



Business Planning for Oregon's Watershed Councils

By
Tina Nuñez
November 2004

The following information is part of a terminal exit project titled, *Business Planning for Oregon's Watershed Councils*, completed in 2004 by graduate student, Tina Nunez, for the Department of Planning, Public Policy and Management at the University of Oregon. The full report is available at University of Oregon's Knight Library and electronically at the following website: <http://darkwing.uoregon.edu/~cnunez>.

Why Business Planning for Watershed Councils?

All types of organization's can benefit from the business planning process. Business planning is traditionally a for-profit enterprising approach to generate revenue within the private sector. Limited access to state and federal funding dollars is increasing the awareness of business planning for grassroots organizations at all levels of governance, federal, state and local. The unstable funding climate across the state of Oregon has watershed councils researching ways their organizations can survive and benefit from developing a business plan. Following are key definitions related to the process of developing strategic or business planning products:

Strategic Planning is the process used to develop an organizations overall vision, mission, goals, and objectives – the process includes a SWOT (strengths, weaknesses, opportunities, threats) Analysis, provides a roadmap for the future, answers big picture questions, assigns priorities and asks a key question: What should the organization be doing?

⇒ **Strategic Plans** describe the organization's internal strengths and weaknesses and analyze the external opportunities and threats to the organizations mission.

Business Planning is a tool organizations use to generate revenue and often directly linked to a strategic plan – the process aims to describe how an organization will achieve its mission, goals and objectives – the process is repeated about every three to five years, assigns fiscal and human resources, and asks the following critical question: How do we get there?

⇒ **Business Plans** attracts investment, builds alliances, identifies risks, measures outcomes, and use a market-based approach to funding.

Business Planning from a Watershed Councils Perspective

Recent research and publications indicate that business planning is a direct link to strategic planning, and emerging as a problem-solving tool for the fiscally challenged nonprofit sector and for watershed council organizations.

However, research shows there are many barriers that stand in the way for watershed councils to pursue planning that increases council process and conservation effectiveness. Recent examples of social and conservation nonprofits that are completing or have completed a “business plan” can provide other councils with enough valuable information to help with their own specific business planning efforts.

Business Planning from the State's Perspective

Many watershed councils in Oregon currently receive some degree of technical and financial support from the Oregon Watershed Enhancement Board (OWEB), which is one of the main sources of state grant funding. However, past surveys and statewide evaluations show that while many councils compete for the same state funds, their organizational capacity varies widely. Additionally, some groups have found it more difficult than others to implement the statewide watershed plan. Many groups are finding they lack the organizational capacity, such as administrative and technical skills, necessary to meet the state’s increasing expectations for councils to implement their conservation strategies.

Further evidence that watershed councils across the Northwest are facing difficult times is documented in recent research studies. Anderson (2000) found that funding limitations and political uncertainties present significant barriers for short-term project management and long-term resource planning. To make matters worse, four years ago the Oregon legislature placed caps on the amount of state dollars spent on watershed coordination and administration. Such trends provide compelling evidence that dependence on state funding is not a financially secure option for watershed councils to rely on. While watershed councils must rely on the state for some grant support, too much dependence “reduces councils autonomy in determining best investment strategies and suppress their long-term visioning processes necessary for successful project planning and implementation” (Anderson 2000, p.5).

How Can A Business Plan Help Watershed Councils?

The 2004 University of Oregon study examined three research questions to identify ways to help watershed councils become more financially secure in an uncertain funding landscape. The three research questions include:

- I) How can the **lessons learned** from nonprofit business planning **be applied to watershed planning**?
- II) How can a business plan make **Councils operate** more **effectively** and **efficiently**?
- III) How can a business plan help Councils **achieve measurable objectives, leverage their funds, and increase their organizational capacity**?

What Are the Key Steps?

Examining how other nonprofit groups and watershed council case studies approached business planning, the key steps are broken down into the following three phases:

Phase One: Lay the Groundwork

- **Set the idea of business planning on a meeting agenda (i.e. annual retreat)**

Most cases observed in this study began their business planning process in this way and most groups used a good portion of their annual retreat to discuss the big picture of business planning. The Council may want to invite an outside consultant or intern to facilitate the process, but the Council coordinator can easily convey the main elements of the business planning process with a flip chart and handouts.
- **Provide training for Council Coordinator if necessary**

Training and workshops for coordinators prior to engaging in business planning is an important first step. The case studies that allocated time and money for staff training all claimed the experience made all the difference in making the organization well prepared for the planning and executing phases of business plan development.
- **Gain Council commitment to begin the business planning process**

Have an outside third party member present the idea of business planning to Council so the entire organization can be present and contribute to formation of ideas from the beginning.
- **Evaluate previous planning efforts (i.e. strategic plans, budget process)**

First, the council coordinator should begin by reviewing all council budget documents so he or she can articulate the general resource inflows (e.g. grants, fundraising, membership donations, voluntary contributions, etc.) and resource outflows, which include the different watershed council programs (e.g. restoration & monitoring, special projects, development fundraising, administration, outreach & education, etc.). Similarly, the Council coordinator and council members should review their Strategic Plan to gauge the extent it goes beyond just describing the councils vision and mission. In other words, does the vision and mission immediately communicate "who" the council is and what they are trying to achieve. Guidelines for conducting a SWOT analysis are included below.
- **Ensure ownership by involving members in all phases of business planning**

The cases observed in this project all formed a subcommittee to take on the details of researching and developing a business plan, however a common approach among most cases was periodically reporting completed sections of the final document to the larger board or Council. Case observations reveal that review of

the table of contents and plan structure should happen no later than the second subcommittee meeting.

- **Incorporate adequate time (1 year) and energy into the planning process**
Depending on how well prepared the council is to participate in business planning will determine the amount of time required to carry out the research and development phases. A recently completed strategic plan and a coordinator or council member familiar with business planning concepts and language all contribute to the length of planning. In some cases, business planning foundation grant deadlines helped to focus their efforts and provide incentives to complete the entire process.
- **Get support (i.e. consultant, intern, volunteer, retired person)**
An outside third-party member for many of the observed nonprofits ranged from consultants, retired business professionals, interns, or research assistants.
- **Identify members for a business plan committee or sub-committee**
The coordinator is most likely the best person on a watershed council to direct this process as well as play a key role on the committee/subcommittee since he or she knows the strengths each council member can bring to the planning and development process. However, since each watershed council has its own distinctive operating procedures, it's really up to the council as a whole to decide on the appropriate people. The Council coordinator can identify members with previous business planning experience by polling the entire group at the annual retreat meeting.

Phase Two: Analysis

- **Outline the business planning process and timeline**
Two case study examples provide detailed methodology and timelines. The McKenzie River Trust offers a comprehensive and innovative business planning approach and process in Chapter 4, while Table 4-1 shows an example timeline used by the McKenzie Watershed Council.
- **Agree on plan content and create a table of contents**
The case study observations and interviews conducted in this research project informed the example of a business plan table of contents found in Appendix A. Once the council begins drafting portions of the business plan, the table of contents may need to be revised to more accurately reflect the work provided by each committee member. While this format may work for one council, each council is encouraged to explore how best to adapt the following structure to suit their particular business planning needs. The Business Plan Committee or Subcommittee should work hard in the beginning to define a shared vision for each section of the business plan. This includes defining terminology associated with each section such as goals, objectives and the group's conservation strategy.

- **Conduct a SWOT (strengths, weaknesses, threats, opportunities) Analysis**
After understanding the watershed councils history and strategic responses, the council board and staff are in a position to gather information regarding the current environment and future trends. A useful organizing framework for this assessment is a SWOT Analysis. The SWOT is a broad overview of the most important internal Strengths and Weaknesses and the most important external Opportunities and Threats (Allison and Kaye, 1997). A list of questions to guide a SWOT analysis can be found at the end of this document in Appendix A. This process takes about an hour during two separate meetings to complete.

- **Divide research and writing chapters among committee members**
A consistent theme among all cases is the number of people required to research and write the document is at least four people. One person should be a person not directly affiliated with the council to help keep the other members focused during the meetings.

- **Conduct a Stakeholder Analysis**
The following methods are primarily informed by the McKenzie Watershed Council in-progress cases study experience. Stakeholders are defined as those who have a stake in the mission of the Watershed Council. Stakeholders are important because they can be powerful allies and partners in the work of the Council. Periodic analysis of stakeholders provides direction to the Watershed Council in how to most successfully work and communicate with them to achieve common goals, generate fiscal and human resources, and raise awareness and commitment to healthy watershed initiatives.

Watershed Council stakeholders may include but are not limited to the following groups:

1. Community Residents
2. Citizen Groups
3. Professional Associations
4. Educational and Research Institutions
5. Current and Potential Funding Sources
6. Large Private Land Owners and Resource Users
7. State, Federal, and Local Natural Resource Agencies
8. Political Bodies/Elected officials

An analysis of the importance and commitment (as evidenced through participation) of Watershed Council stakeholders guides staff in targeting the most appropriate outreach strategies for each group. The analysis targets the stakeholders most critical to the Councils success and reveals gaps between the desired and present commitment of these stakeholders. A useful diagram to conduct this analysis is located in Appendix A. Such an analysis helps the council focus scarce fiscal and human resources on the most effective outreach strategies.

Phase Three: Writing and Review

- Begin writing
- Schedule meetings for committee review
- Send draft pieces to the Council for review and gain feedback
- Present final Business Plan to Council by having committee members lead breakout groups to gain final feedback
- **Revise and send to print!**

What Will a Final Business Plan Product do for a Watershed Council?

In the end, a Business Plan will provide direction for the entire watershed organization and will serve to focus its financial goals. The cases examined in this research study show that a Business Plan can increase a watershed councils organizational capacity, allow the council to provide tangible recommendations, identify where the council is heading financially, and uncover important fundraising and market information.

In an attempt to provide as much information as possible for councils to adopt the most context-specific watershed business planning practices, a brief summary of all criteria related practices follows.

Leadership

- *Knowing trends affecting programs and services* – council leaders and members should strive to understand its organization, members, stakeholders, and watershed history to the best of their ability.
- *Knowing the market the organization serves* – councils should work hard to cultivate an objective and realistic perception of the local market. Again, a stakeholder analysis can elicit important fundraising and market information.

The following quote captures the essence of this criteria related practice.

“Successful companies...market-driven, successful nonprofits...mission-driven, best nonprofits...mission driven and market sensitive.” S.Greyser.

- *Protecting the organization’s comparative advantage* – councils should not stray too far from its mission and core strengths when participating in business ventures.
- *Using portfolio management* – councils should routinely develop a separate strategy for each of its programs and services, which can help watershed councils recognize their distinctive markets and performance benchmarks as well as synergistic contributions to the councils mission.

Adaptive Capacity

- *External focus* – councils should leverage capacity, resources, and allies outside the organization and acknowledge the rapidly changing external conditions that affect the councils mission.
- *Network connectedness* – councils should rely on a network of interdependent relationships to advance their mission and enlarge their sphere of influence.
- *Inquisitiveness* – councils should nurture inquisitive behavior by inviting information and ideas from outside into the council’s culture.
- *Innovation* – councils should foster creative thinking that contributes to the creation and implementation of new ideas necessary to accept new council programs or moderate changes to existing processes.

Business Planning Practices

- *Working document* – councils can ensure their business plan is a working document rather than an unused planning document by incorporating it into their annual budget or strategic plan.
- *Social enterprise or synergies of collaboration* – councils should use the business plan to break the complexity of their watershed programs down into manageable pieces so council members, stakeholders, conservation donors, and the community can easily get their arms around important aspects of the programs and services. This is a way for the council to communicate important internal aspects of the watershed organization to external groups.
- *Set of complementary objectives* – councils should focus the business plan document on a few quantifiable opportunities rather than many less significant projects.
- *Integrates words and numbers*- councils should balance their business plan document by using the narrative to support the financials, which is accomplished by integrating words and numbers or thinking and talking. Following is a good example of how a business plan can promote this type of readability and it is taken directly from the Blue Mountains Demonstration Area Business Plan:

Projected FY 2000 outputs:

- 91 miles of stream restoration
- 302 miles of trail restoration
- 1,005 acres of vegetation restoration
- 8 watershed analyses, 0 local contracting workshops involving over 80 potential contractors

Summary

Together, the conclusions and recommendations in the 2004 study, *Business Planning for Oregon's Watershed Councils*, provide a detailed account of what it takes to develop a watershed council business plan. At a minimum the information in this brief summary and in the final report should inspire watershed councils and all types of watershed stewards to begin asking that sobering question: *How will our watershed council sustain itself when, not if, we loose state and federal funding?* If done the right way, watershed business planning in Oregon will soon become a powerful organizational and financial tool for current and future watershed councils to sustain themselves as well as to prosper, even in uncertain political and financial times.

Resources & Tools

Table of Contents Example

- I. Executive Summary
Purpose and Objective of Business Plan
- II. Organization Description
 - a. History
 - b. Vision, Mission and Goals
 - c. Programs
 - d. Organizational Structure
 - e. Accomplishments, Awards, Recognition
- III. SWOT and Watershed Trends Analysis (show how the council is different)
- IV. Watershed Council Goals & Plans
 - a. Benchmark Analysis
 - b. Annual Work Plan
- V. Organizational Development Strategy
- VI. Marketing and Resource Development
 - a. Stakeholder Analysis
 - b. Funding Analysis
 - c. Marketing Strategy & Finance Plan
- VII. Financials
 - a. Historic & Current Budget Analysis
 - b. Projected Future Budget
- VIII. Conclusion
- IX. Appendix
A place to provide information that supports, confirms, and reinforces the Business Plan

SWOT Analysis (Strengths, Weaknesses, Opportunities & Threats) Example Questions:

- **Strengths**
 - What are the council’s internal Strengths?
 - What does the council do well?

- **Weaknesses**
 - What are the council’s internal Weaknesses?
 - Where can the council improve?

- **Opportunities**
 - What external Opportunities exist with respect to pursuing the council’s mission?
 - What changes are taking place in the environment, which might allow the council to better achieve its mission?

- **Threats**
 - What external Threats might hinder the pursuit of the council’s mission?
 - What changes in the environment does the council need to guard against or prepare for in doing its work?

Stakeholder Analysis Example

See pages 61 and 62 of the final report for a complete explanation of how to conduct a stakeholder analysis. The diagram below is a tool to use during the analysis process.

Low IMPORTANCE	High IMPORTANCE
High COMMITMENT	High COMMITMENT
Low COMMITMENT Low IMPORTANCE	Low COMMITMENT High IMPORTANCE

Regional Watershed Council Business Planning Resources

Innovative Funding Strategies and Tools

(See Full Report for list of watershed council partnerships with business and community groups)

Plan 2 Fund: <http://sspa.boisestate.edu/efc> - Contact: Environmental Finance Center at Boise State University

Directory of Watershed Resources: <http://sspa.boisestate.edu/efc> - Contact: Environmental Finance Center at Boise State University

Primer on Habitat Project Costs: <http://www.evergreenfc.com/> - Evergreen Funding Consultants

Watershed Councils in Oregon with Completed Business or Marketing Plans

Coquille Watershed Association: <http://www.coquillewatershed.org> - Contact: Jennifer Hampel, Council Coordinator

Coos Watershed Association: <http://www.cooswatershed.org/org.html> - Coos Watershed Association / Outreach Planner

McKenzie Watershed Council: <http://www.mckenziewaterhedcouncil.org/partners.html> - Contact Megan Finnessy, Council Coordinator

Watershed Council Business Planning Consultation

Contact: Adam Zimmerman, Shorebank Enterprise Pacific Community Programs

Email: azimmerman@sbpac.com

Website: <http://www.sbpac.com/index.cfm>

Contact: Tina Nunez, MCRP (Masters in Community and Regional Planning, UO)

Email: cnunez@uoregon.edu / Phone: 541-683-7860

Website: <http://darkwing.uoregon.edu/~cnunez/>

State Watershed Council Business Planning Resources

Trainings and Workshops

Oregon Association of Conservation Districts: <http://www.oacd.org/index.html> - Contact: John McDonald, Executive Director

Nonprofit Management Courses: Lane Community College (<http://www.lanebdc.com/non-profit.htm>) and University of Oregon (http://utopia.uoregon.edu/ppm/ppm_certificate.htm)

(Source for photo on front: Environmental Finance Center at Boise State University)