Various Approaches to Building Programs

There are at least five different common approaches to developing a new nonprofit program. Each of the approaches is described in the rest of this topic. Some approaches seem to start out slow and soon stop altogether. Other approaches start out fast and then end in a flurry of confusion. Still, other approaches start out carefully and go on to make a huge difference for their clients. The approach you use depends on various factors.

Note that sometimes the approach to development of a new nonprofit organization is essentially the same as the approach to development of its new program, particularly if the organization is new or only has one program. In that case, it might be difficult to detect any difference between the approaches to developing the overall organization and its new program. Whether it is a new organization or a new program, the development process depends on several factors.

1.   **The nature and complexity of the organization's programs and services**
     For example, the process to develop a program that provides mental health services would probably be more complex than the process to develop a program that provides a food shelf to low-income families.

2.   **The resources and stability of the overall organization**
     For example, if the organization has been in operation for several years and its current programs have been using the same processes and procedures over those years, the organization probably has more accurate and reliable processes from which to design new or related programs. On the other hand, if the organization is relatively new, it likely has limited expertise and resources from which to design programs.

3.   **The extent of program development expertise in the organization**
     It is not surprising to find that many nonprofit leaders have little, if any, formal training in developing programs. There have been few comprehensive resources in this regard. Many nonprofits have resorted simply to doing whatever seems reasonable for the day, while collecting as many resources as possible and hoping that they will be useful.

Following are descriptions of five common approaches to developing nonprofit programs. The nature of the approaches can overlap somewhat.

"Build It and They Will Come" Approach

This approach is common to new nonprofit organizations, especially if their founder is rather inexperienced in program development, in conducting marketing analysis, and/or has a strong passion – even an obsession – about meeting a perceived need in the community. In these situations, the founder believes that there is an unmet need in the community. He bases his belief almost entirely on his own perception, even though there is sometimes no verified evidence of a strong unmet need. In this approach, the founder:

1.   On his own, designs a method (often a roughly designed program) to meet the need that they perceive in the community.

2.   Applies for funding to a donation source (individuals, corporations, foundations or the government) and is turned down due to lack of evidence that the perceived unmet need really exists.

3.	Advertises the program to the community, usually through word-of-mouth, flyers, brochures and direct mailings.

4.	Experiences a great deal of frustration that most of the people having the perceived unmet need do not flock to the program.

5.	Substantially increases the advertising throughout the community.

6.	Continues to experience frustration that most of the people having the unmet need do not flock to the program.

7.	Either abandons the effort or, if the unmet need really does exist, persists and accomplishes the seat-of-the-pants approach to program development. The program, however, often suffers from Founder's Syndrome, where the nonprofit is operated according to the personality of someone in the organization (usually the founder), rather than according to the mission of the organization.

Seat-of-the-Pants Approach

This approach is common to many new nonprofit organizations, especially if their founders are rather inexperienced in organizational development and management. In these situations, the nonprofit organization and its primary program are so highly integrated that it is difficult to discern what resources go directly into providing services to clients versus those resources needed to run the entire organization. The seat-of-the-pants program development process usually parallels the development of the organization itself, and might best be described to include the following steps:

1.	A person realizes a major, unmet need in the community. The person starts doing whatever they can to meet the need, mostly through their own efforts.

2.	The person realizes that they cannot do it all, and/or others start to chip in and help the person. Over time, all the people involved start to agree on who is going to do what to be more efficient. At this point in the program, all the participants are often still volunteers.

3.	Over time, some or all of the people realize that they need more help, including money, to continue to meet the community need. To get funding, they usually start to form a nonprofit corporation by filing Articles of Incorporation, usually with the Secretary of State's office in their state. Filing for incorporation requires that the nonprofit have a Board of Directors. They are soon granted the status of nonprofit corporation. Next, they often seek tax-exempt status from the Internal Revenue Service so they do not have to pay federal taxes. So they apply for tax-exempt status and may eventually get tax-deductible/charitable status, too.

4.	They continue to work to meet the major need in the community, while they continue to organize themselves, usually by having a volunteer Chief Executive Officer and other volunteers.

5.	As mentioned earlier in this guide, organizations go through life cycles. Nonprofit organizations and/or programs rarely get through the first life cycle until they have established the necessary processes and structures to sustain continued growth. Hopefully, the nonprofit realizes that they need yet more planning and organization of resources to meet the community need in a more effective and efficient fashion. If they do not achieve this realization, they can succumb to Founder's Syndrome.

6.   At this point, whether the nonprofit achieves more organization of its resources or not, it has developed a program geared to meet the unmet need of the community. The program development approach was somewhat seat-of-the-pants in nature – people scraped the program together by doing whatever they had to and whenever they had to do it. The program just kind of came together.

While this seat-of-the-pants approach often works when first developing a nonprofit organization, it certainly is not the best way to go forward or to add other programs.

Incremental Planning Approach

People can probably develop a new program without having to resort to the high-risk, seat-of-the-pants approach or to a more comprehensive, in-depth process if:

1.   They know their client needs well (they should be careful about assuming that they do!),

2.   They plan to meet those needs by using program methods with which they are familiar, and

3.   The cost and risk of starting the new program are quite low.

If the above conditions are true, they can develop their new program with a straightforward plan that specifies:

1.   Outcomes and/or goals for the new program to achieve.

2.   Program methods or activities to accomplish those goals.

3.   Any minor changes that must be made to current programs in order to implement the new program methods.

4.   Who is responsible to implement the program methods and make the minor changes.

5.   Timelines for achievement of the goals.

6.   Budget that lists the funds necessary to obtain the resources required to achieve the goals.

Business Planning Approach

There are a variety of views, formats and content regarding business plans. Usually, a business plan includes careful analyses of:

1.   A major unmet need in the community.

2.   Program method(s) to meet the need.

3.   How the community and nonprofit can engage in a productive, ongoing relationship where the nonprofit program continues to meet the community need and the community, in turn, returns sufficient value to the nonprofit.

4.   How the program methods can be implemented and managed.

5.   What the costs are to build and implement the program methods.

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Usually, the business plan includes contents that are organized into several other subordinate (or smaller) plans, including a marketing plan, management plan and financial plan.

You might have recognized that a business plan is essentially the same as a well-written fundraising proposal; thus, it might be said that the more you use a business-planning approach in your program development, the more probable it is that you will get funds from donors.

Particularly in the for-profit world, bankers and other investors often require a business plan because the plan includes a careful look at all aspects of a project. Business planning is often conducted when:

- Expanding a current organization, product or service.

- Starting a new organization, product or service.

- Buying an organization, product or service.

- Working to improve the management of a current organization, product or service.

People should do a business plan for a nonprofit program if any of the following conditions exist:

1. The nature of the program is new to the organization.

2. They will need funding to develop and operate the program.

3. They are not familiar with the program's clients and their needs.

4. They are not completely sure how to meet their needs.

Business Development Approach

> *"Nonprofits have to recognize that they are businesses, not just causes. There is a way to combine the very best of the not-for-profit, philanthropic world with the very best of the for-profit, enterprising world. This hybrid is the wave of the future for both profit and nonprofit companies."*

> From *Genius at Work*, an interview with Bill Strickland, CEO of Manchester Craftsmen's Guide and the Bidwell Training Center

A new trend in nonprofit program planning is focus on nonprofit business development, which might take program planning to an even higher level of quality than that done in business planning. Note that nonprofit business development includes the business planning process so, technically, it is not a completely different alternative to business planning. However, business development usually includes more upfront, rigorous examination for numerous opportunities to provide products and services among a variety of stakeholders to generate revenue and still work toward the mission of the organization. Business development often helps groups of clients identify new needs that they did not even realize, whereas processes that start right away with business planning are based on one currently known, particular need among clients without rigorous analysis for many other opportunities. Business development is quite market-driven, whereas business planning can be quite program-driven. Andy Horsnell, co-founder of Authenticity Consulting, LLC, describes the main phases in the business development process, including:

1.   Clarifying the current, overall situation of the nonprofit and its external environment, particularly to ensure a solid base from which to develop current or new programs.

2.   Inventorying the assets and capabilities of the nonprofit, particularly those that can contribute toward developing current or new programs.

3.   Brainstorming, screening and selecting a short list of opportunities in which to sell products or services, particularly those that might be used to deliver more of current programs to current clients, new programs to current clients, current programs to new clients, and new programs to new clients.

4.   Researching the short list for feasibility and selecting the most appropriate opportunities, including careful consideration to likely sales and profitability, business models, payers and competitors, processes and materials required to develop each idea, and the influence of laws and regulations.

5.   Strategizing and planning to implement the selected opportunities, including developing a business plan.

6.   Implementing the plan and adjusting it to reality.

Program Building Approaches Compared to Good Program Management

You should realize that the business planning and business development approaches are usually much more comprehensive and in-depth than the "build it and they will come" and seat-of-the-pants approaches to program development. The business planning and business development approaches form the foundation for good program management because the approaches are likely to ensure:

- More accurate understanding of community needs.

- Higher quality of service by focusing on what you do best.

- More effective and efficient operations in your organization.

- Increased financial resources, notably through increased mission-related earned income.

- Better use of financial resources.

- More freedom and choices of resources to meet community needs.

- Improved coordination between Board and staff.

- Better relationships with clients and other external stakeholders.

- Enhanced credibility with clients and funders.

So, rather than thinking of business planning or business development as processes to develop programs, you might benefit best from thinking of the business planning and business development processes as activities required for good program management.