives, were met. The scores on the pre-test ranged from 20% to 70%, with an average of 43%. The post-test scores ranged considerably higher, from 45% to 80%, with most of the improvement generated from the lower scores. The post-test average score was 61%, representing an increase in knowledge of 18% as a result of the training.

Overall the workshop was very well received by participants with 75% ranking the quality of the workshop as excellent and 25% good and 93% ranking the facilitator as excellent. Participants cited the following as important learning points: sustainability; business planning process; minimizing expenses; getting funding; risk analysis; break even analysis; thinking outside the box; and that nothing is impossible!

From the list of what their organizations need most to achieve sustainability, the main items included: find new donors, increase operational efficiency, more knowledge and research, cash flow projections, and a comprehensive business plan.

The list of what else is needed for their organizations to write their business plans included:

- gather and organize information
- team work with a professional consultant
- work seriously!

RECOMMENDATIONS

In order to write business plans, both NGOs need to shift their focus from the past and present, to the future. They need to expand their perspective to possibilities of:

- A. New services supported by a market study. As part of this business planning effort, we recommend that the NGOs conduct some informal market research, using data from PSP Jordan and the Ministry of Health to identify needs and place the outreach activities into a

context that shows demand for the services. See the market section of the business plan template in Appendix III for details.

- B. New revenue sources (including new donors such as the private sector, and even the possibility of income-generating activities), and
- C. Cost efficiency efforts.

In addition, management needs to be open to supplementing their manual cash accounting with modern financial management practices, including excel spreadsheets, budget variance reports, ratio analysis and cash flow projections with informed assumptions and several scenarios. These will be the challenges that the local consultant will face in working with the NGOs.

The business plan template was customized for CCA and GUVS to be given to them electronically, in English and Arabic. Also, a financial statement template, linking the balance sheet and income statement to the cash flow statement, is being developed by the local consultant in excel for historical and projection purposes. Efforts will be made to clearly define the assumptions, conduct various scenarios, and calculate some meaningful indicators. The financial section of the business plan will be informed by the findings of the informal market study, so that any proposed new services and scope will be market-driven. If there are not going to be significant changes to the existing program, then the projections can be done based on the historical figures, with inflation and other relevant adjustments merely included.

The Project Directors at both NGOs are interested in learning where they could submit their proposals, i.e. who are potential donors for RH/FP and VAW outreach programs. Internet research was recommended, as well as more networking in Jordan with international NGOs and women's health projects.

Some ideas about the future of the program that came up in discussions with the staff of both Outreach Partners included the following:

- (1) The outreach activities should continue because change is slow; behavior changes need to be reinforced and supported; and there are always new wives and mothers. The fertility rate is still high, especially in villages outside of Amman.
- (2) Ideally, the MoH should have CHW like they did during the Comprehensive Post-Partum Project which pre-dated CMS.
- (3) Develop materials for very young children (e.g. coloring books presenting relevant FP/RH themes in subtle ways).

Outside of the scope of this consultancy, but nevertheless potentially interesting for the PSP Project staff, an in-depth financial analysis using the financial model and projections from the business plans could generate new cost efficiency benchmarks by comparing the implementation of the project at both NGOs, and assessing how efficiencies could be best achieved. Various breakeven scenarios could be done with number of visits and number of new women visited to provide additional information. Also, the difference in cost between urban and rural visits could be considered for future contract negotiations. Finally, it would be interesting to analyze what a

scaled-down project would look like; in other words, how small can the project be to cover reasonable overhead; and conversely, what would a bigger outreach project look like?

Longer term sustainability initiatives could be included in the Action Plan section of the outreach partners' individual business plans. It could include activities not only of diversifying revenue sources, (including income-generating activities, new donors, strategic partners, and other sources), finding strategic partners, and increasing operating efficiencies, but also address other relevant weaknesses that were uncovered in the assessment and the workshop:

- On-going financial management: Implement the discipline of monthly reviews complete with a variance analysis with the budget, and monitoring of cash flow.
- Develop governance: Have an engaged Board that is involved in strategic decisions and to whom the Project Director reports; if the existing NGO structure does not provide this, create an advisory board.
- Performance review: Formalize the process with appropriate formats for all levels of staff and write policy and procedures for the human resource manual.
- Address succession planning: Increase management depth and invest in training deputy directors and delegating responsibilities.

FOLLOW-UP/NEXT STEPS

The non-financial sections of the business plan will be addressed by each NGO according to the assignment sheet they filled in during the workshop. Dina Sabbagh, the local consultant, will encourage the groups to abide by their schedule, and will review each section when it is written, and offer feedback. The market section may require additional input from Dina should the NGOs desire it.

Dina will work with GUVS and CCA to input historical figures and the 2008 and 2009 budgets into the excel model. She will then spend time with each management team to develop assumptions for several scenarios, including a more realistic one for 2009 (should there be room for re-negotiation of the present contract), and for the years 2010 and 2011.

A half day meeting for senior staff at both GUVS and CCA (separately) and facilitated by Dina could prove useful in evaluating the business planning process and soliciting feedback from staff before the draft is finalized. This will encourage input and discussion from various perspectives and ensure that the various sections of plan are integrated and consistent.

The target date for completion of the first draft of the entire business plan (financial and non-financial sections) is mid-May, so that Dina can make her final recommendations by the end of May. If attention to the PSP mid-term evaluation in April by the project management precludes them from making sufficient progress on the business plans, Dina's contract can be extended to sometime in June. It was emphasized that once the draft is completed, further revisions will have

to be done by the project managers themselves at CCA and GUVS, and in this way, they will “own” the business plans and can use them for many purposes going forward.

MEETINGS

CCA

Basim Aziz, Director (baziz@go.com.jo)
Dr. Sahar Izzat, Field Director (hmeddr@hotmail.com)
Nadia Malikan, Bookkeeper and Field Coordinator
Mohammed Hinna, Treasurer of CCA
Asima, Volunteer Accountant, Ministry of Finance
5 Coordinators, 1 Supervisor, 2 Community Health Workers

GUVS


Ali Mustafa al Zoubi, Project Director
Randa Ahmed, PSP Coordinator
Rasha Fakheraldden, Technical Coordinator
Hadeel Zawaneh, Administration Coordinator
3 Supervisors and approx. 25 Community Health Workers

PSP-Jordan

Dr. Rita Leavell, Chief of Party (rita.leavell@psp.com.jo)
Dr. Maha Shadid, Deputy Director (maha.shadid@psp.com.jo)
Ragheb Mohammad, Director of Finance (ragheb.mohammad@psp.com.jo)
Dina Sabbagh, Consultant (sab@accessme.com)

APPENDIX I: BUSINESS PLANNING WORKSHOP





Slide 1



USAID
FROM THE AMERICAN PEOPLE

BUSINESS PLANNING for PSP Partners

March 23 – 24, 2008; Amman, Jordan



Private Sector Project for Women's Health

Funded by USAID
contract number GPO-I-00-04-00007-00
Task Order 802

Slide 2

Business Planning Workshop

What are your expectations?



Objectives:

1. Understand how sustainability can be achieved
2. Review the components of a business plan
3. Practice some basic financial management tools
4. Create an action plan as an institutional team



Slide 3

Workshop Methodology

- **PARTICIPATORY:**
 - Be engaged!
 - Ask questions!
 - Share your experiences!
- **PRACTICAL:** Use real examples from your NGO
- **TEAM WORK:** Respect different perspectives
- **FUN!** Meet new people; be creative; laugh!



Slide 4



Agenda

Day 1:

- A. Sustainability
- B. Business Planning Process
- C. Business Plan: Part 1
(Organization, management, operations)
- D. Business Plan: Part 2
(Programs, competition, marketing)

Day 2:

- E. Business Plan: Part 3
(Financial Plan)
- F. Business Plan: Part 4
(Action Plan)



Slide 5

What is Sustainability?

An organization's ability to:

- Define and achieve a relevant mission
- Establish and follow sound governance, managerial and financial practices
- Offer products and services that meet market demand and assure quality and outreach
- Develop diversified and adequate revenue sources
- Operate efficiently and control costs
- Possess sufficient strength and foresight to anticipate obstacles and opportunities and react wisely.

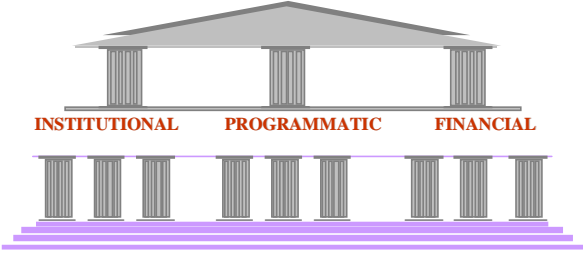
→ The ability to remain in existence and assure continuity of services with minimal external input.




The slide features the USAID logo on the left and the PSP logo on the right. The USAID logo includes the text 'USAID FROM THE AMERICAN PEOPLE'. The PSP logo includes the text 'PSP' and 'Partnership for Sustainable Prosperity'.

Slide 6

Three Pillars of Sustainability



The diagram illustrates the 'Three Pillars of Sustainability' as a classical building structure. It features a grey triangular roof supported by three main columns. Below these columns, the words 'INSTITUTIONAL', 'PROGRAMMATIC', and 'FINANCIAL' are written in red. Underneath these three pillars, there are three groups of smaller columns, each group consisting of three columns. The entire structure is supported by a purple base with three steps.

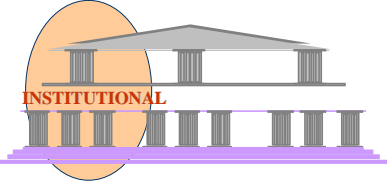


The slide features the USAID logo on the left and the PSP logo on the right. The USAID logo includes the text 'USAID FROM THE AMERICAN PEOPLE'. The PSP logo includes the text 'PSP' and 'Partnership for Sustainable Prosperity'.

Slide 7

Institutional Sustainability

- Develop appropriate organizational structure
- Create and maintain solid systems and controls
- Recruit, train and retain qualified staff
- Build managerial and governance capacity



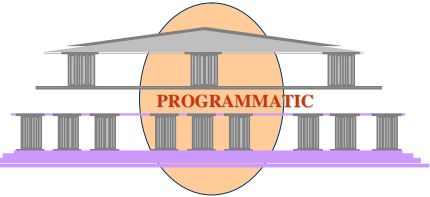
USAID
FROM THE AMERICAN PEOPLE

PSP
PARTNERSHIP FOR SUSTAINABLE PROGRESS

Slide 8

Programmatic Sustainability

- Maximize health benefits
- Maintain high quality products and services
- Ensure technical competence and compliance
- Emphasize client satisfaction





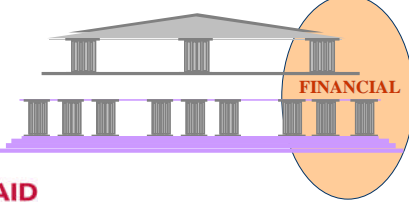
USAID
FROM THE AMERICAN PEOPLE

PSP
PARTNERSHIP FOR SUSTAINABLE PROGRESS

Slide 9

Financial Sustainability



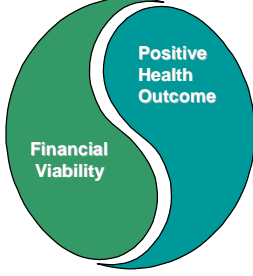
- Create efficiencies and cost reductions
- Find adequate and stable funding
- Diversify revenue sources
- *Minimize* financial vulnerability



Slide 10

Why is Sustainability Important?

- Ensures continuity of services
- Maximizes client benefits
- Permits program expansion
- Builds institutional capacity
- Allows for flexibility in a changing environment
- Maximizes financial viability
- Strengthens ability to mitigate risks by having more options






Sustainability Strategies

- (1) Commitment to sustainability**
 - Shift in attitude and way of thinking at *all* levels
 - Dual focus on both the mission and the bottom line
 - Patience! (Achieving sustainability is a long-term process.)
- (2) Innovation**
 - Partnerships and strategic alliances
 - Creative product development and marketing
 - Innovative solutions to challenges
 - Dynamic fundraising, including activities that generate income locally





Sustainability Strategies (continued)

- (3) Effective financial management**
 - Provide timely and accurate information
 - Monitor performance regularly
 - Analyze information to make decisions
 - Engage in financial planning (using assumptions, projections and conclusions)
 - Commit to transparency in internal and external reporting



Sustainability Strategies (continued)

- (4) Revenue diversification**
 - Procure external funding (governments, foundations, corporations, individual donors)
 - Generate fees for services (payments from clients)
 - Fundraise from other local sources (special events, campaigns)
 - Increase self-reliance (and reduce dependency on any single income sources)
- (5) Cost reduction/efficiencies**
 - Decrease administrative costs and overhead
 - Maximize use of existing capacity
 - Utilize economies of scale



Sustainable NGOs Have....

- Strong leadership and teamwork
- Strategic and business plans
- Meaningful budgeting process
- Diversified sources of revenue
- High level of cost recovery
- Economies of scale
- Constant cash flow monitoring
- Financial stability and growth



Business planning is *absolutely necessary* to achieve sustainability.



Business Planning Process



A business plan can be an invaluable management tool.

Definition: A written document that explains an organization's mission, key strategies, financial requirements and growth potential.



The business plan can be used for internal as well as external support...

<p>Internal Use</p> <ul style="list-style-type: none">• Important management tool – road map• Clarifies priorities• Commits the entire management team to the same goals• Provides framework to monitor progress• "Live" document that is updated as situations change...	<p>External Use</p> <ul style="list-style-type: none">• Important tool to use to solicit donor support.• Also can be submitted to financial institutions as part of loan application.• Presents organization to strategic partners.• Parts can be used for public relations and marketing purposes.
--	---



Slide 17

When it comes to business plans, one size does not fit all...

- Business plans can take on many sizes and forms, however they must all include the following elements:
 - Organization description
 - Programs, products or services
 - Market analysis
 - Financial information
- A business plan must present the above elements in a clear, concise and convincing way. The reader must understand the business and feel confident that the plan's objectives are achievable.



Slide 18

Key sections of a business plan include:

Executive Summary

- (Part 1)
 - The Organization
 - The Management
 - Operations
- (Part 2)
 - Programs, Products and/or Services
 - The Market and Competitors
 - Marketing and Sales
- (Part 3)
 - Financial Plan
- (Part 4)
 - Action Plan

Annexes: Financial Information and Projections





Teamwork!

Writing a business plan requires advance preparation, delegation, refinement and discipline.

Five Steps To Write a Business Plan:


- (1) Determine purpose and audience
- (2) Gather the right data
- (3) Outline the plan (deciding which sections to include)
- (4) Designate / delegate responsibilities
- (5) Establish the review and evaluation process





Putting it All Together

- Once all sections have been formulated, the plan is ready for final rewriting and presentation. **Extensive editing is highly recommended.**
 - Pay attention to the details.
 - Prepare an oral presentation.
 - Have internal and outside reviewers give input.

The plan should be used to guide the NGO. It should therefore be reviewed and updated once a year.





- The plan can also be tailored to specific audiences to address readers' key interests and concerns. **Consider developing more than one version of the plan.**



Slide 21

The Business Plan




- Template:
Key sections with fundamental questions
- Assignment sheet:
For each section, (a) what data is needed; (b) who will gather it; (c) from whom; and (d) by when; and (e) who will write the section; (f) by when.



Slide 22

Business Plan: Part 1

- The organization
- The management
- Operations (policies, procedures, controls)



The Organization




- The mission and overall approach
 - The organization's mission, vision, goals, and key strategies
 - Values, guiding principles or philosophy
- The Organization: past, present and future
 - Provide an understanding of the organization's history, current status, and future goals

Every organization has a story to tell about its past, present and future.



The Organization: Fundamental Questions



- What business are you in and what is the purpose of your business?
- What is your vision and mission?
- What are your goals and strategies?
- What are your programs, products or services?
- How has the organization evolved, what is its present position, and what will it look like in the future?
- What are your strengths and how do you use them?
- What are your weakness and how are you addressing them?



The Management



How is the NGO organized and how will the talents of the management team contribute to realizing its goals?

- Management team
- Human resources (staff)
- Internal and external advisors
- Organizational chart
- Key job descriptions



The Management: Fundamental Questions

- Do the strengths and experience of the management team match the goals and strategies of the organization?
- Do you have the correct mix of personnel to operate your organization?
If not, how will you find them?
- Does your board of directors or advisors bring relevant experience to your management team?



Slide 27

Operations

- Personnel policies and staff development
- Internal communication and reporting to management
- Inventory control
- Monitoring budgets
- Billing and payment systems





NGOs can increase operational efficiency by documenting and implementing administrative policies, procedures and controls.



Slide 28




Operations: Fundamental Questions

- What are the policies and procedures regarding staff development (training, performance review, promotion)?
- What are the policies and procedures on internal reporting and communication?
- What are the administrative policies and procedures for inventory control?
- What policies and procedures are in place for monitoring budgets?
- What are the administrative policies and controls for billing and payment?



Business Plan: Part 2

- Programs, products and/or services
- The market and competitors
- Marketing and Sales



Programs, Products and Services

- Purpose and unique features
- Impact and health benefits
- Growth opportunities

Risks and regulations

- Liabilities and limitations
- Legal and governmental issues

New product development / Research and development



Slide 31

Programs, Products, Services: Fundamental Questions

- What are the programs, products and services, and their purpose?
- What are the unique or distinguishing features?
- What benefits do your programs provide the community?
- What are the limitations or potential liabilities?
- Are there related products or services that could be introduced?
- What research and development efforts are necessary for new programs?



Slide 32

The Market and Competitors

- The market
 - Size, trends and growth potential
- Customer profile
 - Target customers
 - Customer's buying decisions (price/convenience/quality)
- Competitors
 - Competitor's strengths and weaknesses
 - Your comparative advantage



The Market and Competitors: Fundamental Questions

- What is the size of your target market and the growth potential?
- Who are your customers, what are their needs and purchasing profiles?
- What are the current trends in the market place? Are there political, regulatory, or social issues that affect the need for your programs?
 - Who are your competitors?
 - What is your comparative advantage?



Marketing and Sales

- Marketing involves increasing customer awareness, delivering a message about your product or service, and identifying customer prospects
- Selling involves various efforts to convince those potential customers to buy
- Components of a marketing plan include advertising and promotion, and delivery and distribution channels

Describe how you raise awareness and demand for your programs.



Marketing and Sales: Fundamental Questions






- What type of public relations activities are conducted to raise awareness of your organization?
- How are your programs, products and services marketed to customers?
- What type of advertising and promotional materials do you use (print, radio, other)?
- How are your products and services sold (community health workers, volunteers, others)?
- What distribution networks exist to support the supply and sale of your products or services?



Review of Day 1

- Sustainability
- Business Planning Process
- Business Plan:
 - The Organization
 - The Management
 - Operations
 - Programs, Products, Services
 - The Market and Competitors
 - Marketing and Sales



Agenda for Day 2




Business Plan: Part 3

FINANCIAL PLAN

- Risk analysis and assumptions
- Break even analysis
- Projections, analysis and monitoring
- Trends and indicators
- Financing/funding gaps




Business Plan: Part 4

- Action Plan




Financial Statement Review

- **Balance Sheet:**
 - snapshot of a financial position at **one point** in time;
- **Income Statement:**
 - Covers a specific **period of time** ;
 - Reveals if an organization made a **profit or loss**;
- **Cash Flow Statement:**
 - Shows the **inflow and outflows** of cash over a period of time;
 - Forecasted statements determine if **enough cash** will be available for operations/investments.





Balance Sheet Review

- **Assets:**
 - What the organization **has**;
- **Liabilities:**
 - What the organization **owes**;
- **Equity or Capital:**
 - What the organization **owns**.





FORMULA: Assets = Liabilities + Equity

Sample Balance Sheet


ASSETS		Non-Current Assets	
Current assets		Equipment (cost)	
Cash in bank		(Less: Accumulated Depreciation)	
Accounts Receivable		Net Fixed Assets and equipment	
Interest-bearing deposits		Building(s)	
Inventory		Land	
Supplies		Other Assets	
Other Current Assets			
Sub-total Current Assets		Sub-total Non-Current Assets	
TOTAL ASSETS			
LIABILITIES		Long-term liabilities	
Current liabilities		Long Term Debt	
Short-term borrowings		Other Liabilities	
Accounts Payable			
Income Tax Payable			
Other Current Liabilities			
Subtotal Current Liabilities		Sub-total long-term liabilities	
TOTAL LIABILITIES			
EQUITY			
Initial capital			
Previous years profit/loss			
Current year profit/loss			
TOTAL EQUITY			
TOTAL LIABILITIES + EQUITY			

Income Statement Review



Revenue: Income generated from products and services, contracts and grants

Expenses: Program (direct)
 Overhead (indirect)





FORMULA:

Total revenue – Total expenses = Net income

Sample Income Statement


	Monthly	Annual
REVENUE (Income)		
International Grant		
Government Contracts		
Services and Products		
Family Planning		
TOTAL REVENUE (Income)		
EXPENSES		
Direct Program Expenses:		
Inventory (Family planning products, drugs, vitamins)		
Program staff wages		
Total Direct Expenses:		
GROSS PROFIT (Total Revenue – Total Direct Expenses)		
Indirect Overhead Expenses:		
Wages (management and administration)		
Rent		
Utilities		
Depreciation & Amortization		
Total Overhead Costs/Expenses		
OPERATING PROFIT (Gross Profit – Total Overhead Expenses)		
NET INCOME		






Cash Flow Review

Items that can influence cash flow:



- Donor funding schedules;
- Fluctuations in sales;
- Bulk purchases;
- Purchases and sales made on credit;
- Seasonality;
- Cut in funding by donors and/or government.









FORMULA:
Beginning cash
+ cash inflows
– cash outflows
= Ending cash

Sample Cash Flow Statement

	Month 1	Month 2	Month 3
BEGINNING BALANCE			
CASH IN:			
Cash from international donors			
Cash from local donors			
Cash from local contracts			
Cash from debtors			
Cash in from services			
Cash in from sales			
TOTAL CASH IN			
CASH OUT:			
Wages			
Rent			
Utilities			
Increase in stock (Family planning products and vitamins)			
Equipment Purchases			
TOTAL CASH OUT			
CASH END OF MONTH			






Slide 45

Financial Plan

The process of preparing a financial plan for your NGO can be broken down into three steps.

```
graph LR; A[1. Make assumptions based on risk analysis] --> B[2. Prepare projections]; B --> C[3. Evaluate and revise];
```

Slide 46

Risk Analysis



- Competitors
- Country Risk (political instability, f/x restrictions, legislation and regulations)
- Operational Risk (including fraud)
- Financial Risk (devaluation, funding availability, interest rate, liquidity, solvency)
- Information and Legal Risks
- Public Relations Risk
- Resources Risk (availability, price, substitutes)

Financial Assumptions

Forecasts should represent a best estimate of future operations, based on assumptions about key items.



- Sales. The most critical factor in a forecast, as it establishes the volume of activity.
- Cost of Goods Sold (COGS). Use previously developed plans and take into account all cost components if involved in production.
- SG&A. Prepare a detailed schedule of the major salary, general and administrative expenses.
- Interest expenses. Calculate based on all existing loans plus new loans using forecasted interest rates.



Financial Assumptions cont'd



- Fixed assets. Describe the major assets you will buy and when you will buy them.
- Inventory. Estimate the level of inventory needed to support your estimated sales volume.
- Accounts receivable. Estimate the average length of time between a sale and collection of the money.
- Accounts payable. Estimate the average period over which you expect to pay your bills.

⇒ *The reliability of your forecast depends on how accurate your assumptions turn out to be. A sensitivity analysis with both positive and negative scenarios is useful.*




Break Even Analysis

- **Break even analysis (BE):** Tool to analyze what sales (revenue) level (in units or JD's) needs to be reached to ensure that all costs (fixed and variable) are covered.
- **Fixed costs (FC)** do not change with the level of revenue. Other names for fixed costs are overhead or indirect costs.
- **Variable costs (VC)** change with the level of revenue. The more sales, the more variable costs there are. Other names for variable costs are program costs or direct costs.
- **Contribution Margin (CM)** is sales minus the variable costs, which is then used contribute to fixed costs and profits. CM% is CM /sales.





Break Even Analysis cont'd

Formula: $\text{Break even (JDs)} = \text{FC} / \text{CM}\%$



Now let's practice with an exercise!



Slide 51



Financial projections

Prepare a projected cash flow statement using your key assumptions:

- Sales revenue
- Change in accounts receivables
- Cost of goods sold (COGS)
- Change in inventory level
- Change in accounts payable
- Salary, admin and general expenses
- Change in other current assets
- Interest expenses

- Change in fixed assets
- Change in investments
- Change in other non-current assets

- Change in ST debt
- Change in LT debt
- Receipt of grant/donation
- Issue new stock






Slide 52

Exercise: Cash Flow Projections



Women's Health NGO has decided to begin planning for the expansion of their services into a rural area. They want to investigate if they have sufficient resources to invest & how this would affect their cash flow.

Please complete the cash flow worksheet.



Analysis of Cash Flow Projections



- What specific, measurable goals can your organization realistically achieve this year?
- Are the annual goals consistent with the organizational mission and strategic plan (3-5 years)?
- What new offerings or expansion of programs, products or services is the organization considering? How will these new offerings assist the organization in achieving its mission/goals?
- What are the financial requirements needed to support projected growth (personnel, capital expenditures)?
- Will the projected growth enable the organization to increase its sustainability?



Evaluate and Revise Projections

- Scenario Analysis involves developing several possible situations based on an educated guess of likely outcomes
 - For example:
 - Best Case - Sales up by 20% - Costs down by 20%
 - Worst Case - Sales down by 20% - Costs up by 20%
 - Most Likely Case - Sales up by 10%, Costs up by 5%



To do scenario analysis, create 3 sets of key assumptions that correspond to likely outcomes



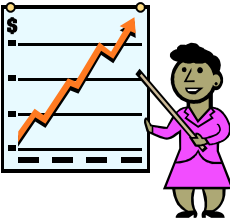
Trends and Indicators

Develop a summary of the key financial indicators for a quick reference on the financial status of the organization



- Trend analysis (net income, operational efficiency, liquidity, solvency)
- Revenue diversification analysis
 - Donor dependency (External funding/total revenue)
 - Cost recovery (Local revenue/total costs)
- Budget variance (actual performance vs budget)



Monitoring Financial Stability





- **Net income:** the surplus of revenue over expenses
- **Operational efficiency:** the relationship of overhead costs to total costs
- **Liquidity:** the ability to meet cash requirements to pay bills
- **Solvency:** the relationship between liabilities and equity
- **Funding diversification:** lack of excessive reliance on one source of funding



Slide 57

Trends and Indicators: Fundamental Questions

- Are revenues increasing or decreasing? How diversified are the revenue sources?
- How do overhead expenses compare to program costs?
- Are operating expenses (marketing/administrative/ general/R&D) increasing or decreasing? Why?
- What are the sales projections for the next 1-3 years? Have you carefully examined your current and historical financial information in order to accurately make projections?
- Are your assumptions consistent with your market analysis and other sections of the business plan?
- How do you plan to finance future growth?






Slide 58

Exercise: Trends and Indicators

Women's Health NGO has decided that they want to expand their programs, yet they need to determine how financially stable and efficient they are.

Please:

- (a) review the balance sheet and income statement,
- (b) calculate the indicators, and
- (c) answer the questions.



Slide 59



Slide 60

Part 4: Action Plan

- First review strategic options for increasing financial sustainability:
 - (1) Increase revenue
 - (2) Improve efficiency
 - (3) Explore funding options
- Then create an action plan.

USAID FROM THE AMERICAN PEOPLE

PSP

Slide 61

1st Strategy: Increase Revenue

Explore New Income Generating Activities:

- Establish and collect appropriate fee-for-service;
- Diversify product/service mix and/or increase amount of products sold/services delivered;
- Collect membership fees;
- Deliver and charge for training and consulting



Slide 62

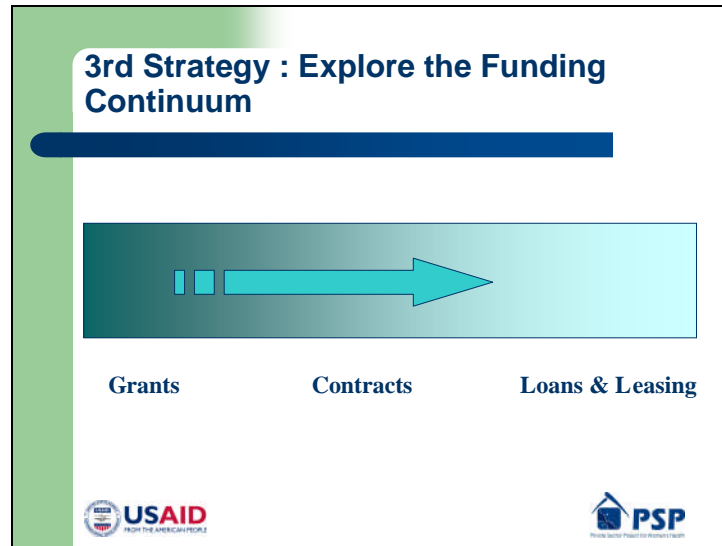
2nd Strategy: Improve Efficiency

A service-delivery NGO can reach cost recovery by:

- Setting and collecting appropriate prices
- Establishing an appropriate service mix
- Commitment to quality of care
- Incentive structures for staff & clients
- Strategic alliances to purchase materials, run clinics/offices or share staff
- General reduction in costs and improvement of efficiencies



Slide 63



Slide 64

Types of Funding:

- **Grants:** Funding that is not repaid. Instead of repayment, grantee agrees to: Implement pre-approved activities according to budget;



Evaluate: Are your donor sources sufficiently diverse?
- **Contracts:** NGO is paid for specific services over a specific time frame.

Evaluate: Can your NGO receive contracts from the Government or other agencies to supply services? How secure are those contracts?

The slide features a title 'Types of Funding:' followed by a thick dark blue horizontal bar. Below this are two bullet points, each describing a type of funding and followed by an evaluation question. The USAID and PSP logos are at the bottom.

Additional Types of Financing:



- **Loans:** A loan is money that is lent and repaid with interest within a specific timeframe;
- **Leases:** Leasing is a contract through which someone uses equipment owned by somebody else;
- **Supplier Credit:** Pharmaceutical wholesalers, distributors and sometimes even retailers are the main sources of supplier credit.



Identifying Funding Options

Factors to Consider:

- What are your financing needs?
- What is the best mix for the NGO: solely grants, grants + contracts, grants + loans, leasing?
- Who offers the best options to meet these needs: government, local or international organizations, financial institutions, or leasing operators
- If a financial institution or leasing operator, do they work with NGOs? good terms? requirements? location?



Creating an Action Plan for Funding

In three steps:

- (1) Define funding goals and strategies
- (2) Collect and analyze financial information
- (3) Identify specific strategies and activities to achieve goals



Funding Action Plan

Step 1: Define Funding Goals and Strategies

- Determine your funding goals
- Determine the right funding mix
- Identify possible sources to meet your funding needs



Step 1: Define funding goals

Factors to Consider:

- What are your financing needs? Do you need to increase funding? Consolidate? Use resources more efficiently?
- What is the best mix for the NGO: solely grants, grants + contracts, grants + loans, other?
- Who offers the best options to meet these needs? government, local or international organizations, financial institutions, others?




Step 1: Determine funding goals and potential strategies



Funding goal	Do you need to increase funding? Consolidate? Use more efficiently?
Strategic options (Best funding mix)	Solely grants, grants + contracts, grants + loans, other options? Who? List names of potential funders.




Step 2: Collect and analyze financial information



- Review the financial information already collected
- Identify additional financial information to be collected
- Analyze financial information to determine funding needs (amount) for future endeavors.

→ *consult cash flow projections.*



Step 2: Collect Financial Information

Organizational/ Financial Information Required	Where Available? Contact Information	Staff Assigned to Collect	Date Collected By:	“✓” When Completed



Step 3: Identify Strategies and Activities

- Identify specific strategies to achieve funding goals with target sources
- List activities required to successfully procure the funding
- Assign staff persons to carry out tasks
- Establish timelines



Step 3: Action Steps

Strategy	Target Funder/Source	Activities	Staff	“✓” Deadline





Don't Forget the Executive Summary!

In two to three pages, include the following:

- Company's overall strategy to achieve its mission
- Management team's qualifications
- Brief description of the programs, products or services
- Brief description of the market, both supply and demand
- Risk analysis, assumptions and projections
- Summary of trends and indicators
- Summary of the action plan to secure funding
- Summary of key historical and forecasted financial data

The executive summary is a concise overview of the key points in the business plan.



Communicating the Plan


Every board member and manager should get a copy of the plan.

- Consider distributing copies of plans to major stakeholders (funders/investors)
- Post vision and mission and key goals around the organization
- Publish portions of your plan in regular newsletter, website and marketing materials





Slide 77

Conclusions



A successful business plan demonstrates:

- Strategies that have been thoroughly researched.
- An accurate understanding of the value and impact of your programs, products and services.
- Knowledge of the market and target customers.
- A realistic picture of the financial situation and an understanding of the business risks.
- A sense of enthusiasm for the NGO's future!



Slide 78

Closing Remarks

1. Expectations met?
2. Workshop evaluations
3. Please stay in touch: nnatilson@cs.com



Thank you for your enthusiastic participation!



BUSINESS PLANNING WORKSHOP

March 23 – 24, 2008; Amman, Jordan

Participants: Board members and senior managers from PSP Partners
 Facilitator: Nancy Natilson, Consultant, Banyan Global
 Venue: Sheraton Hotel, Dushara I Hall
 Methodology: Powerpoint presentation, small group exercises, discussions
 Sponsor: PSP-Jordan (USAID)

AGENDA

Day 1	
Time	Session
8:30 – 9:00	Registration and Coffee
9:00 -10:00	Introductions
10:00 – 12:00*	What is sustainability? <ul style="list-style-type: none"> • Why is it important? • How can it be achieved? • How are sustainability and business planning related?
12:00 – 1:00	An overview of the business planning process: <ul style="list-style-type: none"> • Invaluable and “live” management tool • Key components of the document • A team effort: Putting it all together
1:00 – 2:00	Lunch
2:00 – 3:00	Business Plan: Part 1 <ul style="list-style-type: none"> • The Organization • The Management • Operations (policy, procedures, control)
3:00 – 5:00*	Business Plan: Part 2 <ul style="list-style-type: none"> • Programs, Products and/or Services • The Market and Competitors • Marketing and Sales

Day 2	
8:30 – 9:00	Coffee
9:00 – 9:30	Review previous day
9:30 – 1:00*	Business Plan: Part 3 – Financial Plan <ul style="list-style-type: none"> • Risk analysis and assumptions • Projections, analysis and monitoring • Trends and indicators (including revenue diversification and cost recovery)
1:00 – 2:00	Lunch
2:00 – 4:00*	Business Plan: Part 4 <ul style="list-style-type: none"> • Action Plan (strategic options and actions required)
4:00 – 5:00	Conclusions and closing remarks

* Coffee breaks sometime during this session.

BUSINESS PLAN ASSIGNMENT SHEET

Section	DATA				BUSINESS PLAN	
	What data is needed	Gathered <i>by</i> whom	<i>From</i> whom	By what date	Written by whom	By what date
Organization						
Management						
Operations						
Products/Services						
Market/Competitors						
Marketing/Sales						
Financial Plan						
Action Plan						
Executive Summary						

BREAK EVEN ANALYSIS

Definitions:

1. Break even analysis (BE) is a tool used to see what sales (revenue) level (in units or JD's) that needs to be reached to ensure that all costs (fixed and variable) are covered. Then there is no profit or loss. Any increase over the break even point generates profits (and any level under the break even point generates losses).
2. Fixed costs (FC) do not change with the level of revenue. Other names for fixed costs are overhead or indirect costs.
3. Variable costs (VC) change with the level of revenue. The more sales, the more variable costs there are. Other names for variable costs are program costs or direct costs (or for a production company, the cost of goods sold). VC% is variable costs / sales.
4. Contribution Margin (CM) is sales minus the variable costs, which is then used contribute to fixed costs and profits. CM% is CM /sales.

Formula: **BE in sales = FC / CM%**
 BE in units = Fixed costs / (Unit price – variable unit costs)

EXERCISE:

Women's Health (WH), an NGO in Amman, runs a small family planning clinic. It signed a fixed cost agreement with an international donor six months ago to visit women in their homes to raise awareness about family planning. The contract pays JD 1.900 per new woman visited. Since the NGO was learning the methodology, the 35 Community Health Workers (CHWs) each only averaged 8 new women visited per day. The program lost money during the first six months, but the loss was subsidized by the clinic during this start-up phase. Now WH knows its costs, and wants to do an analysis to see how many women each CHW needs to visit per month in order to break even, because the NGO cannot afford to lose any more money on the project.

1. Calculate the average monthly revenue. (The CHWs work 20 days per month.)

2. The costs for the first six months are listed in the table below.
 - (a) Decide which costs are fixed and which are variable.
 - (b) Total the columns.
 - (c) Calculate average monthly costs.
 - (d) What is the variable cost percentage? (Variable costs / Sales)
 - (e) What is the contribution margin percentage?
(Sales – variable costs) / Sales

ITEM	COST	FIXED	VARIABLE
1 Director	15,000		
1 Field Coordinator	12,000		
4 Supervisors	8,000		
1 Office Manager	4,000		
35 Community Health Workers	25,000		
2 Data Entry Workers	2,000		
Rent	5,000		
Utilities	1,000		
Transportation for CHWs	5,000		
Supplies and other	1,000		
TOTAL			
Average monthly costs			

3. How much did WH lose during the first six months?

NOTE: For questions 4 – 7: Use the break even sales formula. Then divide the sales by 1.900 JD and by the number of CHWs and by 20 days to get the number of women per day per CHW.

4. How many new women per day need to be visited by each CHW to break even if costs stay the same?

CHECK: Sales _____
 - Variable costs _____ (Variable cost % in (2)(d) above * sales)
 Contribution Margin _____
 - Fixed Costs _____
 Profit or Loss _____

5. How many new women per day need to be visited if fixed costs increase by 1,500 per month due to a big new office?

CHECK: Sales _____
 - Variable costs _____
 Contribution Margin _____
 - Fixed Costs _____
 Profit or Loss _____

6. How many new women per day need to be visited by each CHW if fixed costs stay the same before the new office, but variable costs increase by 10% due to 5 new Community Health Workers?

CHECK: Sales _____
 - Variable costs _____
 Contribution Margin _____
 - Fixed Costs _____
 Profit or Loss _____

7. What if the 35 CHW visited 15.24 new women per day?

Sales _____
 - Variable costs _____
 CM _____
 - FC _____
 Profit or loss _____

CONCLUSIONS:

8. What other variables could you change to calculate new break even points?

9. Which cost structure is healthier if sales fall?

Variable costs	60%	OR	Variable costs	40%
Fixed costs	40%		Fixed costs	60%
Total costs	100%		Total costs	100%

10. How can you apply break even analysis to your situation?

EXERCISE: FOUR MONTH CASH FLOW PLAN

1) Starting balance: Women's Health (WH) NGO began the month of January 2008 with a cash balance of 11,500.

In Month 1, WH received 200 from promoters and distributors for the sale of their products in December. WH earned 500 from services provided and 550 from sales of products in January. The NGO receives government funding of 2,500 per month.

Every month, WH pays program staff members' salaries at a total of 4,500 and other staff 2,000. Materials worth 550, products worth 450, stationary worth 200 are purchased monthly. Insurance fees of 85 and travel expenses of 35 are also spent monthly. Finally, rent and utilities are 300 and 150 per month, respectively.

2) In Month 2, WH has just learned that they have won a grant from the Health Planning National Foundation (HPNF) for 100,000 which will be disbursed monthly as reimbursement of the previous month's direct program expenses paid in cash, beginning with February, lasting for up to 12 months. Program costs (not including salaries) are expected to increase by 2,000 a month for this program. In addition, WH is funded by Women's Health International 36,000 per year for the next year, disbursed quarterly beginning in Month 2.

Sales from services increase 5% and product sales increase 10%.

WH convinces their suppliers of products to give them 30 days of credit terms. Three desks are purchased for the new staff members hired under the HPNF grant for 100 each. Three new staff members are hired for this project with wages of 12,000 each per year, paid monthly.

3) In Month 3, WH repays the supplier credit for 450. Government funding is unexpectedly cut by 25% (and will remain at that new level). Two of the new program staff left mid-way through the month.

Sales from services increase another 25 and product sales remain the same.

4) In Month 4, program costs increase another 3,000 and are expected to remain at this level. Two new program staff are hired at the beginning of the month to replace the two who left. Revenue increases 150, split evenly between services and products.

QUESTIONS:

1. Does WH have enough money to expand services?
2. If yes, how much? Should they expand with this amount?
3. What else could they do to increase cash flow?

CASH FLOW FORM

	Month 1	Month 2	Month 3	Month 4
BEGINNING BALANCE				
CASH IN				
Cash from international donors				
Cash from local donors				
Cash from local contracts				
Cash from debtors				
Other				
CASH IN - PROGRAM				
Cash in from services				
Cash in from products				
Other				
TOTAL CASH IN				
CASH OUT				
EQUIPMENT PURCHASES				
CASH OUT - OVERHEAD				
Wages (management & admin)				
Rent				
Utilities				
Stationery, insurance fees, travel				
Taxes				
Other overhead costs				
CASH OUT - PROGRAM:				
Materials				
Stock (Family planning products, drugs, vitamins for sale)				
Program Staff Wages				
Other Program costs				
TOTAL CASH OUT				
CASH END OF MONTH (Beginning Balance + Total Cash In - Total Cash Out becomes beginning balance for the next month)				

CASH FLOW ANSWERS

	Month 1	Month 2	Month 3	Month 4
BEGINNING BALANCE	11,500	6,980	11,990	12,800
CASH IN				
Cash from international donors		9,000		
Cash from local donors		5,500	10,050	9,500
Cash from local contracts	2,500	2,500	1,875	1,875
Cash from debtors	200			
Other				
CASH IN - PROGRAM				
Cash in from services	500	525	550	625
Cash in from products	550	605	605	680
Other				
TOTAL CASH IN	3,750	18,130	13,080	12,680
CASH OUT				
EQUIPMENT PURCHASES		300		
CASH OUT - OVERHEAD				
Wages (management & admin)	2,000	2,000	2,000	2,000
Rent	300	300	300	300
Utilities	150	150	150	150
Stationery, insurance fees, travel	320	320	320	320
Taxes				
Other overhead costs				
CASH OUT - PROGRAM:				
Materials	550	550	550	550
Stock (Family planning products, drugs, vitamins for sale)	450		450	450
Program Staff Wages	4,500	7,500	6,500	7,500
Other Program costs		2,000	2,000	5,000
TOTAL CASH OUT	8,270	13,120	12,270	16,270
CASH END OF MONTH (Beginning Balance + Total Cash In – Total Cash Out becomes beginning balance for the next month)	6,980	11,990	12,800	9,210

Exercise: Trends and Indicators

Women's Health NGO has decided that they want to expand their programs, yet they need to determine if they are able to do this. In order to do so they wish to look at their finances in more depth. *(Note: These statements are not meant to correlate with the previous cash flow exercise.)*

First review the income statement and answer the following questions:

1. (a) How can you assess whether they are covering their costs with their funding/income?

(b) How much of the total costs are recovered with earned (local) income?

2. How much money do they have to invest in expansion?

3. (a) How efficient is the Women's Health NGO in terms of program expenses?

Formula: $\text{Overhead expenses} / \text{Total expenses} = \%$

- (b) How does WH's efficiency change if 50% of the rent, 50% of the utilities and 50% of the depreciation and amortization are considered direct program expenses?

4. Has the management team diversified funding sources adequately? What is the funding mix?

Formulas: $\text{International donor funding} / \text{Total revenue} = \%$

$\text{Earned income (local income)} / \text{Total revenue} = \%$

INCOME STATEMENT

	Monthly	Annual
REVENUE (Income)		
Women's Health International Grant funding	3500	42000
Government contract (Public/private partnership program)	1000	12000
Family planning counseling	1500	18000
Family planning products	2000	24000
Other services	500	6000
Other products	550	6600
TOTAL REVENUE (Income)	9050	108600
EXPENSES		
Direct Program Expenses:		
Materials	550	6600
Inventory (Family planning products, drugs, vitamins)	450	5400
Program staff wages	4350	52200
Other direct expenses (transportation, supplies)	150	1800
TOTAL DIRECT EXPENSES:	5500	66000
GROSS PROFIT (Total Revenue – Total Direct Expenses)	3550	42600
Indirect Overhead Expenses:		
Wages (management and administration)	2000	24000
Rent	300	3600
Utilities	150	1800
Stationery	200	2400
Insurance fees	85	1020
Travel	35	420
Depreciation & Amortization	100	1200
Other Overhead Costs	0	0
TOTAL OVERHEAD COSTS/EXPENSES	2870	34440
OPERATING PROFIT (Gross Profit – Total Overhead Expenses)	680	8160
Taxes and interest payments due (if applicable)		
NET INCOME	680	8160

Now review the balance sheet and answer these questions:

5. Calculate the liquidity ratio and solvency ratio for both years and analyze the trends.

	2006	2007	Trend
Liquidity (Current Assets / Current Liabilities)			
Solvency (Total Liabilities / Total Equity)			

6. What can you say about progress toward achieving financial sustainability?

7. Are there any other balance sheet trends that may impact the financial sustainability?

BALANCE SHEET - WOMEN'S HEALTH NGO		
ASSETS	31/12/06	31/12/07
Current assets:		
Cash in bank	1,000	1,500
Accounts Receivable	250	1,000
Interest-bearing deposits	1,000	2,000
Inventory	1,220	2,500
Supplies	600	500
Other Current Assets	0	0
Sub-total Current Assets	4,070	7,500
Non-Current Assets:		
Equipment (cost)	52,720	52,720
(Less: Accumulated Depreciation)	10,816	12,016
Net Fixed Assets and equipment	41,904	40,704
Building(s)	0	15,000
Land	3,000	3,000
Other Assets	0	0
Subtotal Non-Current Assets	44,904	58,704
Total Assets	48,974	66,204
LIABILITIES		
Current liabilities:		
Short-term borrowings	0	1,000
Accounts Payable	210	800
Income Tax Payable	0	0
Other Current Liabilities	0	0
Subtotal Current Liabilities	210	1,800
Long-term liabilities:		
Long Term Debt	0	7,480
Other Liabilities	0	0
Subtotal long-term liabilities	0	7,480
Total Liabilities	210	9,280
EQUITY		
Initial capital	16,000	16,000
Previous years profit/loss	24,884	32,764
Current year profit/loss	7,880	8,160
Total Equity	48,764	56,924
Total Liabilities + Equity	48,974	66,204

ACTION PLAN FOR FUNDING

Step 1: Determining funding needs and potential strategies	
Funding need	Do you need to increase funding? Consolidate? Use resources more efficiently?
Funding strategies (Best funding mix)	Solely grants, grants + contracts, grants + loans, other options? Who? List names of potential funders.

Step 2: Collecting Financial Information

Organization/ Financial Information Required	Where Available? Contact Information	Staff Assigned	Date Collected By:	“✓” When Completed

Step 3: Funding Application Action Plan				
Strategies	Target Funder/ Source	Actions	Staff	“✓” Deadline

WORKSHOP EVALUATION**Title:** Business Planning**Date:** March 23 – 24, 2008 (Amman, Jordan)

	Quality			Relevance to your work		
	Excellent	Good	Poor	A lot	A bit	None
Powerpoint Presentation						
Business Plan Assignment Sheet and Discussions						
Exercises (Break even, trends and indicators, cash flow)						
Action Plan Worksheets for Funding Sources						
Facilitator: Nancy Natilson						
List three of the most important points you learned:						
1.						
2.						
3.						
What do you think your organization needs most to <i>achieve sustainability</i>?						
What else does your organization need to <i>write its business plan</i>?						
Other comments:						

**Business Planning Workshop
Amman, Jordan**

March 23-24, 2008

List of Participants

	Name	Position	Organization
1	Basem Aziz	Project Manager	CCA
2	Dr. Sahar Izzat	Field Manager	CCA
3	Nadia Malikan	Coordinator- RH	CCA
4	Kamelia Ibrahim	Project Coordinator	CCA - Irbid
5	Rawan Khader	Coordinator & Supervisor VAW	CCA - Irbid
6	Iman Abu Dalou	Supervisor & Coordinator VAW	CCA - Zarqa
7	Malak Mismar	Coordinator - RH	CCA - Zarqa
8	Ali Mustafa Zubi	Project Director	GUVS
9	Randa Ahmad	Outreach Coordinator for GUVS	PSP
10	Rasha Fakher Al Din	Field Coordinator	GUVS
11	Rasmieh Saleh	Field Supervisor	GUVS
12	Fatima Abu Rudwan	Field Supervisor	GUVS
13	Muyassar Khalayleh	Director, School for Handicapped	GUVS
14	Riham Lutfi Amayreh	Community Development Dept.	GUVS
15	Shatha Quteishat	Head of Charity Associations Dept.	GUVS
16	Lana Khouri	Projects Coordinator	ZENID
17	Dr. Rita Leavell	Chief of Party	PSP
18	Dr. Maha Shadid	Deputy Director	PSP
19	Arwa Bustami	VAW Coordinator	PSP
20	Iten Ramadan	Training Specialist	PSP

BUSINESS PLANNING WORKSHOP EVALUATIONS

Amman, Jordan; March 23 - 24, 2008

	Quality			Relevance to your work		
	Excellent	Good	Poor	A lot	A bit	None
Power point presentation	83%	17%		67%	33%	
Business plan assignment sheet and discussions	72%	28%		67%	33%	
Exercises (BEP, trends and indicators, CF)	67%	33%		44%	56%	
Action plan worksheets for funding sources	61%	39%		39%	61%	
Facilitator (only 15 of 18 responded)	93%	7%				
Average	75%	25%		54%	46%	

List 3 of the most important points you learned:

Sustainability
 There is no impossible
 How to set up a budget
 Business planning process

 Financial Statement review
 How to get funding
 Importance of planning
 How to run a project
 How to write a business plan
 How to generate money
 How to minimize expenses

 Cash flows and balance sheet

 Risk analysis
 Break even analysis
 The importance of motivation
 Think outside the box
 Improving myself
 Linking financial matters to technical ones

What do you think your organization needs most to achieve sustainability?

Find new donors
 Increase the efficiency of employees
 Proper planning
 Operational efficiency
 Cash flow
 projections
 Prepare a comprehensive business plan
 More knowledge and research
 Good planning
 Be involved with the stakeholders to find future solutions to achieve the project's objective instead of waiting for a last minute solution.
 New funding to establish income generating projects
 Add other services to the project

What else does your organization need to write its business plan?

Qualified personnel; new projects; availability of funding sources; gather and organize information; team work and a professional consultant; good experience; in-depth materials to read; data base; training on how to write a business plan according to our needs; just to work seriously.

Other Comments

This is a technical training; we need more similar training programs of the same quality.
 We thank Nancy, Rita and Dina.
 Great benefit
 Interesting workshop due to the great trainer
 Short time for the material
 Very useful

APPENDIX II: MEMOS TO SENIOR MANAGEMENT OF CCA AND GUVS

March 31, 2008

Mr. Basim Aziz, Project Director
Circassian Charity Association
Amman, Jordan

Mr. Ali Mustafa al Zoubi, Project Director
General Union of Voluntary Services
Amman, Jordan

Dear Mr. Aziz / Mr. Mustafa al Zoubi,

First of all, thank you very much for your kind hospitality while I was in Amman. You and your team were very willing to provide information to me about the PSP Outreach Project that you are implementing, and I appreciated very much your support of our efforts to help you create a business plan for the project.

In writing your business plan, I recommend the following issues should be addressed internally and with Dina Sabbagh, the consultant hired by PSP to assist you with your business plan:

1. Shift focus from the past and present, to the future.
2. Expand perspective to possibilities of new services supported by data about the market and its needs, so that program activities will be market-driven. And new strategic partners should be contemplated, if available, and to include potential income-generating activities that could subsidize the outreach activities.
3. Be open to the possibility of new donors, including not only government aid, but the private sector as well (international and local corporations or corporate foundations). In order to identify, which donors are funding RH/FP and VAW, internet research is recommended, as well as more networking in Jordan with international NGOs, women's health projects and donors.
4. Look for options to increase operating efficiencies. Conduct some ratio and break even analyses. Imagine what a scaled-down outreach project would look like – How small can it be to cover reasonable overhead costs? Conversely, what would a bigger outreach project look like? How could a strategic partner impact operational efficiency?
5. Supplement the manual cash accounting with modern financial management practices, including excel spreadsheets, budget variance reports, ratios analysis and cash flow projections with informed assumptions and several scenarios.
6. Encourage the financial projections to be made after market data about demand for services is gathered and the risk analysis is completed, so that the assumptions for the

projections are market-driven. If there are not going to be significant changes to the existing program, then the projections can be done based on the historical figures, with inflation and other adjustments added.

Longer term sustainability initiatives could be included in the Action Plan section of your business plan. These ideas were uncovered in the project assessment and the business planning workshop. Include whichever of the following activities are relevant for your situation:

1. Continue to diversify revenue sources, including new donors (private sector, too) and/or income-generating activities.
2. Continue to search for strategic partners to subsidize your outreach activities and / or increase operating efficiencies.
3. Continue to increase operating efficiencies by reducing fixed and / or variable costs; control costs well; find economies of scale; maximize the use of existing capacity.
4. Implement on-going financial management, including monthly reviews with budget vs. actual variance analysis and cash flow monitoring.
5. Develop governance: Have an engaged Board who is involved in strategic decisions and to whom the Project Director reports; if the existing NGO structure does not provide this, consider creating an advisory board.
6. Formalize performance reviews: Develop appropriate formats for all levels of staff and write policy and procedures for the human resource manual.
7. Address succession planning: Increase management depth and invest in training deputy directors and delegating responsibilities.
8. Use business plan for internal purposes including decision-making; and for external purposes as well. Revise the plan as circumstances change so that it remains relevant.

Attached please find the Business Plan Template. I hope it will be useful for you and your team to write your business plan. Dina is translating it into Arabic. She has also developed a financial model and will be sharing that with you during your next meeting.

I wish you much success in your valuable efforts, and hope that the process of writing a business plan, and the plan itself, will bring your project closer to sustainability!

Best regards,

Nancy Natilson

APPENDIX III: BUSINESS PLAN TEMPLATE AND SPREADSHEET

Project Name

Business Plan for 2009 - 2011

[project address]

[city, country, postal code]

[phone, fax, email]

Prepared By:

[person/people who wrote the report]

[date]

[project logo]

1. EXECUTIVE SUMMARY

An effective Executive Summary describes all of the key elements of a business plan in two to three pages, including a:

- a. Synopsis of the project's key goals and strategies for success
- b. Brief description of the management team, board of directors and their qualifications
- c. Brief description of the market
- d. Brief description of programs or services
- e. Summary of key historical and forecasted operational and financial data

The executive summary is a brief, concise overview of the key points and findings appearing in the sections of the business plan. Although this section appears first in the business plan it is written last. The executive summary is typically 2-3 pages, written in letter form and addressed to the readers (i.e., a donor or lending institution).



2. DISCUSSION AND ANALYSIS

The Project

a. Vision and mission

Fundamental question: What is the vision and mission of the project? Has this changed over time? Is there a new vision/mission for the next three years?

Describe the project's vision and mission and discuss the overall guiding principles or philosophy.

The vision statement is an inspirational, compelling answer to the question: What do you hope for your clients? Example: "The reproductive health needs of every woman in Jordan are met."

The mission statement is a concise description of the purpose of the project. It answers the question: Why does your project exist? When answering this question, include the nature of your services, groups of clients that you serve and how you serve them. The mission statement should provide continued direction and focus to your plans, programs and services for your project. Example: "To provide quality private sector reproductive health care services to women, including access to modern contraception, early detection of breast cancer and a reduction in domestic violence."

b. Key goals, strategies and objectives

Fundamental question: What are the key goals and strategies of the project going forward? What are the measurable objectives to quantify impact?

List the project's goals and strategies for the next 3 years and explain the project's approach for achieving these goals. Make sure that each goal and strategy really contributes towards achieving the vision and mission of the project. List the objectives and ensure that they are quantifiable and realistic.

c. The project: past, present, and future

Fundamental questions: How has the project evolved overtime? What product or services do you provide? What benefits do you provide the women you visit?

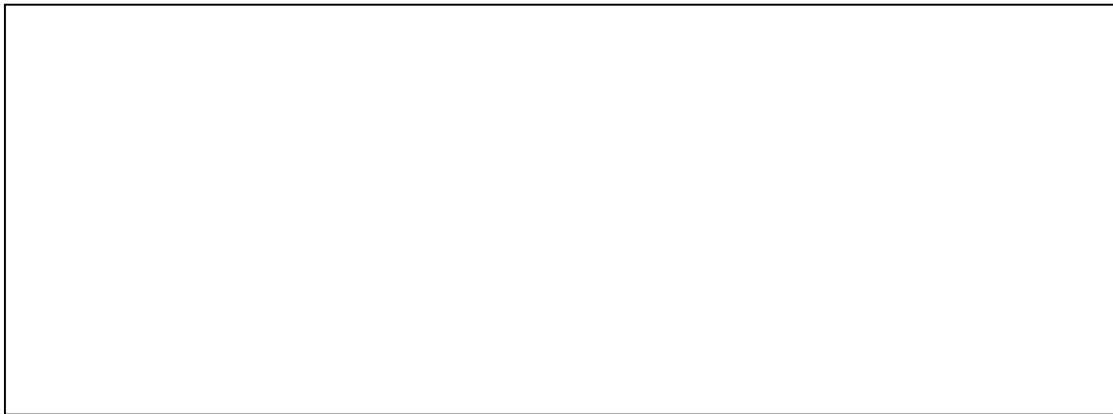
Explain the purpose of the project. Briefly describe the programs, products and services the project provides and the benefits the women receive. Provide a brief history of the project, how it came to be and how it has developed.

MANAGEMENT

a. The management team

Fundamental question: Who are the key management personnel for the next three years and what are their job descriptions and qualifications?

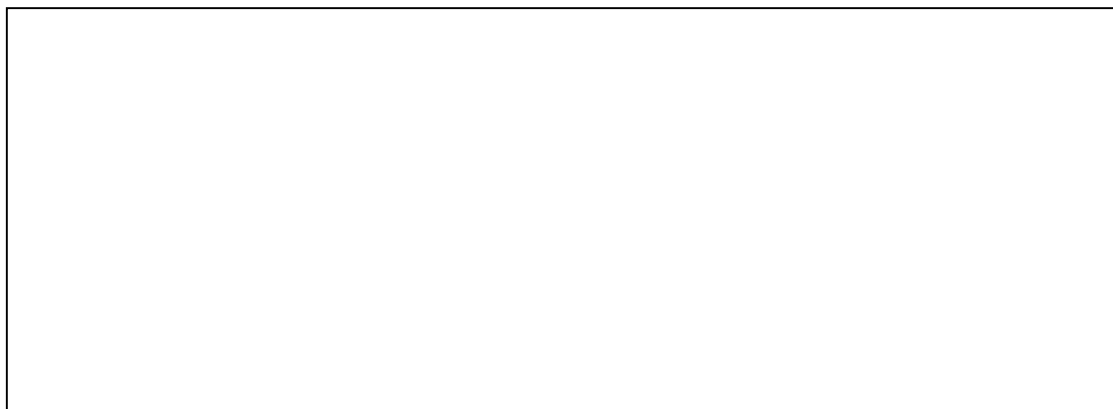
List the key members of the management team, their titles, job description and prior experiences. Explain how the strengths of the management match the mission and goals of your project. Key members may include the project director, the field coordinator and the administration coordinator.



b. Human resources (personnel)

Fundamental questions: How will the project be organized? Who are the personnel and what are their job descriptions? How has the project addressed succession planning for the key positions?

Prepare an organizational chart. Include job title, responsibilities and qualifications. Identify the number of employees that are in the project. Demonstrate that this staffing mix is the correct one to achieve the project's mission and goals.



c. Advisors (internal and external)

Fundamental questions: How is the Board of Directors structured, how and how often is it elected, and what role does it play in managing the project? Who are the key internal advisors (board of directors or advisory council)? Who are the key external advisors (accountants or lawyers)?

List the board of directors (preferably in table/chart form). Identify the officers who hold the positions of chairperson, vice chairperson, secretary and treasurer. Highlight their qualifications as it relates to the project and their direct relationship, if any, to the project.

List the key outside advisors (preferably in table/chart form). Highlight their necessity and qualifications as it relates to the project.

--

Names	Position	Qualifications

OPERATIONS: POLICY, PROCEDURES AND CONTROLS

a. Personnel policies and staff development

Fundamental questions: Do you have personnel policies and procedures in place? Are there programs in place to foster staff development?

Briefly describe your personnel policies. Explain approach/provisions for employee training / development, promotions and incentives. Describe the type of training offered to staff. Outline the performance review process, promotion guidelines and incentive program (are employees rewarded based on performance?)

b. Internal communication and reporting to management

Fundamental question: What are the administrative policies and procedures used for internal reporting and communication?

Explain the communication process for employees to report to management. Are there regular management/staff meetings? Is there a process for upward and downward communication/feedback? Describe how the staff is kept informed of new developments and decisions. Describe the flow of communication.

c. Billing and payments

Fundamental question: What are the administrative policies, procedures and controls for paying salaries and bills?

Explain how billing procedures are set up; include billing period and billing format. Identify procedures for controlling due dates on bills. List accounting and bookkeeping controls that are needed/used.

d. Monitoring budgets

Fundamental question: What administrative policies, procedures and controls are used for monitoring budgets?

Explain how often budget information is updated and reviewed. Identify who updates and reviews the budget. Are budget variances explained in writing? How often and to whom? Identify budgetary controls for certain line items (supplies, telephone, utilities, other).



PROGRAMS AND SERVICE ANALYSIS

a. The programs and services

Fundamental questions: What are the project's key program areas? What services are offered within those program areas? What is the purpose of these programs in terms of benefit? What are the relative sizes of the programs? Are there any unique features?

Describe the project's program(s) and services. Consider organizing this information into a chart to demonstrate the program area, the services, target customers, benefits/impact, and number of employees involved and a percentage to indicate the size of each program area.



<i>Program Area</i>	<i>Product or Service</i>	<i>Target Customers, # of Customers</i>	<i>Benefit or Impact</i>	<i>Number of employees</i>	<i>% of total program mix (based on funding)</i>

Total 100%

b. Limitations and liabilities

Fundamental questions: What are the limitations of your key program areas or related services? What are the possible liabilities the programs or related services may pose?

Provide an objective evaluation of the inherent service limitations (outreach, legal restrictions). Describe service potential liabilities.

c. Legal/governmental issues

Fundamental questions: Are there any licensing or governmental approvals necessary for the services you provide? What is your relationship with the Ministry of Health?

Describe any licensing or legal agreements associated with the services. Identify the governmental agencies that you work with and the necessary approvals required, if any (national and local).

d. Product/service delivery

Fundamental question: What is required to successfully deliver the service?

Explain what is needed including: materials/supplies, infrastructure (offices), equipment, subcontractor, community health workers, transportation, and management.

e. Program growth and potential related products/services

Fundamental questions: What is the growth potential for the project's programs, or services? What are other complementary programs that could be introduced to demonstrate flexibility and responsiveness to continuously changing market/customer needs? Are there any products or services that could be introduced within existing programs?

Provide example of related programs, products, or services (spin-offs) that could be introduced.

THE MARKET AND COMPETITORS/PARTNERS

a. Market size

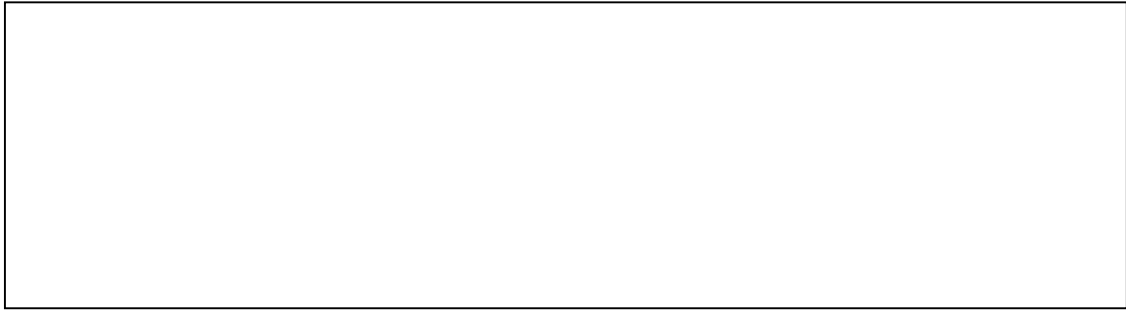
Fundamental question: What is the current market size in your project's program areas?

Report the market size locally, regionally and nationally. For example, there are X number of married women of reproductive age in Y District, where the project operates. Always cite sources for statistical information.

b. Community and customer benefits

Fundamental question: What benefits do your programs or services provide the community/women visited?

Identify the benefits the community and the women visited receive from your programs and services. Describe how your programs address a need or solve a problem for the community or woman, i.e. improved access or quality to necessary services. Predict customer satisfaction levels.



c. Target customer profile

Fundamental questions: What are the profiles of your current target customers? What is relative size of each target segment? Which programs and services does each group utilize? What is the general response to the programs and services your project provides?

Describe the profile of your target customer, including: age, gender, income, geography, and other demographics. Outline personal characteristics such as attitudes, beliefs, values and social status. Include any testimonials, results from market surveys, customer satisfaction surveys or focus groups.

Target Customer Group and Relative Size (% Total Population)	Programs, Products, Services	Demographic Profiles	Beliefs, Attitudes, Values	Customer Response/ Perception
<i>Potentially abused women (X %)</i>	<i>Violence against women</i>	<i>Low income, rural inaccessible area, Ages (16 - 35), low literacy</i>	<i>Women tend to have low social status, low economic empowerment, need access to education</i>	<i>Survey revealed trust and comfort with project</i>

d. Community and customer demand

Fundamental questions: What is the market (community) demand for your programs, products or services? What is the growth potential?

Explain if the need for your programs or services is growing, stagnant or declining. What are the underlying causes? If stagnant or declining, what can be done to adjust to the changing needs of the community / women?

e. Market trends

Fundamental questions: What are the current trends in the marketplace? Do these trends affect or influence the success or failure of your programs, products or services?

Objectively explore the potential for future marketplace developments to affect the demand (or your ability to supply) the services. For example, will political unrest, increasing poverty levels, or natural disasters impact the success or failure of your programs?

f. Future markets (opportunities and threats)

Fundamental questions: What potential opportunities exist in future markets? What potential threats could affect your future markets?

Identify any potential future market opportunities that may be aligned with your mission and goals. If possible include projections on market size and target customers. Identify risks to your future markets and strategies to mitigate risks (i.e., lack of funding available).

g. Competitor/Potential partner assessment

Fundamental questions: Who are your competitors? What is the basis for competition for programs and services? What is the competitive advantage of your programs and services? Could these “competitors” be considered potential partners?

Identify the competition. List each competitor and their share of the market. Explain the basis for competition (quality, service, other). Outline the comparative advantage your programs or services have regarding: quality, uniqueness, marketing /advertising, distribution, customer benefits, market share and overall strengths/weaknesses.

<i>Competitor Name</i>	<i>Competitor's Service</i>	<i>Competitor's Quality</i>	<i>Competitor's Market/Customer Share</i>	<i>Comparative Advantage of your service</i>

MARKET IMAGE

a. Project marketing and public relations

Fundamental questions: What type of marketing and public relations activities does your project conduct to raise its own profile and market image? What types of media channels, publications, and promotions are used for that purpose? Do members of your project participate in panels, forums, partnership, or policy dialogues?

Describe the promotion/public relations strategy. What types of public relations activities and marketing activities are conducted to raise your project's profile and market image? List channels, activities, partnerships, and forums.

b. Program marketing

Fundamental question: How are programs and services marketed to customers?

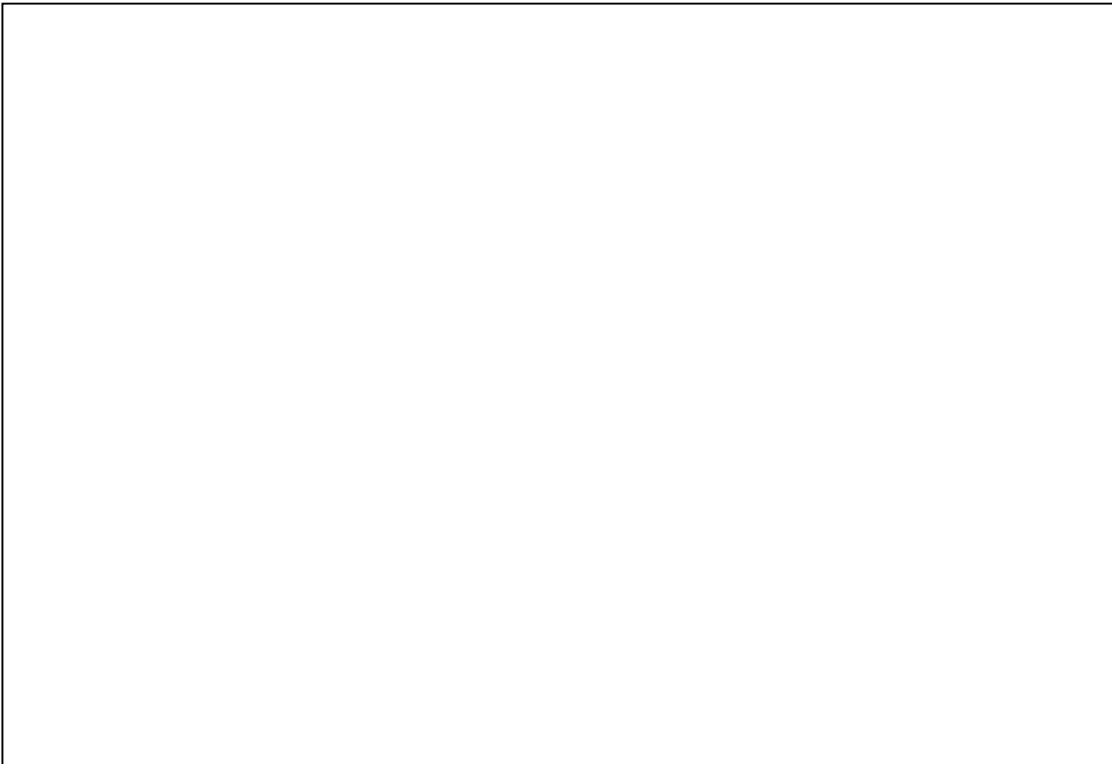
What types of advertising or promotional materials are used: broadcast, print (brochures/posters), open houses, courses/training, other? List each program or service and describe the associated/promotional approach used to market programs and services, and the associated cost.



c. Delivery and distribution

Fundamental question: How are your programs and services delivered to customers?

Summarize how your outreach is implemented. List associated employees and breakdown of costs.

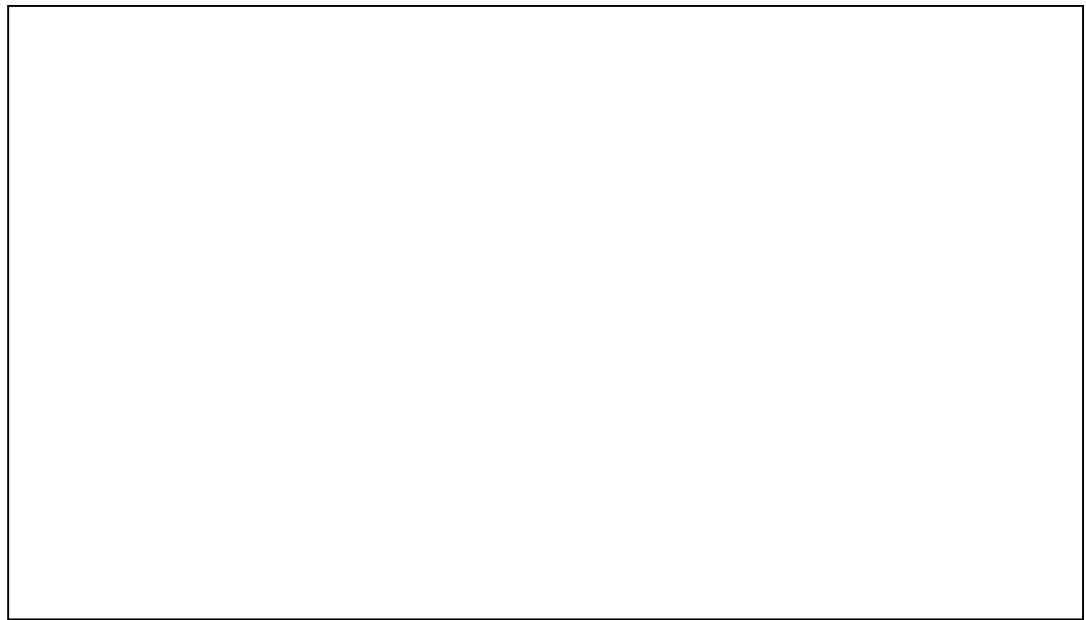


FINANCIAL PLAN

a. Risk Analysis and Assumptions

Define key risks, including inflation, funding availability, growth trends (population, demand), and competition. Base assumptions for the projections on your risk analysis.

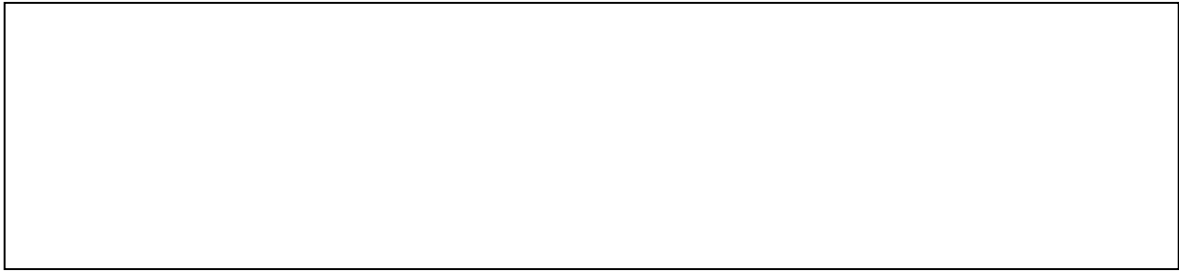
What changes in the macroeconomic environment and your particular target market segment do you predict for the next three years? How will these changes effect your projections? List the most significant assumptions that will be used in your projections and include several scenarios.



b. Financial Summary

Develop a summary of the key financial indicators for quick reference on the financial status of the project. You can choose to add other indicators or milestones as appropriate. This summary is often included in the executive summary of the business plan.

What are the key trends? Is your project growing or decreasing in terms of revenues? Why? Are expenses increasing or decreasing? Why? Is the NGO generating a net positive or negative income? Is operational efficiency improving? Why or why not?



	2007 (Actual)	2008 (Current)	2009 (Projected)	2010 (Projected)	2011 (Projected)
<i>Local Income from Core Activities</i>					
<i>Other Local Revenue</i>					
<i>External Financing</i>					
Total Revenues					
<i>Overhead (Indirect expenses)</i>					
<i>Program Expenses (Direct)</i>					
Total Expenses					
Net Income (loss)					
Operational efficiency <i>(Overhead / total expenses)</i>					
Cost per new woman visited <i>(Total expenses / Number of new women visited)</i>					

c. Revenue Diversification Analysis

Fundamental questions: What is your project’s revenue diversification mix? How has the revenue diversification mix changed over time? Have certain categories seen increases or decreases? Why?

Analyze key sources of revenue for your project according to local income from core services (fees for services), other local income (local fundraising, community contributions, local corporate sponsorships, and external funding (foreign donors, foundation). Explain year-to-year changes and support projected years’ assumptions.

	2007 (Actual)	2008 (Current)	2009 (Projected)	2010 (Projected)	2011 (Projected)
<i>% Local income from core services</i>					
<i>% Other Local Income</i>					
<i>% External Funding</i>					
<i>Total</i>					

d. Break Even Analysis

Fundamental questions: What level of revenue must be reached to ensure that all costs (variable and fixed) are covered? What happens to the revenue level when you change the variables (reduces fixed costs; increases the contribution margin)?

Separate fixed and variable costs. Use the formula: Break even in revenue (JDs) = Fixed costs / [(Sales – Variable costs)/Sales]. Apply different scenarios and use not only number of new women visited as the unit of sales, but number of visits, too.

3. ACTION PLAN: GOALS AND WORKPLAN

a. Summary of Strategic 3 Year Goals and Strategies

Provide a summary of the goals and strategies outlined in your project’s business plan.

Categorize the goals according to the sustainability pillars: Institutional, Program or Financial. Check off the appropriate box. Then list the key activities and the year it is to be accomplished.

Goal	Strategy	Institutional Pillar	Program-matic Pillar	Financial Pillar	Key Activities
Increase self reliance and income from local sources	Diversify Income Sources			X	Procure local donor

b. Action Plan

Fundamental question: What specific activities are planned to implement your strategies and how will you measure achievements? Are goals achievable? What additional resources (financial and personnel) are needed to achieve the goals? Are there any risks, limitations or barriers?

The annual goals should support and be consistent with the medium-range goals and strategies listed above. The goals should be realistic and achievable. The goals should have specific indicators. Make sure that each annual goal links specifically to a strategic goal that was listed above. Explain the project’s capacity to achieve the annual goals in terms of personnel. Can the current staff manage the workload or is additional staff required? Identify if there are any financial resources required and the potential sources. Discuss any other risks, limitations or barriers to implementation.

<i>Activity</i>	<i>Person responsible</i>	<i>Timeframe</i>	<i>Indicators</i>	<i>Resources Needed</i>	<i>Barriers/Risks</i>
1. Procure local donor	Project Director	June – December 2009	Increase percentage of local revenue	Business plan	

4. APPENDIX

- a. Historical financial statements
- b. Financial projections

Include projected financial statements for the next three years (balance sheet, income statement and cash flow statement.) Make sure that the statements all reconcile with each other, are for the same periods of time, and support the financial section of the business plan. Also include some key indicators and key assumptions. Provide several scenarios if appropriate.

Balance Sheet				
	2008	2009	2010	2011
Assets				
<i>Current Assets</i>				
Cash in banks	-			
Interest-bearing deposits				
Accounts receivable				
Other current assets				
Total Current Assets	-	-	-	-
<i>Non-Current Assets</i>				
Equipment	-	-	-	-
(Depreciation)				
Buildings				
Land				
Other non current assets				
Total Assets	-	-	-	-
Liabilities				
<i>Current Liabilities</i>				
Short term borrowings				
Accounts payable				
Other current liabilities				
Total current liabilities	-	-	-	-
<i>Long-term liabilities</i>				
Total liabilities	-	-	-	-
Equity				
Initial capital				
previous years profit/loss				
current year profit/loss				
Total Equity	-	-	-	-
Total Liabilities + Equity	-	-	-	-

Statements of Income				
	2008	2009	2010	2011
Revenue				
PSP Grant - US Dollars	-	-	-	-
PSP Grant- Local Currency	-	-	-	-
Other international grants	-	-	-	-
Local revenue/grant	-	-	-	-
Total Revenue	-	-	-	-
Expenses				
<i>Direct Program Expenses</i>				
Program Staff wages/insurance and benefits	-	-	-	-
Transportation	-	-	-	-
Brochures and materials	-	-	-	-
Training	-	-	-	-
Others	-	-	-	-
Total Direct Program expenses	-	-	-	-
<i>Indirect expenses</i>				
Wages and insurance benefits for management	-	-	-	-
Rent	-	-	-	-
Utilities	-	-	-	-
Communications	-	-	-	-
Stationary and other supplies	-	-	-	-
Depreciation	-	-	-	-
Others	-	-	-	-
Total Indirect expenses	-	-	-	-
Total Expenses	-	-	-	-
Net Income	-	-	-	-

Statements of Cash Flows

YEAR	2008	2009	2010	2011
Beginning Balance	-	-	-	-
Cash in				
Cash from PSP - Dollar	-			
Cash from PSP - JD	-			
Cash from other Int'l Donor	-			
Cash from local donor	-			
Total Cash in	-	-	-	-
Cash out				
Equipment purchases	-			
<i>Cash out - Direct</i>				
Program Staff wages insurance and benefits	-			
Health insurance	-			
Training	-			
Transportation	-			
Brochures and Materials	-			
Other direct expenses	-			
Total cash out -direct	-	-	-	-
<i>Cash out - Fixed</i>				
Wages (Mgmt. and Admin)	-			
Health insurance	-			-
Communication	-			
Rent	-			
Utilities	-			
Stationary and other supplies	-			
Other overhead expenses	-			
Total cash out-Fixed	-	-	-	-
Total Cash Out	-	-	-	-
Cash at end of year	-	-	-	-

Statements of Monthly Cash Flows

YEAR	January	February	March	April	May	June	July	August	September	October	November	December
Beginning Balance		-	-	-	-	-	-	-	-	-	-	-
Cash in												
Cash from PSP - Dollar												
Cash from PSP - JD												
Cash from other Int'l Donor												
Cash from local donor												
Total Cash in	-	-	-	-	-	-	-	-	-	-	-	-
Cash out												
Equipment purchases												
<i>Cash out - Direct</i>												
Program Staff wages insurance and benefits												
Health insurance												
Training												
Transportation												
Brochures and Materials												
Other direct expenses												
Total cash out -direct	-	-	-	-	-	-	-	-	-	-	-	-
<i>Cash out - Fixed</i>												
Wages (Mgmt. and Admin)												
Health insurance												
Communication												
Rent												
Utilities												
Stationary and other supplies												
Other overhead expenses												
Total cash out-Fixed	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Out	-	-	-	-	-	-	-	-	-	-	-	-
Cash at end of Month	-	-	-	-	-	-	-	-	-	-	-	-