

Chapter 4. Idea Identification and Feasibility Analysis

Many a great business starts with an idea that is relentlessly pursued by a dogged entrepreneur. While this process isn't unknown in the field of social enterprise, there are many reasons for being cautious about the idea you pursue. It is not a matter of just some sorts of sectors being better than others. Indeed, many different business ideas have been embodied in social enterprises.

Enp has provided grants for successful development for the following common business ideas:

- Two landscaping businesses
- A packaging and assembly services operation
- Arts, entertainment, and recreation services, such as festival ticketing services and performance and event production and planning
- Construction site preparation or, more specifically, demolition, reclamation, land-clearing, and materials recovery services
- Professional development training workshops
- Food and accommodation services, including coffee shops and a restaurant that also conducts catering and food service contracting
- Health services, including a home health care business serving seniors
- Professional and technical services, including translation and interpretation enterprises, a communication and general management consulting firm, and website evaluation and testing services
- Real estate services, including property management services, conference facility and rental office space
- Retail/wholesale trade, including office supplies and equipment and health and personal care stores (hearing and communication aids)
- Manufacturing, including food products, transportation equipment, and wood and giftware products
- Information and cultural industries, including production and distribution of information and cultural products such as videos and interactive games

So there are really a host of different possible businesses. The real issue is how you go about the idea selection process. That is what this chapter is all about.

Know what to expect

Deciding on an enterprise idea to implement as your non-profit business can be a time-consuming and sometimes frustrating process. Over the



“Should non-profits enter the business world? As a non-profit who successfully operates businesses we have to say yes, but only if the business opportunity:

- Fits with your mission, vision and values.
- Fits with your strategic plan.
- Doesn't pose risks to your reputation.
- Provides a social return on investment with minimal risks.”

- Leslie Tamagi,
VRRRI

period of months while ideas are brought up and tested, participants may feel challenged, either because their ideas aren't considered among the best, or because some of the best ideas are found to be more burdensome than seems practical.

This feeling is natural, and can be part of a healthy transition in the way that an organization thinks through a problem. In fact, for most organizations, the selection process is a good introduction to the process of identifying, analyzing, and resolving other business or organizational problems.

This chapter provides a structured process that you can use to identify and screen potential business opportunities. It outlines how you can complete the following steps:

1. Preparation
2. Generating ideas
3. Quick screening
4. Second screening of ideas
5. Feasibility study
6. Business plan summary

You can use these steps to assess and prioritize the potential opportunities. But keep in mind that there are many possible approaches to generating ideas and to deciding which ones to pursue. You don't have to use this particular approach. What is important is that you have a systematic approach to the enterprise selection process that your key stakeholders agree to. This will ensure that you don't waste your resources taking on a business that won't work for you, and helps you focus implementation once you have committed to developing a particular idea.

The value of a structured process

There are good reasons for being methodical. Following a structured process of enterprise selection can help you to:

- Develop commercial products and services that will meet the needs of members, clients, and customers.
- Possibly develop an enterprise idea from the activities in which you are currently engaged.
- Enhance the organization's ability to get funding (grant, venture philanthropy, and/or investment funding).
- Support the organization's approach to being more entrepreneurial.
- Develop businesslike approaches to gaining support from the corporate sector or other stakeholders.
- Decrease the risk of failure.

Several benefits of this process may not be self-evident. A proper enterprise selection process can help build your organization's ability to proactively respond to a changing environment. It can also help you manage these business activities and the associated organizational changes required within the context of your organization's values, mission, strategic and business plans, and structure.

The approach you eventually take to creating product or service ideas depends on a range of factors, including your organization's state of readiness and the availability of resources. It may also involve different combinations of board, staff members, volunteers, and stakeholders in teams that are diverse in terms of their relationship to the agency, their role in daily operations, and their level of expertise in business planning.

Steps in the process

To repeat, the steps involved in generating ideas and assessing them for their usefulness are as follows:

1. **Preparation.** This includes the process of reviewing the mission and objectives as identified in the previous chapter, assessing your organizational strengths, understanding your potential market, and building support and enthusiasm for the business development process. Develop a rough set of criteria (e.g., compatibility to mission or perhaps low need for capital or whatever) for the ideas you will be seeking.
2. **Generate ideas.** Create a long list of enterprise ideas through a brainstorming process that involves agency clients, staff, and other stakeholders.
3. **Idea screening.** Edit your long list of enterprise ideas by comparing each idea to your evaluation criteria, determining how closely they fit the criteria.
4. **Feasibility study.** Research one or two of the most promising ideas. Ultimately, the feasibility study will enable your organization to decide whether or not to invest further time and resources in that particular business idea.
5. **Business plan summary.** Summarize the key elements of the business idea. This document will form the basis for your business plan and allow for preliminary promotion of the idea to potential supporters and investors.

Now, let's discuss each of these steps in detail.

1. Preparation

Before generating or screening ideas, take the opportunity to assess your organization and its market. You may have already started or completed these actions as you assessed and improved your organization's state of



With roots in a faraway place, 'Haween' comes from the Somali word for women, and the business employs new Canadians who have participated in training programs and social support through a sister organization. Haween is anything but strictly business; it brings a unique collective cultural attitude to how it regards its people and their skills.

"Anybody who wants to start a social enterprise should consult with people in the field in which they want to start their business. You have to research and understand your field very well."

-Haween Enterprises

readiness.

Build commitment and support for the process

Going through an idea generation and screening process will be a major effort. Assumptions are going to be challenged. People's pet ideas may be rejected. Your organization's comfort zone may be pushed.

Before jumping in, take the time to develop your key stakeholders' commitment and support to the process. Jointly develop a process for proceeding. This gives you an opportunity to address potential challenges before they become roadblocks.

Review mission and objectives

We have stressed this repeatedly, because it is so essential. In Chapter 3, you addressed the task of clearly identifying the vision and social objectives for your enterprise because upfront goal setting is critical to social enterprise start-up. The desired outcomes of a social enterprise are multi-faceted and involve a combination, a blending, of financial returns and social impact. Understanding these desired outcomes and the relative priorities will offer you some of the criteria by which you will be selecting the ideas to explore.

For example, when considering financial goals, define what "large" and "small" profit actually means to your organization. Not all social enterprises generate a profit. You will want to consider reliable grants as a part of the income stream for the business if you are not relying solely on earned income to support the enterprise.

Do leading-edge networking and research

Using the Internet, interviews with experts, interviews with potential or existing customers, and press reports, find out who the innovators are and what the innovations are, worldwide, that affect your clients and industry.

Don't restrict your search to a narrow definition of your industry - look for parallels in other sectors. For example, if you want to create training jobs for people with disabilities, look also at programs creating jobs for the homeless. If you're interested in restaurants, look also at other service concepts that may give you insights on the restaurant service.

The point of this research is to inspire and motivate, and to understand trends.

Perhaps you will want to revisit the section on common social enterprise ideas at the start of the chapter.

Assess your organization's strengths and weaknesses

Yes, you may have done this at an earlier stage, but you need to do it

in the context of looking at business ideas. At this point, try to be as expansive as possible. True, how your organization creates value includes providing employment and creating products, but think also about the other forms of value that your organization creates - the values of your social or environmental mission.

This is a good time to reflect on the community impacts of your work: for example, the strengthened families, healthy children, and more sustainable communities that result from your mission-related work.

Assess your potential customers' needs

Understanding your current customers is the most important step towards developing a strong idea. Before you start brainstorming, talk to your current and potential customers. Try to understand and see things from their point of view. Rather than simply designing a business that fits your needs, see what you can do that will address their unmet needs.

2. *Generate ideas*

This step will help you to transform the information and inspiration you have gathered in the preparation step into a number of specific enterprise ideas to meet your mission and objectives.

Generating ideas starts with a brainstorming process. Brainstorming is an individual or group process for generating alternative ideas or solutions on a specific topic. Good brainstorming focuses on the quantity and creativity of ideas. Concentrating on the quality of ideas is much less important than fostering the sheer quantity. After ideas are generated, they may be grouped, evaluated, and prioritized for subsequent research or consideration. Here's how you do it:

- Bring together a group of stakeholders, including your board, staff, and potential customers.
- Review the results of the preparation step and make sure everyone understands the subject of the brainstorming exercise. Collect as many enterprise ideas as possible that are relevant to your desired social and financial outcomes. Some questions which may stimulate ideas include:
 - » What is your organization already good at?
 - » Who benefits, or could benefit, from the services you provide?
 - » How does your organization create value today?
 - » What is going on in the market?
 - » What are competitors doing?
 - » What are your current and potential customers' biggest needs?



NICS School of Decorative Painting. NICS is a social enterprise operated by the Niagara International Children's Society, now based in Toronto.

How they got started...

Le Bucafin. We conducted a survey of the neighbourhood and found that there was a need in that area for a community service. People in the community identified three service needs: a place to socialize, a place where they had access to the Internet, and a safe laundromat.

So we decided to create three businesses in one and that decision was definitely grounded in the needs of the people in the neighbourhood.

You have to respond to the needs of your constituency; you can't create new needs but really focus on your community's needs. For us, it needed to be a project that fits with a low-income community. We had to find a type of enterprise that would be easy for low-income people to work in.

Many Nations. A strong desire to bring about change and to protect the future of aboriginal people led to the inception of Many Nations Benefit Co-operative, a member-run financial services organization tailored to meet the needs of aboriginal communities. Many Nations came into being as a result of dedicated leadership and a strong vision.

The vision began almost 20 years ago in Onion Lake, Saskatchewan, when that First Nation exercised its right to self-determination by taking direct control of their education system. The Director of Education for Onion Lake at that time, Joe Carter, believed that, "There had to be a way to provide aboriginal organizations and their employees with affordable and culturally appropriate group benefits, including pensions."

The solution was to create a pension plan that specifically addressed the needs of First Nations employees. This was an innovative idea and was soon adopted. The efforts of an inspired network of leaders and business professionals resulted in the creation of Many Nations Benefit Co-operative. Joe Carter became the first Chairperson and continues to be actively involved in that role.

Live Local Alberta. The Good Food Box evolved out of a discussion about how to meet the food security needs of low-income Edmontonians. The social enterprise now "facilitates the growth and distribution of locally grown and processed food by creating an on-line purchasing portal that matches suppliers of local, healthy food with people and institutions that wish to purchase local product". Lessons? The development path isn't linear – it's more like a spiral. If you stick with it, you build on previous ideas and research and come out of it with a concept you hadn't dreamed of – and one that's more likely to succeed in the long term.

NICS School of Decorative Painting. NICS had been providing professional training to painters, specializing in decorative painting, for several years when it landed a contract to train social service recipients and social housing tenants. It became apparent to the Executive Director that it would be a challenge for many of the trainees to obtain traditional unionized positions once they graduated because their personal circumstances – many were single mothers - prevented them from working the normal 7 am to 7 pm shifts expected in the industry. NICS started its own social enterprise to

offer flexible work shifts, and got off to a roaring start in 2009, with painting contracts worth more than \$200,000, nearly 50 people trained, a third of whom found jobs.

Sources of business ideas

When you're brainstorming or researching to find business ideas, use this list to help you. Most organizations can think of possibilities in each of these categories:

- ***Products and services that directly fulfill your mission.***
Earned income can often be generated directly from the value created by your core work.
- ***Existing product or service offered in a new geographic segment.***
What you do could be valuable outside your neighbourhood, whether it's offered directly by your organization or under license through another organization.
- ***Existing product or service offered to a new customer segment.***
What you do might have value for other types of customers. Many successful businesses have been created by offering a modified version of a social service to a full-fee client (such as corporate counselling programs).
- ***New product or service leveraging staff resources.***
What skills do your staff have that could create something new?
- ***New product or service leveraging client resources.***
Your clients have value as a customer group. You have access to your customers. What else might they need from you or a partner?
- ***New product or service leveraging real estate/hard assets.***
Your excess capacity or infrastructure can become a business.
- ***New product or service leveraging intellectual property/soft assets.***
If you have spent money developing a way to serve your clients, other non-profits or companies may be willing to buy your knowledge through a consulting service or under license.
- ***New product or service offered to a new geographic or customer segment.*** Growing an enterprise with both a new product/service offering **and** a new customer base is not recommended because the potential risk involved with doing any new activity is multiplied. To reduce risk, focus on either providing a known product to a new customer base or offering a new product or service to a group of customer where there is mutual understanding and awareness.

Unrelated business

Businesses unrelated to your on-going operations aren't usually a good choice because of potential legal and tax difficulties as well as lack of familiarity with the field, but it's possible that you simply have a great business idea in its own right. When you pursue something for which

you bring little to the table besides an idea, consider joining with a knowledgeable partner to reduce your risk.

3. Idea screening

As a result of the brainstorming process, you will probably have far more business ideas than you can realistically analyze in depth. It doesn't make sense to do studies and write business plans on ideas that are in the end likely to be passed over. Generally speaking, you will, in this step, pare down the number of ideas to be more fully explored. Initially, from the meeting in which you brainstormed, you probably need to take a look at all the ideas and pare them down to perhaps five for further screening. In a later context, these five should be pared down to two possibilities, at the most. This section describes how you can approach the screening and sifting process.

We suggest here that one way to reduce the number of ideas is by roughly assessing the market potential of the idea and its likelihood of success. For this purpose, it is useful to think of success in two dimensions:

- **The strength of the idea:** Does this concept have market potential and a business model? Will it advance your mission either by generating lots of revenue or by strengthening your service delivery?
- **The fit with the organization:** Can your organization implement this idea successfully in the current market?

Thinking about these two dimensions, chart each enterprise idea using the matrix below.

Enterprise ideas that go in the upper-right quadrant have a high potential for success. If the idea ends up in the lower-left quadrant, do not pursue it.



Using a scorecard to assess initial potential

Use a simple scorecard for your selection criteria to judge strength and fit. You can rate the idea against the series of criteria presented below, simply using your and your colleagues' best judgment to justify each rating.

STRENGTH OF IDEA	FIT WITH ORGANIZATION
<p><i>Use the following ratings:</i> 0 = Poor 1 = Somewhat Good 2 = Good 3 = Very Good</p>	
<p>1. Does the enterprise provide a strong financial impact? 0 1 2 3</p>	<p>11. Is anyone enthusiastic about the idea? 0 1 2 3</p>
<p>2. Does the enterprise provide a strong social impact? 0 1 2 3</p>	<p>12. Does the product fit with the organizational values, mission, and culture? 0 1 2 3</p>
<p>3. Can the product be clearly defined? How developed is the idea? 0 1 2 3</p>	<p>13. Does the enterprise employ one of the organization's particular strengths? 0 1 2 3</p>
<p>4. Does the product address a significant customer problem? Are they willing to pay? 0 1 2 3</p>	<p>14. Would the enterprise create a lot of undue strain on the organization? 0 1 2 3</p>
<p>5. Does your organization have a competitive advantage? 0 1 2 3</p>	<p>15. Do you have the skills to run this business? 0 1 2 3</p>
<p>6. Is it likely that this product will be profitable? 0 1 2 3</p>	<p>16. Are skill gaps easy to fill with existing working conditions and salaries? 0 1 2 3</p>
<p>7. How much investment/start-up costs are required? What is the pay-back period for the initial investment? 0 1 2 3</p>	<p>17. What are the operational keys to success in this industry? Do you have them? 0 1 2 3</p>
<p>8. Do you have relationships with out target customers? 0 1 2 3</p>	<p>18. Will the traditional enterprise model need to be modified to fit our social criteria? How will this affect the success of the business? 0 1 2 3</p>
<p>9. How difficult is it to enter the market? 0 1 2 3</p>	<p>19. How much risk is there in the idea? 0 1 2 3</p>
<p>10. How big is the market? Is it growing? 0 1 2 3</p>	<p>20. How easy is it to address the risks? 0 1 2 3</p>
<p>Strength Of Idea Score:</p>	<p>Fit With Organization Score:</p>

As indicated in the chart, add up your scores for questions 1 to 10. This is your strength of idea score. And add up your scores for questions 11 to 20. This is your fit with organization score.

- A score above 25 on both the organization and financial sides means that you have a strong idea. You will be justified to go on to the next steps of assessing the idea.
- If you score high on the strength of idea but not on the fit with organization, it may be difficult for you to gain the resources or support required even though it is generally a good concept. Consider something else first, or get help to address organizational barriers.
- If you scored high on the fit with organization side but not on the strength of idea side, this likely isn't a good social enterprise idea. You may nevertheless want to consider whether it still has enough value as a charitable program. However, if you don't think you can readily raise money to make it happen, you should not go further with it.
- If you scored below 25 on both strength of idea and fit with organization, go back to the drawing board and consider additional ideas.

4. Feasibility study

In the idea screening step, your objective was to eliminate the ideas that were either not a strong fit for your organization or did not provide a significant business or social impact. Now the formal feasibility study can test the key assumptions that determine whether this enterprise actually would have a good chance to succeed. The study is an opportunity to refine and explain the concept, and to test market reaction. Generally speaking you will want to: consult potential customers and funders, and evaluate competitors; and do some preliminary market research, such as a focus group or survey, to gain confidence in the value of the concept.

Organizations do their feasibility studies in various ways. You may wish to apply for funding to hire a consultant to conduct the study, or you may have someone in your organization who can do it.

You can choose to do a feasibility study on one idea (usually the idea that scored the highest on the assessment scorecard), or you can decide to do a feasibility study on two or more ideas. That depends on your resources. It would be reasonable to spend the equivalent of three to six full-time person days preparing a single feasibility study.

Sample criteria for developing a feasibility study

The feasibility analysis is focused on understanding whether the organization could make the enterprise work. This involves considering four key criteria:

- Strategic Alignment – Will the enterprise further your mission?**
- Market Opportunity – Will customers purchase your product?**
- Operational Capabilities – Can you make it happen?**
- Financial Potential – Can you achieve your profitability goals?**

You can use the detailed examination of these four criteria, using the questions outlined below. While it isn't necessary to answer every question definitively, don't avoid a question just because the answer is difficult to research or will detract from your excitement about the idea. Try to provide concrete evidence for each answer.

Strategic Alignment

- How appropriate is this product to your organization?
- Does it fit with your organization's values/vision/mission/strengths/skills/resources?
- How difficult will it be to promote, produce, or deliver?
- What organizational structure would be best to move your enterprise forward?
- What skills will be needed on your board of directors and at the staff level?

- Who will manage your enterprise?

Market Opportunity

- Who is your customer(s)? What are their demographic characteristics?
- What will your customer be buying (the product or service and its key elements)?
- What is the customer need you would address?
- How, when, and where will they buy it?
- Which customer/market segments will you target?
- How large is the market (i.e., how many potential customers)?
- How often do customers purchase? What is the average value of each purchase?
- Is it a mature or immature market? Is there growth potential?
- What are the market trends?
- Has the market demonstrated support for your product?
- Which market niche would your product fill? How would you differentiate yourself in the market? (Remember that customers will ultimately base their purchasing decision on quality, price, and experience, and not on charitable grounds. If you're counting on goodwill to sell your product or service, you're planning a fundraiser, not a business!)
- Who are your competitors? What are their strengths and weaknesses?
- How does your product or service differ from what is already offered (e.g. price, quality, service)?
- What is your competitive advantage?
- Who might become your competitors in the near future?
- Is there room for another provider in the market?

Operational Capabilities

- How long will it take to produce or procure the product?
- Which suppliers will you use? How much will they charge?
- How would you make this actually happen?
- What would have to change to facilitate success?
- Will you need a new facility?
- What additional management/staff are required? What will be the cost? Do they require training?
- How would you inform your market of your presence?
- What are your plans for distribution?
- Who are your external partners?
- What product testing is required?
- What are the key steps forward? General milestones? Timing?

- What could go wrong?
- What would be the impact if it did go wrong?
- What can you do to prevent it?
- At what points could losses be cut?

Financial Potential

- What are your potential start-up costs, including technology, staff, materials, equipment, marketing, and planning?
- What will your operating costs be?
- Approximately what price might you charge? How would the price be determined?
- What is your sense of a potential profit for a sale?
- Do you anticipate cash flow issues, including seasonal demand or high initial costs?
- How much working capital is required?
- What might your sales assumptions be in the first few years? Numbers? Growth?
- How long will it be until the enterprise breaks even?
- What are the key drivers of profitability? Can the enterprises operate at this level?
- Are there any potential sources of financial and human support for the different stages of development?

Sources of Information

Each of the feasibility study questions may require you to use a range of information sources to find satisfactory answers. Potential sources of information include:

- Interviews with potential customers, social enterprise operators, suppliers, existing staff and clients, industry associations, or funders.
- Visiting similar enterprises to understand how the business works, key success factors, potential pitfalls, staffing requirements, and cost drivers.
- Industry magazines, reports, and business directories.
- Internet research to determine competitive businesses, pricing, and value propositions.
- Site visits. Consider whether the business will be located at your current site or if another location is required. If your business is retail-oriented, take a look around your neighbourhood. This will give you a sense of the potential customers and their buying patterns. Which competitors are nearby? What are they doing right or wrong?
- If you already have a relationship with the target market, the records of complaints, service requests, or anecdotal feedback from employees who deal with customers most frequently may be a goldmine of information.

- An accountant, lawyer, financial institution representative, or business consultant.
- Small business advisory centres

Is it feasible? Deciding whether or not to move forward

Having prepared your feasibility study, you should be able to make the important decision whether or not to move forward on the idea. While you and others may be very excited about your idea's potential, you should prepare yourself for being able to walk away. Keep in mind that:

- Pursuing this idea will still require a tremendous additional investment of staff and financial resources as you're at a very early stage in the process.
- Moving forward with this business idea will require involving a broader constituency. You will need to build a business reputation with existing and new clients and with funders and possible investors.
- Making the idea a reality will require convincing many other individuals and groups. And that requires that you stay true to your mission and build a credible business case at the same time.

If your staff and board decide to continue to develop the business idea, think about at what points in the future you can back out of the process. This is necessary (and healthy) because as you move forward with your business plan, you may uncover some unexpected information that



Blue Lake Forest Education Society (BLFES) is a non-profit, charitable organization that focuses on providing education opportunities to children and youth through experiential learning programs.

The Blue Lake Forest Education Society

The feasibility study that Blue Lake conducted played a major role in the development of the project we are currently working on. I have always thought that one of the greatest strengths as a Society is Blue Lake's ability to plan and carefully analyze a situation before moving forward. However, going through the process of the feasibility study forced us as an organization to ask questions that we would not normally think of. The social enterprise that we were considering was constructing a lodge and training centre to facilitate forest and environment education programs as well as job training programs. When not being used for these purposes it would be rented out to private user groups to generate some extra revenue for the Society. We thought we had a pretty good idea of what we wanted in terms of the size and location of the building and we thought that our next step would be to round up the funding and proceed. After receiving some funding from Enterprising Non-profits and the Kootenay Woodlot Education Society to complete a feasibility study we thought that it would be wise to put things on hold until after we had completed the feasibility study. Honestly I didn't think that too much would change, but that the study would help to confirm what we already thought would be the best route to go. I was wrong. We carefully looked at the social, environmental and economic factors associated with this construction project and I started discussing

plans and ideas with a diverse group of people who used the Blue Lake Centre or worked at the Blue Lake Centre, all of whom were outside of the “executive” group. Through this process I was able to discover what the Society’s actual needs were for this facility and not just what the Board of Directors and Managers thought they were. What we ended up with was a design that would accommodate current and future needs of the Society. When compared to our initial plan the new plan had major design changes, was in a completely different location on site, and fit better with the lay of the land. -Jody McInnes

makes it important for you not to move forward. For example, the cost of materials may skyrocket, or a well-financed competitor may start to provide the same product or service at a lower cost. In addition, public policy can make or break a social enterprise. If legislation or funding programs change, your business may become unprofitable, even before you start.

As you plan the implementation phases of your business, the go/no-go decision points will become clear. For example, if you require a large amount of capital, your planning group may develop a limited time frame in which to raise that capital. After that time period, your group may assess your progress and decide whether or not your time will be wasted by continuing to work to raise capital.

Other points at which to consider a “go/no go” decision could be:

- before design of the facility begins;
- before construction begins;
- before a supplier or partners are confirmed;
- before stock or equipment is purchased; or
- before staff are hired.

Alternatively, you may be able to pilot your business by producing small batches of a product or providing services on a time-limited basis. You will want to evaluate these pilots closely to ensure that it is beneficial (or even profitable) to continue.

It is a difficult decision to walk away from a business idea that seemed strong. However, doing so will ultimately allow you to apply your time and energy in another direction that will benefit from the work you put into your first idea and from the lessons you learned. You have to be prepared to drop your first idea and consider another.

If you and your organization’s decision makers decide to move forward with the business idea, create a summary of your feasibility study. This will enable you to have early conversations with potential clients, markets, and investors. This document, called an executive summary business case, is described in the next section. It will help you test the waters at the same time as it serves as the starting point for a full

business plan (discussed in Chapter 5).

5. Business plan summary

The purpose of the executive summary business case is to quickly generate interest in your idea. It's an introduction and doesn't need to be comprehensive, but it must be compelling. Your goal is to help your reader grasp the unique value of what you are trying to do. A good business case shows how you are different and why you will succeed. It is a step in the sales process.

You can use this document to sell the concept to potential investors. These might include a board whose members could invest time and energy, or the venture philanthropists and financial institutions who could invest money to help you to develop a business plan or conduct a pilot study. It is also a useful test of business feasibility. (If you can't make a compelling case for the idea in this format, it may not be such a strong idea after all).

In no more than two pages, briefly present your business case. Include the following:

- The problem. Briefly demonstrate the problem you address.
- The solution (your program or business idea). A short and compelling description of why you can solve the problem better than anyone else. Potentially include the business model, strategy, why you're more competitive than others, people who would make it work, sustainability/profitability, and exit strategy.
- The "ask." From the perspective of the funder/investor, state specifically what you want (financial help and the expertise or other resources needed from any partnership).
- The social return on investment. Briefly describe how society will benefit from this investment. If possible, quantify this.
- The financial return on investment. For venture capital/financial investors, include the financial return on their investment.
- Your organization. Describe the role, effectiveness, and desirability of your organization as a partner with the funder/investor (stated in terms of your organization's financial viability/cash flow, managerial capabilities, and successes, with funding such as donations and grants from others re-stated as investments in your organization).

Criteria investors may use to assess an idea

The following includes some of the criteria that interested investors may use to assess an idea. Always try to describe your idea in these terms. Investors use these criteria because they work. A strong fit with these criteria is a good indicator that an idea will be successful (as well as get you the funding). Of course, these are the same sorts of criteria for a sound business that you yourself have considered all along.

Financial criteria	Social criteria
<p>Good business idea</p> <p>Is this a good business idea?</p> <p>Is there a significant customer base for the products or services to be produced?</p> <p>Can they be sold at a high enough margin to make a profit?</p> <p>Is there a competitive advantage?</p>	<p>Good service idea</p> <p>Is this a product or service that's really needed in the community?</p> <p>Would it result in significant improvement in the life of enough people?</p> <p>Can it be provided at a cost that makes sense?</p> <p>Does this approach to solving the problem offer some competitive advantage over other ways of doing it?</p>
<p>Right strategy</p> <p>Is there a good strategy to achieve business success, financial return on investment?</p> <p>In the strategy, are the financial assumptions in the business plan credible and include a reasonable exit strategy?</p>	<p>Right strategy</p> <p>Is there a good strategy in place to achieve a significant social impact?</p> <p>Has a good business plan been developed to implement a sustainable strategy?</p>
<p>People to make it work</p> <p>Are the people in the business the ones who can make it successful?</p>	<p>People to make it work</p> <p>Are the people running the organization capable of making this successful?</p>

Conclusion

Now that you have a clear idea of the likely pitfalls of this enterprise and have developed a document that sets out the potential benefits, you are ready to move ahead on your idea. With your executive summary business case, you will be able to generate interest in your enterprise idea. The next step is developing a full-fledged business plan. That document will help to generate commitments for real partnerships and capital for start-up and operating costs. It will also help your organization to mitigate the risks associated with this work. Chapter 5 will describe the business plan process in detail.

