



Feasibility Planning

for Public Health Business Plans

About the Print Version

The print version of the module includes all the substantive content from each screen. It does not include any of the exercises.

Introduction

Welcome to the Feasibility Planning module. Before we get started with feasibility planning, I'm going to present you with a scenario. You are a manager at DeBoma County Health Department. You want to start up a farmers market to improve nutrition in elderly people in the community. You know that this population lacks access to nutritious food, and you have an idea: you think that having a weekly market would help them make healthier choices. Would this venture succeed in improving nutrition?

It seems like a good idea. How would you test it? Before you invest the time and energy into developing a business plan, you can start with a short feasibility plan—essentially a first draft of a few key sections of the full business plan. So let's take a moment to review business plans.

Review: Business Plans

In the previous module, Business Planning for Public Health Programs, you learned about what a business plan is for, what it looks like, and when it makes sense for public health projects. To review:

What is it for? A business plan is for analyzing an idea meant to generate revenue. "Analyzing" means that a business plan is a tool to help you understand the situation and decide whether and how to launch. The "business" part is to understand how much money you will be able to bring in, and how much money you will have to pay out. If all goes well, your business plan becomes the foundation for attracting grants, implementing the project, and evaluating the outcomes.

What does it look like? A full public health business plan is 20 pages, with financial spreadsheets at the back showing incomes and outflows over three to five years. The content of the document looks something like a grant application—except you proactively tell funders what you plan to do and how much money you will need to get started. You also describe revenue in addition to grant funds that you will generate yourself and that will ultimately support the program after the grant money is gone!

When does it make sense for public health? A business plan makes sense when you already have

Check out the great resources on [MAPP](#) for more on community health assessment. This key point in the assessment process is called the "action cycle."



That is to say it does not make sense for internal projects (like developing a contacts database or redesigning a workflow) or for external projects that can't or won't generate any revenue. Because of the amount of work required, it doesn't make sense to work on areas that aren't a priority. Business planning makes the most sense at the end of your community health assessment process, when you have a sharp understanding of your community's needs and resources, and a room full of excited partners ready to work with you on a specific project.

When to Start

For this module I would like to start at the point where you are in "action cycle" mode, ready to act on a priority with a partner to generate revenue. The checklist would look something like this:

- I have an idea and have worked with partners to refine it.
- This idea falls under a key health priority for my community, based on our community health assessment.
- My partner(s) in the community will help plan and implement the idea.
- We will generate revenue.

Got all four? Let's get started on the feasibility plan to see if it makes sense to go on to write a business plan. "Bad" Business

Why Do Feasibility Planning

Why do a feasibility plan? What is it for?

A **feasibility plan** is basically a rough draft of a full business plan. A full business plan is long and requires substantial work, almost always from many people. You will likely involve operations people, evaluation people, decision-makers, finance people, not to mention partners. The 20 pages of text you end up with will represent hours of data collection and analysis, hours of dialog and negotiation with partners and decision-makers, days of developing assumptions about how big the program will be, how many people you can serve, and so forth. This is more effort than you would choose to expend unless you thought the plan was likely to work.

This is precisely the function of the feasibility plan: to do a quick analysis of an idea before committing to a full, polished business plan. A feasibility plan answers the question "Could this idea work?"

Another benefit to doing feasibility planning is to get everyone on the team on the same page. Even if the team agrees on the goals and the analysis, they might have very different ideas about how the program should be built to achieve the goals. Many of us have been in the position of implementing a grant program and discovering that members of the team have different assumptions about goals and tactics. It would be better to have that discussion now, in the feasibility phase.

The feasibility plan is a rough draft of several key parts of the business plan—so the work you do on determining feasibility all becomes part of your larger business plan.

Questions to Ask

The process of doing feasibility and business planning is based largely on common sense. The feasibility plan template presented in this module reflects the sort of questions that a thoughtful person with some experience would ask to discern whether an idea is a good one.

In this exercise, you are the thoughtful, experienced person. I want to start a farmers market in my community. What questions would you ask? In the boxes below, type 8 or 10 questions you would ask that would help me determine whether this was a good idea in my community.

Questions

Categorizing Your Questions

Done? OK. Now **code** your questions using the following categories, which make up the template of a feasibility plan.

Need:	Has to do with priorities. Why is your program important? Is this product or service something that the community needs and wants? Is this something that will contribute meaningfully to community health?
Target market:	Has to do with the people who will use your product or service. Who are they? Where are they?
Definition of plan:	Has to do with the particulars of your product or service. How and where will the project be run? What resources are available? Who will staff it?
Industry:	Has to do with the type of project you are planning. This section is mostly research. What are the best practices? What are the evidence-based practices or promising practices in your industry? How does the idea work generally? Are there other legal and regulatory issues?
Competitors:	Has to do with your local “market.” Who else in the community sells a similar product or service? Where? For how much? Who do they serve?

Evidence-based practice: The careful, intentional, and sensible use of current best scientific findings in making decisions about the choice and application of public health interventions.

Partners:	Has to do with anybody who shares your interest and will bring resources to the table. Who in the community is willing and able to help out?
Objectives/evaluation:	Has to do with measures of success. What are you trying to accomplish? How will you know the project is addressing the need?
Finance:	Has to do with two issues: start-up money and sustainability money. How will you generate revenue long term? How much do things cost? What are the options for start-up financing in the first year or two?

Questions	Select a category

Categorizing (cont.)

An average group of public health managers will come up with a list of questions very similar to this list. The coding scheme you used is an effective tool because these are the obvious, common-sense kinds of questions that most managers and leaders with experience in public health would ask. These categories make a good template to structure your feasibility plan.

Summary

The focus of the feasibility plan is whether an idea is worth pursuing. If the answer is yes, it makes sense to continue working towards a full business plan. The feasibility plan centers on what your product or service is; the full business plan builds on that analysis and expands on how you will execute it. A feasibility plan also defines the product/service and outlines the operations of the project clearly for stakeholders.

Look back at the codes you applied to your own question list. How many of the seven areas did you miss with your questions? Why did you miss those particular areas? How many areas did you hit with your questions? Great—you're thinking like a public health entrepreneur and using your experience in public health to ask the right questions. The rest of the module will demonstrate how the categories you used to code your questions make up the parts of the feasibility plan.

Parts of a Feasibility Plan

Each part of the feasibility plan provides a backdrop for your final business plan. The feasibility plan is a guide for assessing a specific need and how to meet that need with the resources in your community. Let's work through each section of the feasibility planning template. These are the same categories you used to code your feasibility questions. Sections include:

1. Definition of the plan
2. Need and target market
3. Industry analysis
4. Competitor and partner analysis
5. Measures
6. Timeline
7. Finances

Don't worry about polishing the feasibility plan. The point is to do it fast and then go on to the full business plan.

1. Definition of Plan

Purpose: Briefly and clearly describe the whole plan in one page.

The definition of a plan section should use plain language and give brief, clear answers to these key questions:

- What specific product or service are you planning?
- Who is your client?
- Which neighborhoods are you targeting?
- Are your objectives achievable? (More information about objectives is provided later in this module)
- Who are your stakeholders and how will each be affected?
- What has to happen for the plan to succeed?

You probably will complete this section last, after you have a clear idea of what you are putting in all the other sections. It should summarize the idea clearly and completely. As such, information in other sections will be touched on here.

In determining feasibility, you are writing largely for the executive-level folks who control resources and make decisions. A central function of the feasibility plan is to get initial support and buy-in for your idea from decision-makers and key stakeholders. You want them to be able to follow your thinking and say "yes, that is a good idea," or "no, I don't think that's going to work for the following reasons."

You do not need to include details. Just give the overview. Don't cut-and-paste from other sections; craft a summary instead.

Sources of information

- Material for this section will come from the other sections of the feasibility plan.

Example: Definition of Plan

Below is an excerpt “Definition of Plan” section from a real feasibility plan. Click the exclamation buttons to see how the highlighted information is crucial to include in this section.

Definition of Plan		
<p>Our team will develop and market a user-friendly and cost-effective program that enhances the care and safety of children in CHD child care facilities. A facility will receive initial preparedness training of four hours (offered semi-annually), which will be attended by preferably two employees. This will be followed by an initial on-site evaluation to certify compliance. Upon successful implementation of this program, each facility will receive a CEPF certificate that will make it readily identifiable as being prepared. Annual revalidation will be required to maintain certification.</p>	1	1. Answers the question “Are your objectives achievable?”
<p>This public health program will:</p> <ul style="list-style-type: none"> Implement emergency preparedness plans and procedures in child care facilities that are in accordance with guidelines from the Department of Homeland Security, the Centers for Disease Control and Prevention, and the American Academy of Pediatrics. 	2	2. Answers the question “What specific services, products, or interventions are you planning?”
<ul style="list-style-type: none"> Expand outreach to child care facility administration and staff to increase competencies in all-hazards emergency preparedness and response (e.g., seminars, on-site visits). 	3	3. Answers the question “Who are your clients?”
<ul style="list-style-type: none"> Expand outreach to parents/guardians of children attending child care facilities on safe, appropriate responses to potential natural or man made threats. 	4	4. Answers the question “How will your stakeholders be affected?”
<ul style="list-style-type: none"> Partner with fire, police and other first-responder groups in emergency preparedness education and awareness initiatives designed for the child care community. 	5	5. Answers the question “Who are all the stakeholders involved?”
<ul style="list-style-type: none"> Partner with community groups and stakeholders (e.g., local businesses, pediatric advocacy groups, professional organizations) to collaborate with child care facilities and to provide resources and information that raise the general community awareness of pediatric emergency preparedness. 	5	
<ul style="list-style-type: none"> Provide a practical evaluation tool for assessing the level of preparedness for each child care facility both before and after the introduction of the program (e.g., pre and post evaluation). 		

2. Need and Target Market

Purpose: Define (and defend) the need you are filling.

This is a really important section for public health business planning. In the private sector you don’t have to show that your product or service improves community health: it might, but it doesn’t have to. In the non-profit and government sector, your first priority is to improve community health. Be sure to include as much local information as you can; state or national-level data about

need can be useful but local specificity is essential. For example, you might say that a low-income neighborhood in the south end of the city doesn't have access to healthy food options. The population in this neighborhood is predominantly elderly people, many of whom can no longer drive. There are several convenience stores and fast food restaurants in the area. A weekend farmers market held in a nearby park within walking distance would make it easier for elderly people to buy fresh fruits and vegetables.

For example:

Good	CDC data about the national burden of diabetes in a specific target group.
Better	BRFSS data for the state for that specific target group.
Best	Local prevalence data on diabetes; qualitative data from your last community health assessment; map showing diabetes hot spots.

The target market is also critically important. Good plans analyze how many potential customers exist, and what they are like. A common mistake is to say “we’re targeting everyone.” That’s not targeting! Your target market might be certain age groups, zip codes, neighborhoods, need groups, risk groups—whatever makes sense for your idea.

For instance, if your target market for the farmers market includes elders in a specific set of census tracts, first you would count them. Then you would learn as much as you could about them: where do they shop? What do they like to eat? What activities do they do? How do they get around? You might find that your target group generally lacks transportation: you will want to account for that in your plan. If your target group lives on the east side, probably you shouldn't put the market at Westside Park.

Possible sources of information

- Data from your community health assessment
- Community health improvement plan / other data on priorities
- State data or national data for comparison
- News stories or other examples
- GIS data, maps

Example: Need and Target Market

Below is an excerpt “Need and Target Market” section from a real feasibility plan. Click the exclamation buttons to see an interpretation of the highlighted passages.

Virginia children’s book on respiratory hygiene and hand washing

Need and Target Market

The 2003–2004 influenza and cold season in Virginia was one of the worst in recent history. These illnesses caused an increase in school absenteeism, which led to an increase in the number of days parents missed work.

1

1. Shows one reason why an intervention is needed.

Although usually a self-limiting disease in healthy people, influenza can have serious complications in high risk individuals, including young children. The circulating strain of the influenza virus during the 2003–2004 season led to serious complications such as encephalitis. Virginia reported three influenza associated complications in children to the CDC during this past flu season, two of whom were from the NW region. Unfortunately, the NW region also reported one influenza-associated death in a young child.

The Centers for Disease Control and Prevention estimates nearly 22 million school days are lost annually due to the common cold and other communicable diseases. The Carnegie Foundation for Education stated that 83% of teachers felt absenteeism was the main problem they face in their schools. The major contributor to absenteeism at the elementary school level is illness caused by the spread of germs.

The economic cost of the common cold is also high. A recent study in the Archives of Internal Medicine indicates that this illness costs the U.S. economy approximately \$40 billion per year. There are approximately 500 million colds each year in the U.S. A recent Cornell University study found that sick people who go to work cost businesses \$225 per worker annually in lost productivity.

School aged children are two to three times more likely to get infected and spread colds and influenza. Elementary school children represent an at-risk population for acquiring infectious disease and propagating the spread of these diseases by nature of their close contact in the classroom and during other recreational activities. Implementing hygiene and respiratory etiquette practices among children have been linked to lower disease rates, reduction in disease spread, and fewer school absences.

2. Shows national data on absenteeism. A useful addition would be local data.

3. Shows tangible benefits to the plan (saving businesses money).

4. Answers the question “Who is the target market?” A useful addition here would be the number of school children in the target market. (We will target five school districts that have an average of 8,700 students.)

5. Shows tangible benefits to the plan (fewer absences).

3. Industry Analysis

Purpose: understand the industry in general (think national).

The term “industry” sounds odd for public health, but this section is really about evidence-based practice. This is where you look for general data about the type of product or service you plan to launch. For the farmers market plan, you might look up how many towns your size have markets, and you might study the history and growth of farmers markets across the country.

If you were starting up a quick-lube oil change service, or a coffee shop, you would study the whole industry of oil-change services or coffee shops before you got started: you would find out what works in those industries. For both of these business ventures, you would find out that location is a “**key success factor.**” If you have a good location, you can succeed. If you have a bad location, you are doomed to fail no matter what. That’s what “key success factor” means—it is a key thing that you have to do to succeed in this industry, no matter where you are in the country. That one factor accounts for most of the difference between successful and not-successful franchises.

Key success factors work the same way for public health projects. In clinical settings in public health, throughput is often a key success factor. If you are

funding a wellness program with screenings, or a dental varnish program in schools, or an immunization clinic, a key success factor is your ability to get lots of people through the system at maximum efficiency.

Think about our farmers market idea from earlier. Before deciding to launch a market—even before committing to the business plan process—let’s find out about the industry. What has to happen for a market to be successful? What goes wrong for markets that fail? Is it about the physical location? The availability of farmers? The growing season? Money? The size of the community? The types of vegetables? Availability of grant funds? Politics? For the feasibility plan, you want to learn what the “key success factors” are. You might also learn about other important factors: trends in the industry or legal requirements, for instance.

Possible sources of information

- [Resources focused on evidence-based practices](#)
- [NACCHO Model Practices database](#) for links to local health departments
- Interviews with experts
- Other national associations with data around your specific topic area

Example: Industry Analysis

Below is an excerpt “Industry Analysis” section from a real feasibility plan. Click the exclamation buttons to see an interpretation of the highlighted passages.

Virginia restaurant worker curriculum

Industry Analysis

In most business environments, there are competitors competing to offer goods and services to a given population in order to bring revenue into the business to sustain operations and generate profit. In the environment of **health services for the uninsured** it is just the opposite. Traditional medical providers typically do not seek out this population as they represent a financial drain to their practices due to a limited ability to pay for the services they receive... In this industry the overarching goal is not to make a profit in the traditional sense, but rather to develop a model of delivering these health care services in a manner that is financially sustainable over the long term. There are several ‘safety net’ models for providing health care access to the uninsured and underinsured throughout the country. **Each of these models has its benefits and drawbacks and is, to a large extent, dependent upon community dynamics and relationships for success.** These models include but are not limited to the following:

Free Clinics: These clinics are often church and community-based and operate primarily on donations, grants and volunteers from within the community although grant funding can come from any number of services. They are generally dependent upon the goodwill of the community for financial as well as medical provider resources.

1

1. This part defines the industry.

2

2. Community relationships are identified as a key success factor.

3

3. These four examples describe models in this industry that are successful in different places.

Rural Health Centers: These clinics receive some state and possible federal funding along with grants, donations, and revenues collected from fee scales that are based upon ability to pay. They must comply with state and federal designation limitations in order to qualify. A community may or may not be able to develop a community health center based on these federal or state regulations.

3

Federally Qualified “Look-alike” Health Center: These clinics are structured like a true FQHC but do not receive 330 Federal funding. They are able to bill government and private insurance providers and charge patients on a sliding fee scale.

3

Federally Qualified Health Center (including satellites): These clinics are able to bill government and private insurance providers and charge patients on a sliding fee scale. Additionally they receive significant funding through the federal 330 grant. These clinics must operate within the rules and regulations established under the federal regulations.

3

Grantors are beginning to look at sustainability as one of the key criteria for funding. Due to major reductions in their own revenue streams, grantors are no longer willing to simply provide funding to sustain a project from one year to the next. These grantors are now driving recipients to look at long term sustainability and to use allocated funds as “bridges” to viability rather than “piers” that simply stop when the grant funding ends.

There does seem to be some movement to increase access demonstrated by the increases in funding directed toward FQHCs. These new funds seem to be directed toward the expansion of new FQHC sites as well as capital improvements of existing ones.

4

4. This paragraph identifies trends in the industry.

4. Partner/Competitor Analysis

Purpose: understand the local “market” for your product/service (think local).

In this section you try to understand the market in your area. That means analyzing the current competitors, potential future competitors, and the potential partners in your community. The goal is to figure out where your new plan is going to fit in. The for-profit sector manager thinks naturally in terms of markets; non-profit and government sector managers think in terms of community.

First, let’s look at identifying your partners.

Partners

In public health we understand the concept of partners. Good public health organizations use resources already in the community and avoid duplication of effort. In this section of the feasibility plan, you will analyze the partners who share an interest in your project.

The best partners in this context are strategic allies. They have a strong shared interest with you, and they are willing and able to bring resources to the table:

money, space, staff, and time. Partners contribute much more than support letters.

Next let's look at identifying competitors.

Competitors

You will also think about who the competitors are in the market. That's harder in a public health context. Like many entrepreneurs, you may be thinking "we have no competitors!" That's a common misconception. You can try to minimize competition—perhaps by doing a project a different way, or in a different place, or for a different group of people. That's called "**running to space**" and it is often a good strategy. If you don't want to go head-to-head against a competitor, you go where the competition isn't established yet and try to stake your claim. That doesn't mean you don't have competition though: it just means you have a strategy to create a "niche" for yourself. You're trying to protect yourself from the competition that exists.

So who is your competition? Anybody who hopes to get the dollar that you are hoping to get from your customer. If you want to sell a weight-loss and lifestyle change program to employers, you are competing with Jenny Craig, WeightWatchers, and the YMCA, because they also sell weight-loss/lifestyle services. You may be competing with other programs that employers might want to buy for their employees, like tobacco cessation, or management training. Because business planning is about the future, you also should think about who you might be competing with in the future. Suppose you're wildly successful. Three new competitors might pop up in your market next quarter, offering the same service.

Example: Partner/Competitor Analysis

Below is an excerpt "Partner/Competitor Analysis" section from a real feasibility plan. Click the exclamation buttons to see an interpretation of the highlighted passages.

Cool Kids Cover Coughs and Clean Hands

Partner/Competitor Analysis

The Cool Kids Cover Coughs and Clean Hands project anticipates a wide range of partner involvement, as well as challenges with respect to community buy-in. The following partners are committed to reduction of illness among children, reducing spread of infectious diseases, keeping children healthy at home and in school.

Partners

Virginia Department of Health (VDH): Part of the mission of the Virginia Department of Health is to achieve and maintain optimum personal and community health by emphasizing health promotion and disease prevention.

1 Giant Grocery Stores: Giant Food Inc. serves customers in the Baltimore/Washington market area and in the Delaware Valley regions of New Jersey and Delaware. The Giant Family now includes over 25,000 associates.

Giant will benefit from an alliance with our program by being able to differentiate themselves in the market through promotion of healthy attitudes and behaviors. This will translate to increased sales of health-related products like soaps, hand-gels, and tissues.

Competitors

Our competitors are organizations already doing hand hygiene education targeted at young children. These may be national, state, or local programs.

2 KidsHealth provides families with accurate, up-to-date, and jargon-free health information they can use. KidsHealth has been on the Web since 1995, and has been accessed by over 100,000,000 visitors. KidsHealth has separate areas for kids, teens, and parents—each with its own design, age-appropriate content, and tone. There are in-depth features, articles, animations, games, and resources—all original and all developed by experts in the health of children and teens.

3 We will engage our competitors as sponsors for our project. We all have analogous goals to prevent disease spread and protect the health of children everywhere. We will be promoting the same messages, but will do so in a unique way—through the development of a children’s book.

1. Answers the question “How does this plan fit with your partners’ goals?”

2. Shows how the plan will try to turn a competitor into a potential partner.

3. Answers the question “What is distinctive about your services compared to your competitors’?”

5. Measures

Purpose: define goals and measures of success.

This is a key ingredient for a public health business plan because you have to be able to point to community improvement as an outcome. If you are in the oil change business, community health is an afterthought: your measure of success is going to be profit. Public health business plans aren’t aiming to create profits; they are aiming to create health. In this section, get specific about how you will know that you achieved your outcomes.

A good **measure of success** is

- Specific
- Measurable
- Achievable
- Relevant
- Time-limited

For example, if you were selling a weight-loss and lifestyle change program to employers, you might look at your number of customers as an indicator to measure success. Name a **specific** group: We will serve 4,250 workers and 28 employers in our community, by year 2. The number of workers and employers is **measurable** (unlike “goodwill” or “patriotism”). You have set a **time limit**. Based on your model and your demographics, the reader can judge whether 28 seems like an **achievable** number of employers for you to serve, and whether

“number of customers” is a **relevant** measure of success for your program. (It looks relevant but incomplete: additional measures would be required to determine whether the program actually improved health.)

The farmers market might have a similar set of measures that mix short-term and long-term goals: annual numbers of farmers participating, number of customers, mix of vendors, market days, amount of prepared food consumed by target group. Ultimately we would want to see community health improvement, measured perhaps by decrease in obesity rate, diabetes, or nutritional deficiencies.

Possible sources of information

- Strategic plans at local or state level (or perhaps national level)
- Other sources from the Industry Analysis section to find benchmark measures
- Thecommunityguide.org and other CDC resources

Example: Measures

Below is an excerpt “Measures” section from a real feasibility plan. Click the exclamation buttons to see an interpretation of the highlighted passages.

Measures	
At least 500 participants will complete an “Uplifting Lifestyle” program each year.	
Eighteen churches will participate in the “Uplifting Lifestyle” program in the first year, 36 churches by year two, and 54 churches by year three. The core number of churches will continue to increase by 50% each year until the end of the program.	1
Ten participating partners in the first year of “Uplifting Lifestyles.”	
Twenty five percent of individual participants will meet pre-established individualized goals (decrease in weight or BMI, eating five fruits and vegetables a day, increase in physical activity) annually.	2
Church volunteers will increase by 50% annually with less than 20% attrition.	
Incidence of heart disease will show a 10% decrease in the 35–45 years age group for Alleghany and Wilkes County.	3
Smoking cessation will be achieved by at least 20% of participants in that program.	4

1. This measure shows that the program is designed to expand consistently.

2. This measure will ensure that the program is effective for individuals.

3. This measure lacks a time frame but it is meant to insure the program is relevant to community health.

4. This measure is best if smoking is a focus of the program. These last two measures track key community health issues.

6. Timeline

Purpose: check out your plan with partners and managers.

Developing a timeline is a standard component of grants and other plans you have written before. A good feasibility plan will tell the truth and be realistic about what you can accomplish in a reasonable amount of time. Don’t write down what you can’t do. Make sure your timeline is practical and reflects local realities. For example, don’t start the farmers market in the middle of winter.

That’s not going to work anywhere. What are the other considerations in your town, though? What is the growing season where you are? Is there a different group using the location you want to use? How fast can you get started? Look at your resources and figure out exactly when they will be available. Suppose you are working with the churches to plan distribution to home-bound elders—can they attend planning meetings over Easter break?

7. Finances

Purpose: make sure the money works: the “in” is sufficient to cover the “out.”

Money is a main reason projects fail. That’s why this section is critical. If you want to know whether your project will work, you have to figure out how the money is going to work. Will you be able to generate enough revenue to cover your expenses? Of course, since this is a new venture, you don’t know exactly how the money will flow at the beginning. That’s OK. This is your first pass. By the end of the business plan process, you will have had plenty of opportunity to provide details, fine tune your numbers, and support all your assumptions. Right now you should start making good guesses.

Your finance section will be in two parts:

- The narrative
- The three- to five-year budget

Let’s look these two parts in more detail.

Narrative

In the narrative, you describe the guesses you made about the finances: how much things will cost, how much you might charge, how many customers you will have, and what sort of grant and in-kind support you can expect in year one and in subsequent years. These guesses should be good guesses. A good guess is one that looks realistic to a reasonable person with some experience: it is precise and practical.

Don’t be nervous about making a guess about what something is going to cost, or how many people will pay you at a given price. Get as close as you can given the information you have, and be prepared to change your estimate as your information changes. You can’t be sure how many organic farmers will pay for a space five years from now, but you need to make an educated guess in order for the business plan process to work.

Example: Narrative

Below is an excerpt “Narrative” section from a real feasibility plan. Click the exclamation buttons to see an interpretation of the highlighted passages.

Key Budget Assumptions

Our first key budget assumption is the projected number of appointments we can expect to keep in a calendar year. We project keeping approximately 1800 appointments the first calendar year of operation. This number is based on a four day/week clinic schedule, operating 48 weeks/year, with an average of 10 appointments/day for an average

1

1. This shows the exact number of appointments that the plan projects for year one. An experienced manager could review these numbers for feasibility.

of 2000 available appointments per year. A 10% no show rate is also factored in, giving us our projected kept appointments per year at 1800.

Appointment Mix is another key budget assumption. The Appointment Mix refers to the types of appointments we can expect to see and in what ratio.

Approximately 65% of patients will receive a comprehensive oral exam, bitewing x 2 x-ray, and a cleaning with fluoride treatment. Another 10% of patients will receive a comprehensive oral exam, cleaning, and separate fluoride treatment. Approximately twenty-five percent (25%) of patients will receive some type of restorative treatment. Approximately 50% of patients will also require sealants on an average of four teeth per patient.

Another key budget assumption is Payor Type. We expect that 85% of our payments will come from Medicaid, 10% will come from Health Choice, and 5% will be paid out-of-pocket by patients. This is an important budget assumption as all of our payment sources and revenue projections are based on Medicaid reimbursement rates for Health Departments providing dental services.

Payment Rates are another important key budget assumption. Projected Payment Rates, including payments from Medicaid, HealthChoice, and Self-Pay are based on Medicaid Reimbursement Rates for Health Departments, revised February 1, 2001.

Projected Revenue by Payment Rate and Type

Type of Service	Payment Rate	Total Appointments	Revenue
Exam/Bitewingx2/ProphywFluoride	\$96.00	1170 (65%)	\$112,320
Exam/Prophy/Separate Fluoride	\$83.00	180 (10%)	\$14,940
Sealants x 4 (\$32/Tooth)	\$128.00	900 (50%)	\$115,200
Treatment	\$120.00	450 (25%)	\$54,000
Total Revenue			\$296,460

2

2. These assumptions have implications for how many patients can be seen per day and how much revenue will be generated.

3

3. These assumptions have implications for revenue and show the reimbursement rates that the plan is built on.

4

4. This table clearly shows the math used to derive revenue. Later in the plan this number will appear on a spreadsheet for year one revenue.

Budget

The budget itself is also divided into two parts. On the top half of the page, list the revenue sources and amounts. On the bottom half, list the costs and amounts. Include as many of the cost categories related to the project as you can. Don't miss a big category. If someone else is paying for it, it is still a cost! Include it as "in-kind" under cost, and "in-kind" under revenue.

Include the best guess you have about your volume, and say how you made your guess. You are selling something: how many of them are you going to sell? To make the farmers market work, you might be selling space to vendors. How many spaces will you sell? How will you price them?

Make sure that your revenue projections match your timeline. Revenue is a place you might be tempted to over-promise. Tell the truth. The purpose is to understand and decide whether the project is feasible, not to sell the plan.

Make your assumptions run at least three years out; force yourself to make those guesses.

The finances aren't going to balance. In a grant application, the finances always balance. We make it come out that way. If it's a \$100,000 grant-funded program, we will figure out how to spend exactly \$99,998 on it. In a business plan, the finances are very rarely going to balance. Revenue and costs will come in on their own schedules based on real life. That's what you are trying to capture: real life. **Don't try to balance.** Try to make the best assumptions you can. If you make good assumptions and make all the adjustments you can to the model and the costs continue to exceed expenses by 25%, guess what? That's an unsustainable program. It's time to move on.

Local knowledge + common sense

Note that this finance discussion is not about math nearly as much as it is about knowing what makes sense. "We will provide hookups for free" doesn't make sense, because of course that will cost money. It doesn't make sense to plan for a 5% director of anything. The math isn't the hard part. It's making sure that the numbers are right given your local situation and your common sense.

Example: Budget

Below is an excerpt "Budget" section from a real feasibility plan. Click the exclamation buttons to see an interpretation of the highlighted passages.

Budget	
Revenues	Year one
Initial customer volume	1,865
Booster volume	880
Total customer volume	2,745
Payment for services	\$27,975.00
Total revenue	\$27,975.00
Operating expenses	
Program staff & salary benefits	
2 public health nurses	\$5,175.45
Clerical	\$1,446.15
Vaccine	\$19,516.95
Vaccine administration supplies	\$1,059.03
Printing/copying	\$200.00
Travel reimbursement	\$317.85
Total operating expenses	\$27,715.43

1. Some plans also include start-up grant funding or "in-kind" support from partners or agency. This plan could require partners in the school to help organize flu clinics. Quantify that and include it as revenue **and** expense.

2. This example would be better with a break-down of the sources of "Payment for Services" (e.g., self-pay, insurance, or Medicaid).

3. Each nurse is paid \$166.06 + \$5.64 fringe benefits = \$21.70/hour. Preparation, vaccinating, and travel is 238.5 hours at \$21.70/hour = \$5,175.45.

4. 2745 doses at \$7.11/dose = \$19,517

5. Note that the total revenues exceed the total costs.

Summary

There you have it: the feasibility plan. It is five or six pages, representing many hours of analytical work on the need, the context, the idea, and the resources (time, money, people) to implement it.

There are two and a half possibilities.

Maybe, based on this work, you will find out that the project isn't feasible. Hurray! Thank goodness you didn't spend six months and write 20 pages. What did you learn? Why isn't it feasible? Take those lessons and then go back to the drawing board. I bet you had a plan B back before you started; I wonder if that will work?

Maybe, based on this work, you will find out that the project **is** feasible. Managers, partners, decision-makers—everybody— said “wow, this might work. I'm not sure about [something or another] but we can talk about that later. Let's flesh this out. Let's work these details and go after a start-up grant.” Hurray! Gather the team. You've already started the business plan. Every section you wrote for the feasibility plan is a section in the larger business plan.

If you didn't learn that your idea was or wasn't feasible, you haven't finished your feasibility planning yet. You are still at “don't know.” Go back and review each section of your Feasibility Plan or ask other public health professionals to provide feedback.

The examples used in this section were drawn from feasibility plans created by scholars in the [Management Academy for Public Health](#).

Module Summary

Now that you know what to consider when writing each section of the feasibility plan and which sources will provide pertinent information, you can begin writing a feasibility plan. Here are some key lessons from this module:

Sections rely on each other.

Analysis that you do on the industry will give you information about what you can rationally charge your customers, which changes your assumptions about volume, which might change your assumptions about staffing. A business plan is a living document, changing and transforming bit by bit as you work on it.

Many sections are familiar—looks like a grant proposal.

This is a critical take-away: you can do this. Most teams that I work with on business plans find that they have already done much of the writing and thinking that's required. A good community health assessment may include big chunks of the material for describing need, target market, measures, even operations. Many of the other sections will be familiar, too. You may be able to use old grant applications or evaluation reports as a guide for finances or operations.

Tell the truth!

You are writing for an internal audience, not to convince anyone else. Be practical and truthful in your analysis and assumptions. The manager who has to implement this idea may be you.

When you are ready to work on your business plan, the [Management Academy Web site](#) has many full-text business plans that you can review.