



BUSINESS PLAN

**Approved by the Board of Directors
January, 2010**

2010 – 2012

CONFIDENTIAL

This is a sample plan for demonstration purposes. The contents do not include real data nor are they intended to apply to any organization. Actual plans will vary based on organizational need.

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1.0 Current Situation and Plan Highlights

This plan includes historical operations information, as well as business strategies and projected budget needs for the coming years for ABC Cultural Organization (ABC CO). It also includes a newly completed assessment of Market Demand and Competitive Advantage.

Key business strategies

- Strengthen the relationship with the Community Council
- Bring the accounting system in-house
- Create a volunteer program
- Grow the building reserve fund and the endowment fund

While ABC CO has long benefited from support provided by the Community Council, increasing demands on community resources have sometimes distracted attention from the important cultural and heritage work being done. ABC CO plans to intentionally engage with the Community Council through the Board of Directors to ensure that the mutual needs of both organizations are met.

During the planning process, issues regarding the organization's accounting system came to light. Specifically, funds are administered and accounted for by community administration and not by ABC CO. Because ABC CO funds are minimal in regards to the overall community budget, providing information in a timely manner has sometimes been a low priority. Further, the community accounting system does not use nonprofit accounting standards, causing difficulty in translating the financial situation for grants and other uses. The solution will be to establish separate accounts and accounting system for ABC CO.

Involving volunteers in the daily operations of ABC CO will serve two purposes: to accomplish needed work without accruing additional expense; and for ABC CO to reach out to provide opportunities for more community members to be closely associated with ABC CO.

The need to increase reserve and endowment funds has been obvious during the past couple of years, as staff increases and other expenses have been deferred due to lack of funding, and proceeds from the endowment have not been sufficient to fill the gap.

Finally, it may be necessary to reorganize the staff and to assess the importance of current work against new initiatives. The staff is one of ABC CO's strongest assets, and managing any changes will be a priority, along with assessing and ensuring appropriate compensation for work being done.

This business plan was created in conjunction with the strategic and development plans and the three plans together constitute the whole.

2.0 Organizational History

In the early 1900's, Anytown enjoyed its position as a cultural center and built both a performing arts theatre and an exhibit hall. The dream of an organization to coordinate and build on this rich heritage began over three decades ago. In the early 1990's, the community began to allocate \$50,000 every year for art exhibits and performances, to engage both local and visiting artists.

ABC Cultural Organization held its first event on March 13, 1993. Since then, the organization has provided a robust series of arts events and classes that draw an audience from Anytown and communities beyond. Artists from throughout the world perform and exhibit here, and Anytown is often the smallest community on their tours.

3.0 Organization Structure and Governance

ABC CO is organized under Section 501(c)(3) of the Internal Revenue Code.

3.1 Board of Directors

The Board of Directors is made up of nine members.

- Members of the Board of Directors elect new members.
- The business and affairs of ABC CO are managed and controlled by the Board of Directors.
- By-laws require that at least three professional artists be included on the Board.
- The Board has the authority to create and discontinue work committees for specific purposes as it may deem necessary.

Board Officers

- The President of the Board presides at the meetings of the Board of Directors. The President signs, with the Secretary of ABC CO or any other proper officer authorized by the Board Directors, any contract or other instrument which the Board of Directors has authorized, except in cases where the signing and execution is delegated by the Board of Directors to some other officer or agent of ABC CO.
- The Vice President presides in the absence of the President of the Board and performs the duties of the President of the Board when so acting.
- In practice, the Secretary and Treasurer are combined as Secretary-Treasurer of ABC CO. The Secretary-Treasurer keeps minutes of the meetings of the Board, sees that all notices are given according to the By-laws and has custody of and is responsible for all funds and securities of ABC CO and deposits all monies in the name of ABC CO.

3.2 Board of Advisors

The Board of Advisors is the primary advisory body to ABC CO. Advisors may be recommended by the Community Council or by ABC CO Board of Directors. There are to be no less than seven nor more than 45 members appointed to the Board of Advisors. The Board of Advisors participate in and contribute to raising capital and operating funds for ABC CO; the artistic and cultural affairs of ABC CO; and all other activities in aid of the purposes of ABC CO.

Board of Advisors Officers include a Chairperson and Vice-Chairperson. The Chairperson presides at meetings of the Board of Advisors and the Vice-Chairperson presides in his or her absence.

3.3 Board Committees

Current Board Committees include Budget, Development/Marketing, Vision Statement, and Investments. Committees include members of both the Board of Directors and Board of Advisors.

3.4 Executive Director

The Executive Director is appointed by the Board of Directors and serves for such term and such compensation as the Board of Directors directs. The Executive Director is the Chief Administrative Officer of ABC CO, subject to the authority of the Board of Directors and performs such duties as are assigned to him/her. The Executive Director is deemed to be an officer of ABC CO.

The position has been held by EXEC DIRECTOR since 2002. BRIEF BIOGRAPHY

3.5 Key Staff

The Curator of Exhibits cares for and tracks art exhibited by ABC CO. The Curator oversees the process of acquisitions for the exhibits and plans and maintains exhibits such as the Community Member Art Show, Youth Art Show, and Annual Art Exhibit. This work includes making arrangements for receiving traveling

exhibitions, providing condition reports for loaned artifacts, and providing graphic design support when needed.

The position has been held by CURATOR since 1997. She is a master painter. Her training has been hands on and she has been mentored by curators at three local museums.

The Education Coordinator develops and implements educational programs such as classes in traditional and modern arts and crafts for community members.

The position is held by EDUC COORDINATOR. She has worked at ABC CO since 1996, where she began as a membership and development assistant.

The Program Coordinator arranges the Performing Arts Series, including plays and concerts held approximately six times per year. She maintains relationships with artists themselves and with their agents or representatives.

The position is held by PROGRAM COORDINATOR. She has worked at ABC CO since 1998.

The Office Manager, supervises day to day activities of the office staff, implements basic financial transactions, including payroll submission, donations, membership funds, payments and fund raising financial records. The Office Manager is Acting Director in the absence of the Director.

The position is held by Office Manager who has worked at ABC CO since it opened. Previously she held the position of Community Council secretary.

The Development Officer is tasked to increase revenues through membership, increased visitation and annual gift solicitation. The Development Officer plans and manages fund raising events and works with the Director on grant research and application. The Development Officer works with the Director and Staff to market ABC CO and with the Board(s) to increase fund raising effectiveness and develop corporate sponsorships. The position is currently vacant.

The Development Assistant oversees membership, sends out membership renewal letters, solicits new memberships, keeps membership and donor records, answers phone calls and greets visitors to ABC CO's Administrative offices. The position has been held by DEVELOPMENT ASSISTANT since 2008.

4.0 Business Approach

ABC CO targets its business efforts to ensure that all friends of ABC CO can directly relate their contributions to ABC CO's missions and programs. The Community Council, in an effort to support this concept provides resources to help support core administrative and the major portion of overhead costs, ensuring that the providers of grants, gifts and membership support can see their contributions directed to programs.

While ABC CO seeks at all times to match outlays with revenue sources, the mission is one that involves long-term commitments and planning. A reserve fund is being built over time to ensure the organization has sufficient cash flow to address any annual shortfalls.

A permanent endowment is in place to assure a source of revenue for future priorities. Donors who wish to provide an endowment gift can be assured that only the earnings on the endowment will be used, and the principle will remain in place and grow to provide support for ABC CO in perpetuity.

ABC CO maintains its finances in such a way as to direct all resources to specific purposes. For example, membership revenue is directed to programs of interest to members. Admissions are directed to maintain, expand and improve exhibits and collections. Educational programs are supported by grants and donations.

Efforts are made to enlist volunteers and donors to support fund raising events so as to direct all resources resulting from such events to priority programs for which the events are held.

5.0 Market Demand and Competitive Advantage

5.1 Market Demand

Sample NOTE: This sample is actual research completed for an organization in Central Oregon though specific names and numbers have been changed.

ABC Cultural Organization is in a high demand region for visitors.

In 2006 there were 21.2 million visitors to the state of Oregon. Approximately 12% of all statewide visitors, or 2.5 million people, visited Central Oregon during their visit to Oregon. Sixty percent or 1.5 million, indicated that the reason for their Central Oregon visit was due to Marketable Trip Experiences, identified as attributes of the Central Oregon region that make it a marketable destination for vacation travel. This is 16% higher than the state norm of 44%. Tourism is the single largest industry in Central Oregon, responsible for more than one-half billion dollars in total economic impacts.¹

In addition to out-of-state visitors, ABC CO is well located to draw Oregonians, within a two to three hour drive of many population centers. Portland is 105 miles away; Bend is just 55 miles. The annual average daily traffic (AADT) passing ABC CO is 4,700, or 1,715,500 annually.

In Local County, visitor spending has been trending generally upward for the type of service provided by ABC CO.

¹ Central Oregon Visitors Association

Local County Visitor Spending - Arts, Entertainment and Recreation		
Calendar Year	Million \$	Annual Change
1999	\$6.20	12.00%
2000	\$6.00	-2.90%
2001	\$6.40	5.70%
2002	\$6.40	0.00%
2003	\$6.50	2.20%
2004	\$6.80	5.30%
2005	\$6.90	0.40%
2006	\$7.60	10.70%
2007	\$7.20	-5.30%
2008	\$8.00	11.40%

The high quality experience of ABC CO, its location, and its focus provide a unique opportunity – no other organizations compete in this niche.

“Over the past decade, travel industry heritage tourism is one of the fastest growing. These words, and an array of facts to back them up, come from A Position Paper on Cultural and Heritage Tourism, published by the U.S. Department of Commerce and the President’s Committee on the Arts and the Humanities for the 2005 U.S. Cultural & Heritage Tourism Summit. This trend is rooted in the very nature of travel. Tourists are by and large a curious breed with a hunger for experience and knowledge of the world and the people in it. It’s the same urge that draws people to arts events, museums, and festivals, and that drives artists to create. In a world of interchangeable communities, cookie-cutter malls, and plastic souvenirs, a growing number of travelers are searching for the new, the different, the authentic.

“That last word is particularly important. As the globe shrinks and visitors grow tired of creeping homogenization, authentic experiences become a key factor in deciding where to go and what to do. Will I find a distinct sense of place, a genuine glimpse into other cultures, other times, other ways of living? Will I connect with real people? Will I learn something new? Will I create unique memories?²

² *Exploring Authentic Oregon: The Importance of Cultural Tourism*, published by the Oregon Arts Commission, Oregon Cultural Trust and National Endowment for the Arts, 2006

5.2 Market Segmentation

Service Geographics (2007)

Visitors from Anytown	60%
Visitors from region	37%
Visitors from out of state	2%
International visitors	1%

Service Demographics (2008)

Adults	50%
Sr. Citizens	19%
Children	9%
Students	13%
Members, passes, other	9%

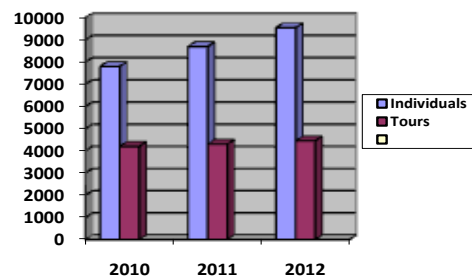
5.3 Market Projections

Attendance revenue is projected to grow modestly during the life of this plan. Increased marketing and outreach will bring more people to ABC CO than seen in 2009, however it is expected that the increase in revenue will be seen in membership figures, a key focus of development efforts.

Year	2007 (actual)	2008 (actual)	2009 (projected)	2010 (planned)	2011 (planned)	2012 (planned)
Attendees	13,139	12,836	10,775	12,000	13,000	14,000
Revenue	\$49,693	\$62,659	\$42,000	\$46,200	\$50,820	\$55,902

Projected Attendance Sources

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Individuals	7,800	8,700	9,550
Tours	4200	4,300	4,450



5.4 Competitive/Collaborative Landscape

Arts and cultural activities speak to a community's sense of place and they increase pride, along with recreational and educational opportunities. Increased offerings can distinguish a community or region, and increase the number of visitors overall. At the same time, nonprofit organizations may find themselves competing for limited local charitable contributions.

While ABC CO is the only organization in the region offering its type of services, there are several museums with permanent collections some of which include works by artists who have shown in ABC CO exhibits.

Regional Museums

- Family Home Museum
- Historical Museum
- Agricultural Museum
- County Museum
- Nature Center

5.3 Target Market Segment Strategy

The primary target populations for ABC CO are visitors from the local community and the region.

Regional visitors will be attracted through increased visibility resulting from marketing and outreach efforts.

To encourage repeat visits, ABC CO will vigorously promote changing exhibits and displays, and its public events. It will attempt to capture email addresses for attendees so that promotions can be sent electronically.

Special events will be held at ABC CO for community members. They will be further engaged through the new volunteer program.

6.0 Business Strategies

2010	2011	2012
Cultivate strong relationship with Community Council	Cultivate strong relationship with Community Council	Cultivate strong relationship with Community Council
Create independent accounting system	Run accounting system concurrently with tribal system	Commence exclusive use of organizational accounting system
	Create an effective volunteer program	Implement the volunteer program and recruit volunteers
Grow the reserve fund	Grow the reserve fund	
	Plan for endowment campaign	Implement endowment campaign

7.0 Action Plan

Strategies (from above)		Key action items	Timeline	Assignment
Cultivate strong relationship with Community Council	a	<i>See strategic plan action item nos. 3, 20, and 21.</i>	Ongoing	Board and staff
Create and transfer to independent accounting system	b	Set up in-house system	1/10	Staff
	c	Populate system with 2010 data	1/10	Staff
	d	Run system parallel with tribal accounting	Ongoing	Staff
Create and implement volunteer program	e	<i>See volunteer plan, 11.0 below</i>	2011-2012	Dev. Officer
Grow the reserve fund	f	Budget \$50,000 annually for reserve fund	2010 - 2011	Board
Plan for and implement an endowment campaign	g	Create endowment plan	2011	Dev. Officer
	h	Begin raising endowment funds	2012	Dev. Officer

8.0 Financial Management

The Executive Director is charged with the responsibility to operate ABC CO in accordance with budget and financial policies adopted by the Board of Directors. ABC CO plans a balanced general operations budget that includes prudent expenditures, staffing, and adequate fund raising. ABC CO seeks grants and donations to support exhibits, performances, classes and special projects.

All sources of revenue are accounted for appropriately and targeted to outlays in accordance with policy and budgets.

The local Community Council through its annual budget, provides an operating subsidy to finance the core administrative and overhead costs of ABC CO. ABC CO accounts for these core costs, which include an appropriate amount to be placed in a reserve for major facility repairs, against the subsidy on an annual basis

ABC CO endowment fund is considered a permanent fund. Specific fund raising activities are targeted to obtain donations to the fund, with the commitment that the principle shall not be spent. The fund is invested pursuant to a written investment policy adopted by the Board of Directors and overseen by a committee appointed by the Board. Investment proceeds are directed to further the mission of ABC CO. With approval of the Board of Directors, amounts may be accepted, and accounted for a sub-accounts within the endowment, for specific purposes targeted by the donor.

9.0 Historic financial performance

9.1 Five-year revenue/expense report

	2004	2005	2006	2007	2008
Revenue	\$ 792,610	\$ 769,654	\$ 703,869	\$ 708,897	\$ 536,880
Expense	\$ 617,691	\$ 720,882	\$ 645,829	\$ 814,126	\$ 750,074
Annual gain / (loss)	\$ 174,919	\$ 48,772	\$ 58,040	\$ (105,229)	\$ (213,194)

9.2 Endowment report

ABC CO's endowment fund is managed by Money Investments, LLC.

Account value as of September 30, 2009: \$349,291

Asset Allocation:

14.24%	Large Cap
10.88%	Mid Cap
11.37%	Small Cap
16.73%	International
3.68%	Real Estate
9.51%	Fixed Income
33.50%	Cash

	3 month	1 year	3 year	5 year	Since inception
Performance as of 7/31/09	9.66%	(13.5%)	(3.18%)	2.8%	4.67%

ABC CULTURAL ORGANIZATION BUSINESS PLAN
CONFIDENTIAL
SAMPLE PLAN FOR DEMONSTRATION PURPOSES

10.0 Forecast financials and budget needs

10.1 Projected three-year budget

Budget needs are based on 2009 levels, plus a 3% annual cost of living increase and the cost of new initiatives.

	2009	2010	2011	2012
Revenue (see dev. plan)				
	2009	2010	2011	2012
Unrestricted gifts & Earned Inc.	\$231,000	\$224,942	\$233,898	\$248,076
Project-specific Gifts & Grants	\$182,900	\$383,000	\$410,000	\$465,000
Endowment Fund Proceeds	\$20,000	\$20,000	\$20,000	\$35,000
Community Council Support	\$209,392	\$209,392	\$259,392	\$259,392
TOTAL	\$643,292	\$837,334	\$923,290	\$1,007,468
Expenses				
Operations	\$378,100	\$429,443	\$483,876	\$546,138
Exhibits & Programs	\$184,400	\$334,932	\$355,980	\$411,159
Reserve Funding	\$50,000	\$50,000	\$50,000	
Endowment Funding			\$20,000	\$40,000
TOTAL	\$612,500	\$814,375	\$909,856	\$997,297
Annual gain / (loss)	\$30,792	\$22,959	\$13,434	\$10,171

Sample Plan Note: Detailed operations budgets should be included in this section of the business plan

10.2 New strategies cost details

Estimated annual costs over base year 2009.

2010 - \$ 202,375

Strategic plan costs (detailed in strategic plan)	\$ 168,000
Development plan costs (detailed in dev. plan)	\$ 7,000
Business plan costs	\$ 4,000
Internal accounting system	\$2,500
Volunteer program (2,000 hours)	\$1,500
Based on .50/hour for estimated 3,000 volunteer hours)	
<ul style="list-style-type: none">• Space set-up and stocking (snacks, beverage, personal items)• Name tags• Recognition (items and annual event)	
Cost of Living increase	\$ 23,375

2011 - \$297,356

Strategic plan costs (detailed in strategic plan)	\$ 239,000
Development plan costs (detailed in dev. plan)	\$ 7,000
Business plan costs	\$ 1,500
Volunteer program	\$ 1,500
Endowment campaign planning	\$ 20,000
Cost of Living increase	\$ 29,981

2012 - \$384,797

Strategic plan costs (detailed in strategic plan)	\$ 303,500
Development plan costs (detailed in dev. plan)	\$ 7,000
Business plan costs	\$ 1,500
Volunteer program	\$ 1,500
Endowment campaign	\$ 40,000
Cost of Living increase	\$ 32,797

ABC CULTURAL ORGANIZATION BUSINESS PLAN
CONFIDENTIAL
SAMPLE PLAN FOR DEMONSTRATION PURPOSES

11.0 Volunteer Plan

The successful involvement of volunteers will both help meet staffing needs and provide opportunities for community members to be more engaged with ABC CO.

11.1 Volunteer Needs

In 2011, staff will be engaged to identify work areas that will benefit from volunteers, and a volunteer program will be developed. Potential volunteer positions include Docents, Exhibits and Events support.

11.2 Model

ABC CO will employ a model that involves both “key” and “episodic” volunteers. Key volunteers are those who provide regular, ongoing support, or who lead and plan for the involvement of others. They are given significant authority and responsibility. Episodic volunteers are those who sign up to participate for a short period of time, for a specific event or activity, and work under the supervision of staff or a key volunteer.

11.3 Volunteer Recruitment

It will be the responsibility of the Education Coordinator, the Development Officer and the Executive Director to position ABC CO as a premier place to volunteer in Warm Springs. This positioning will be crucial to recruiting competent, committed individuals. It requires that every volunteer be treated as the valuable asset they are, acknowledged regularly, and provided with special perks.

The Education Coordinator, the Development Officer and the Executive Director will undertake a variety of recruitment strategies to fill volunteer positions. These strategies include:

- Advertising in free and low-cost periodicals, including ABC CO e-newsletter
- Posting in on-line forums, such as Craig’s List
- Making presentations to service, history or cultural groups with affinity to ABC CO
- Meeting with constituents to recruit their involvement and request their assistance in identifying other prospective volunteers

Potential volunteers will be interviewed to ensure a good fit with the position.

11.4 Volunteer Management

Volunteers will have their own place at ABC CO, which will be a safe place for them to store their personal belongings while they work, and will be stocked with items to enhance their comfort and sense of belonging. These will include snacks and beverages, and personal hygiene items such as hand cream and hair spray. Volunteers will be provided with nametags, identifying them as Valued Volunteers.

Volunteer policies will be completed and all volunteers will be provided with a copy upon beginning their work with ABC CO. The Education Coordinator Director will supervise the volunteers and apply the policies consistently. Where a key volunteer oversees the work of an episodic volunteer, the key volunteer will also be required to apply the policies.

Volunteers will be required to sign in and out each time they volunteer and will receive a formal appraisal of their work at least once annually.

11.5 Volunteer Retention

Keeping good volunteers is a priority of ABC CO. The following strategies will be employed to increase volunteer retention rates.

- Perhaps the most important retention strategy is to thank volunteers often and sincerely.
 - Staff will verbally thank volunteers at least once each time they volunteer.
 - Written notes of appreciation, including accomplishments made possible by the volunteer's help, will be sent following any significant event or hallmark (such as a year of volunteerism completed).
 - Appreciations will be included in ABC CO's e-newsletter and on the website.
- A special annual volunteer appreciation event will be held at ABC CO providing recognition for the work of volunteers and an opportunity to socialize outside of the usual work times.