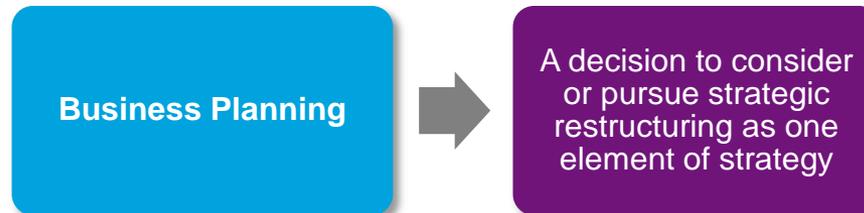


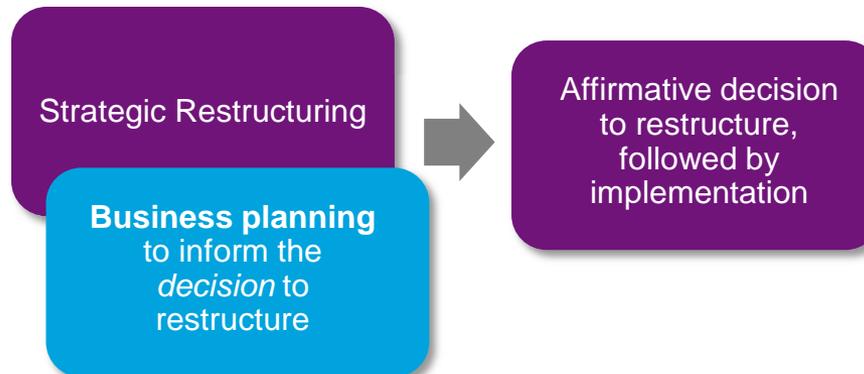
Strategic Restructuring and Business Planning

The decision to enter into a strategic restructuring relationship with another organization is a major one. Regardless of the type of restructuring—joint programming, administrative consolidation, joint venture corporation, parent-subsidary structure, merger, or acquisition—business planning can be an important, and often integral, part of the process. Business planning may *precede* a strategic restructuring process, may be done *concurrently* with strategic restructuring negotiations, or may be done immediately *following* a decision to restructure, as a way to plan for implementation.

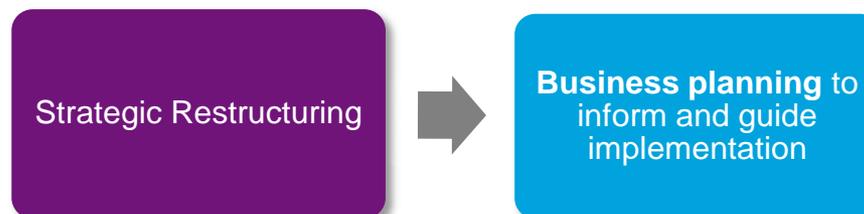
1 Business Planning as **Catalyst**



2 Business Planning to **Inform Negotiations**

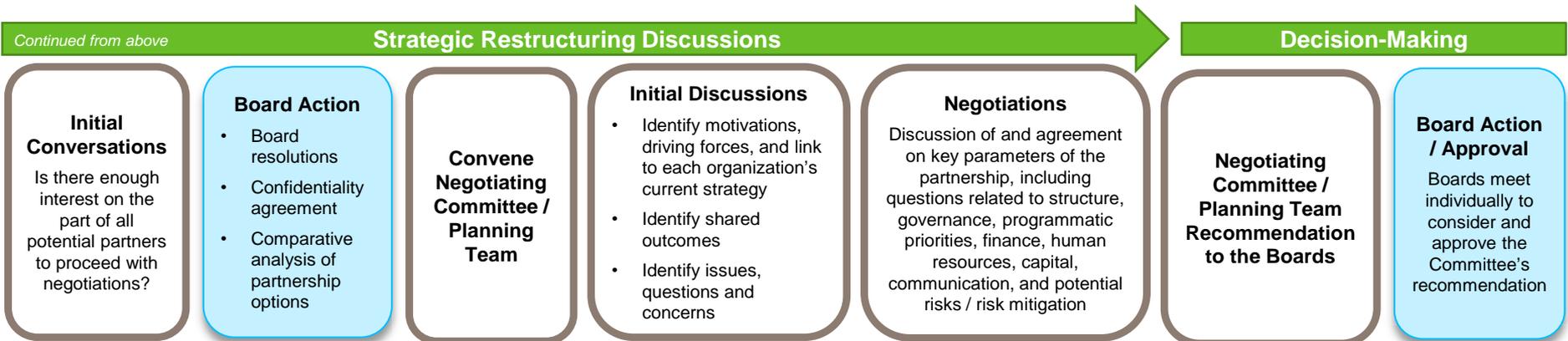
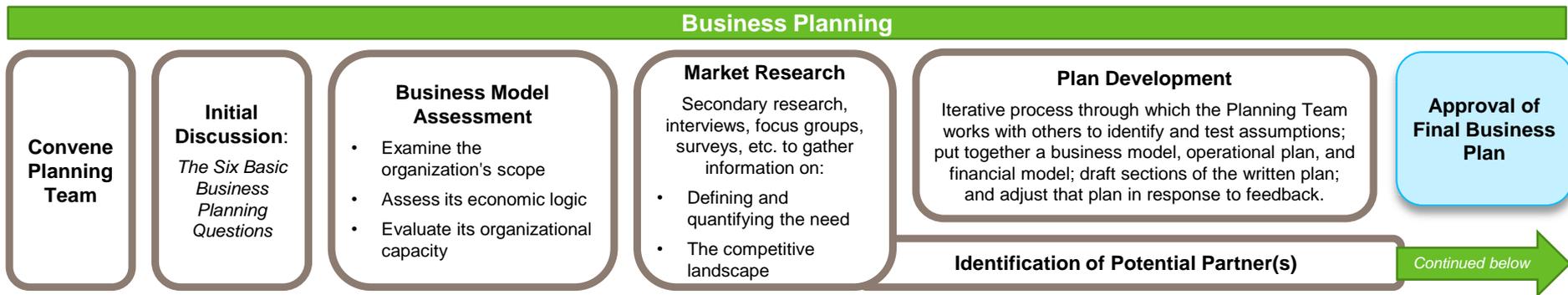


3 Business Planning to **Launch Implementation**



Business Planning as Catalyst

Business planning tests the proposition that a particular undertaking—program, partnership, new venture, growth strategy, or the entity as a whole—is economically and operationally viable, and describes the parameters of a successful effort. In the course of a business planning process an organization will examine and assess its current business model, research and review market factors, and identify and test assumptions related to a range of financial, operational, and mission-related factors. At any point in the process an organization may uncover a new or timely opportunity for partnership.



***The Six Basic Business Planning Questions**

1. What is the focus of the business planning effort (e.g., a particular program, a new initiative undertaken either alone or with partners, or the enterprise as a whole)?
2. What is the strategic intent of the program, initiative, or enterprise that is the focus of the business planning effort?
3. What questions do we need to answer—and what decisions do we need to make—in the course of this business planning process?
4. What information do we need in order to make these decisions?
5. Who is the audience for this business plan, and how will they use it?
6. Who will approve the final decisions and document?

Business Planning to Inform Negotiations

Not all potential partnerships are sufficiently complex as to require a full business planning process prior to a decision to move forward. Some are, however—either because of the number of parties involved, the complexity of the proposed business model, or the nature of the questions posed by key stakeholders such as board members or funders. When business planning *is* called for, we recommend the following process.

Exploration and Assessment

Organizational Self-Assessment

Include a review of the current strategic plan. How would a partnership fit into—or build on—the organization’s current strategy?

Partner Identification and Assessment

- Universe of potential partners
- Prospective partner screen
- Partner assessment

Initial Conversations

Is there enough interest on the part of all parties to proceed with negotiations?

Board Action

- Board resolutions
- Confidentiality agreement
- Comparative analysis of partnership options

Design and Launch of the Process

Continued below

Convene Negotiating Committee / Planning Team

Initial Discussions

- Identify motivations, driving forces, and link to each organization’s current strategy
- Identify shared outcomes
- Identify issues, questions and concerns
- Identify the anticipated “tipping point”—the point at which a decision to move forward with the partnership is likely, provided the resulting business model is shown to be both *feasible* and *sustainable*

Continued from above

Negotiations and Business Planning

Negotiations

Attempt to reach agreement on as many issues as possible with respect to:

- Governance
- Program
- Human Resources
- Capital
- Finance
- Communications

Decisions inform business planning process

Negotiations, Phase 2

Ongoing, in response to questions that arise in the business planning process and through due diligence

Completed based on results of both

Due Diligence

Business Planning

- Review the *Six Basic Business Planning Questions*
- Assess partners’ current business models
- Research and review market factors
- Evaluate options and assumptions
- Finalize business model and operational plan

Prepare and Assemble Final Business Plan and Recommendations

Negotiating Committee / Planning Team Recommendation to the Boards

Board Approval

Decision-Making

Business Planning to Launch Implementation

Often two or more potential partners will conclude a negotiations process having done enough planning to secure agreement from all parties to move forward, but not enough to proceed confidently with full implementation. Business planning can be an effective tool for focusing everyone on the important work ahead: building on the best of what each partner brings to the table to establish and run a successful, sustainable venture.

Exploration and Assessment

Organizational Self-Assessment

Include a review of the current strategic plan. How would a partnership fit into—or build on—the organization's current strategy?

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Convene Negotiating Committee / Planning Team

Initial Discussions

- Identify motivations, driving forces, and link to each organization's current strategy
- Identify shared outcomes
- Identify issues, questions and concerns

Negotiations

Discussion of and agreement on key parameters of the partnership, including questions related to structure, governance, programmatic priorities, finance, human resources, capital, communication, and potential risks / risk mitigation

Due Diligence

Design and Launch of the Process

Continued below

Decision-Making

Continued from above

Board Action / Approval

Boards meet individually to consider and approve the Committee's recommendation

Convene Planning Team

Discussion:

The Six Basic Business Planning Questions

Business Model Assessment

- Examine the combined organization's scope
- Assess its economic logic
- Evaluate its organizational capacity

Market Research

Secondary research, interviews, focus groups, surveys, etc. to gather information on:

- Defining and quantifying the need
- The competitive landscape

Note: some or all of this may have been done during – or to inform - negotiations

Plan Development

Iterative process through which the Planning Team works with others to identify and test assumptions; put together a business model, operational plan, and financial model; draft sections of the written plan; and adjust that plan in response to feedback.

Approval of Final Business Plan

Business Planning

Negotiating Committee / Planning Team Recommendation to the Boards