Business Planning Guide for

Health Line Initiatives

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Making The Right
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1. Introduction

The success and sustainability of a Health Line service depend on many factors, including the quality of the service provided, its ability to continually demonstrate value-for-money, and its continued relevance as an enabler of improved health.

Deciding to launch a new or expanded Health Line service is not without risk. However, sound up-front planning can reduce these risks, and establish the venture on a solid business-like foundation.

This *Business Planning Guide for Health Line Initiatives* has been developed as a resource to help in either of these two scenarios:

- An agency wants to make a well-informed decision to introduce a new or modified Health Line service, or not; or,
- An agency has already decided to introduce a new or altered service, and wants to adequately prepare for the change, and position the service to succeed.

The *Guide* encourages development of a complete Business Plan that reflects thorough and objective analysis, and that can be developed by front-line managers who are not necessarily fluent in complex business planning methodologies.

When to do a Business Plan

The amount of planning for a Health Line 'business' venture should be directly proportional to the scope and magnitude, or the risk, of the venture. A new, large, complex service offering warrants detailed business planning to make sure all the necessary resources are deployed to make it succeed. However, a straightforward extension to an existing service, with few unknowns and limited financial impact, need not be subjected to the same level of pre-planning.

An example: The provincial HealthLine currently handles calls for Public Health from 13:00 to 20:00 while staff are in the field, and now is being requested to handle the calls for the entire 24 hour period. Would this require a Business Plan?

Yes, but ... Depending on who needs to approve the proposal, this Plan is probably a one-pager, that focuses primarily on the impact on resources, e.g.:

- Are additional staff needed? Do you have them? Who pays?
- Is additional training required, so the night shifts know how to handle and direct the calls?
- To whom do you need to communicate the change in coverage? Any costs involved?
- What is a reasonable start-up date for the extended coverage?

This *Guide* is intentionally designed to be a guidebook, not a cookbook. Each Health Line manager and planner is encouraged to pick and choose those elements of the *Guide* that apply to each venture being planned, and to add other relevant sections to their plan that may not be covered in this *Guide* at all.

Know your audience

A Business Plan typically serves two purposes:
- To communicate, with clarity, to any affected stakeholders, what services or changes are planned; and,
- To provide sufficient analysis to enable an informed and confident executive decision to proceed, and to garner approval of the necessary resources.

A comprehensive Business Plan for a major new venture can be a long and tedious read! It is highly recommended that an **Executive Summary** (maximum 3 pages) be produced once the Business Plan is complete.

Acknowledgements

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The Multi-Jurisdictional Health Lines Steering Committee, and the Health Line managers in the jurisdictions, have been most helpful in contributing ideas, examples and constructive feedback in the preparation of this *Guide*.

2. Describing the Proposed Business

What exactly are you proposing to deliver to whom?

2.1. Purpose of this section of the Business Plan

Whether you are contemplating the introduction of a major new Health Line service or an extension to an existing established operation, it is vitally important that all stakeholders understand exactly what product or service will be delivered. A careful definition of the proposed service offering is equally useful whether the service is a mandated program (which must be introduced) or a discretionary offering (which may or may not be introduced, depending on the relative merits of its Business Plan).

In this section of the Business Plan, some basic questions need to be answered:

- What product or service will be delivered, to whom, and by whom?
- Who will benefit from this service?
- How do you know this service is needed?
- Who will pay for the service?
- What will be the impact of this new Business on other existing programs and services?
- What will be the impact of not proceeding to introduce this new Business?
- What assumptions are you making?

2.2. Critical Elements

The service must be clearly defined. Ambiguity at this stage of planning can later prove to be fatal. A clear definition of a Health Line service planned to respond to incoming calls, for example, would precisely identify at least the following:

- the hours of service (e.g. 24 x 7 x 365);
- the clinical or information services available to callers;
- any services that are **not** being provided;
- minimum qualifications of call centre staff;
- in what languages the service will be available;
- the expected call volumes and call patterns, and how they have been derived;
- how calls will be handled when all call centre staff are busy;
- how caller wait times will be monitored;
- how service volume will be managed;
- how service quality will be managed; and,
- how long the service will be provided, e.g. until at least December 31, 2008.

If the proposed Business will build on an existing operation, then the current state of the existing operation should also be summarized in this section of the Business Plan. i.e. what services are currently being provided, to whom, how, and at what price / cost, for how long?

The service must be needed. Nothing is quite so futile as trying to push a product into a market that doesn't exist. Conversely, nothing is quite as pleasing as being the sole supplier of a product or service for which there is an infinite and unrelenting demand and willingness to pay. Reality for any proposed Health Line initiative will fall somewhere between these two extremes.

Proponents of the new or enhanced Health Line service should articulate in the Business Plan:
- the source and rationale of the idea to introduce the new service;
- results of any formal research that has been completed (market research, lessons learned by other service providers, utilization studies or cost-effectiveness analysis from other jurisdictions);
- results of any informal discussions with potential customers for the service;
- the forecasted demand for the service, and the science, if any, behind the forecast;
- the existence or likelihood of competition to the service;
- evidence from other jurisdictions that this would be a viable service offering; and,
- a statement of the fundamental ***Value Proposition*** [1] of the proposed service.

2.3. Checklist

DESCRIBING THE PROPOSED BUSINESS	✓	**Does not apply**
Has the planned scope and level of service been clearly defined?		
Do you have adequate evidence of the need and value of this service?		
If this proposed Business is an extension to your existing operations, have you briefly described these existing services?		
Have you assessed the expected impact on other existing programs and services?		
Have you articulated what the impact will be if you don't proceed to introduce and operate this new Business?		

[1] "A value proposition is an offer to some entity or target in which they (the possessor) get more than they give up (merit or utility), as perceived by them, and in relationship to alternatives, including doing nothing. In terms of form, a value proposition is generally a clear and succinct statement (e.g. 2-4 sentences) that outlines to potential clients and stakeholders a company's (or individual's or group's) unique value-creating features." Michael L. Perla, *What's Your Value Proposition?* July, 2003 www.MarketingProfs.com – viewed June 7, 2005

3. Alignment with Your Mandate

Why are you proposing this new Business?

3.1. Purpose of this section of the Business Plan

To enhance their sustainability, innovative organizations can usually identify a number of new programs and services that they could deliver. But, just because they *could* doesn't mean they *should* venture into these new service offerings.

Once a valid need for an identified service has been confirmed (see preceding section), it is important, particularly for public sector agencies and organizations, to objectively analyze:

- Who is in the best position to meet this need?
- If it makes sense for you to provide this service:
  - How well does this proposed new service align with your overall existing mandate?
  - How will this line of business help you reach one or more of your specific corporate goals and objectives? How will this contribution be objectively measured?
  - How does the proposed service leverage your existing capacity and competencies in Health Line services?
  - Should you be offering this service on your own or with partners?
- What are the critical factors that must be in place for the new Business to be successful?
- How will you know if you are successful?

3.2. Critical Elements

You first need to acknowledge what 'business' you are currently in. Otherwise, any and all vaguely relevant potential products and services may appear attractive. Organizations vary greatly in the clarity of their role, and in their flexibility to adapt their role to capitalize on new opportunities. Some basic questions that need to be answered by public sector agencies include:

- Do you have the legislated authority to introduce this new service?
- If so, would the public readily agree that this service falls within your mandate?
- Would anyone else disagree (perhaps publicly and loudly)?
- Are you under any regulatory constraints that may impede or limit your ability to deliver this service?

Expectations must be realistic and managed. The new venture must not be oversold to either corporate executives or clients. When in doubt, it is better to under-state rather than over-state projected results. All participants in the decision process need to be as objective and realistic as possible.

The Business Plan is an important vehicle to help all stakeholders start with consistent and realistic expectations for the proposed service.

Critical Success Factors need to be well understood. One prerequisite 'CSF' for most business operations is executive support – having senior management not only convinced of the merits of the business, but prepared to visibly demonstrate their support, for example, during annual budget planning discussions.

Success should be measurable and apparent. Qualitative self-analysis is insufficient, as it will usually be discounted as self-serving and biased. Sustainability of the new service will need to be reinforced by:

- regularly demonstrating, with objective measures, that the service is contributing to overall corporate well-being; and,
- communicating these results to all stakeholders, and confirming that they agree that the venture is a success.

3.3. Tips and Techniques

3.3.1. Set SMART Goals

The first step is to set goals for the business being planned, Then, as a second step, determine how these goals serve the organization's higher level objectives.

To be as clear as possible, each stated goal should be <u>**S**</u>pecific, <u>**M**</u>easurable, <u>**A**</u>ctionable, <u>**R**</u>ealizable, and <u>**T**</u>ime-bound.

☒	Improve the health of our population.	▪ Which segment of the population? ▪ Using what measure of health status? ▪ Improve by how much? By when? ▪ While you may contribute to an improvement in population health, it will be very hard to isolate your contribution from several other factors.
☑	Provide regular after-hours coverage to at least 200 satisfied primary care practitioners by March 31.	▪ A specific service for a specific market segment ▪ Relatively easy to measure how many practitioners are regular users of the service, and to regularly gauge their level of satisfaction with service quality ▪ A targeted volume and date to help manage expectations

3.3.2. Focus on a few Key Performance Indicators

The oft-used axiom “You can’t manage what you don’t measure” is good advice, although not universally heeded.

As one executive recently explained [2], “without measurements:

- Decision-making suffers as business decisions must be based solely on feeling and instinct;
- Success or failure is difficult to determine as performance is entirely subjective; and,
- Adequate becomes acceptable, as there are no defined standards for improvement.”

Several metrics may be of interest, but only those that relate to specific goals and objectives have business value. Therefore, the Key Performance Indicators (KPIs) that you identify in your Business Plan should relate as directly as possible to the SMART goals you have set for your business.

Who will decide if your business is successful? Your clients? Your boss? Your payer? All three? Once you have answered this important question, make sure you engage these stakeholders in defining the success criteria that are most meaningful to them.

Don’t under-estimate the power of perception, particularly related to customer satisfaction. In the service sector, perception *is* reality. Even ill-informed subjective opinions cannot be ignored. The best antidote to counter negative opinion is a set of concrete, credible performance measures.

Are you in control of your own success? There may be one or more key influences on your success that you do not, and cannot, control. Such influences should be identified up-front, as well as the risk that they represent.

With whom will you be compared? If your clients and other stakeholders will be judging your performance against other comparable services, then it is important to be able to objectively demonstrate your relative performance. Peer benchmark measures can be very helpful, especially if peer organizations are committed to share experience and best practices.

3.3.3. Routinely Review and Publish your Results

This section of the Business Plan should describe the evaluation process that will be used to continually monitor the success of the proposed venture. For each KPI, and any additional

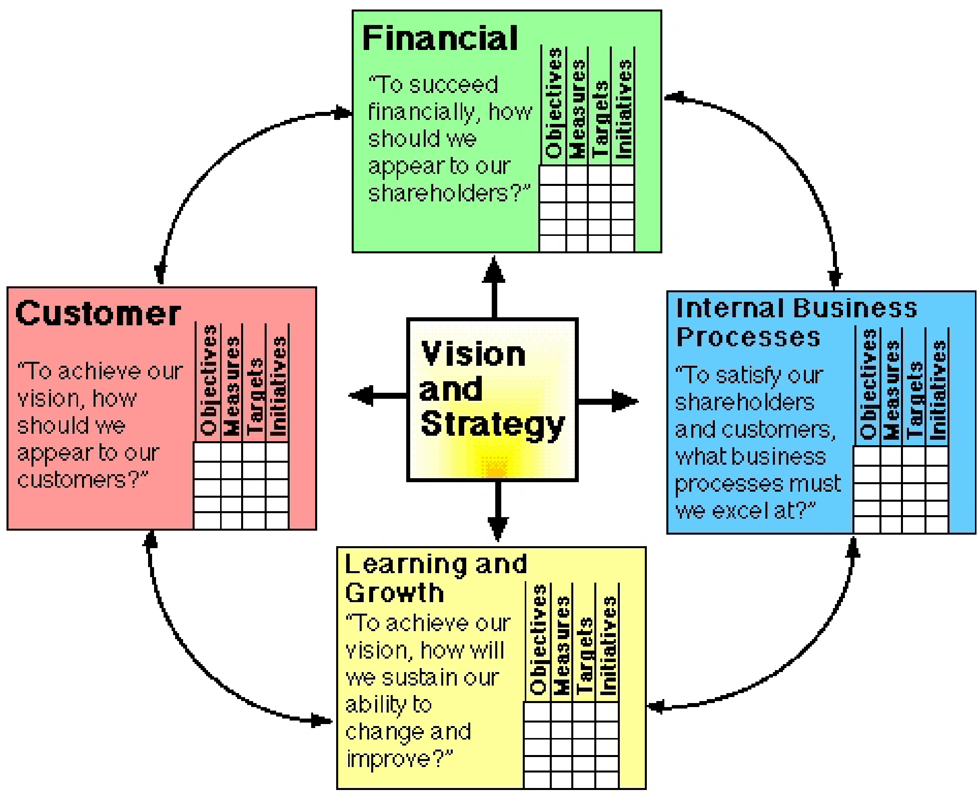
[2] Inova Solutions, *Executive Guide to Contact Center KPIs*, www.inovasolutions.com, viewed July 19, 2005

performance metrics, identify the method of measurement, as well as the target date, or schedule, for measurement.

Once measurements are taken, performance assessed and actions planned, it is important to communicate the results to all affected stakeholders. Brevity, candour and clarity will be appreciated.

Busy executives yearn for measurement and reporting techniques that enable them to take the pulse of their business, literally at-a-glance. There is usually more than one relevant metric, and success is often reflected by a combination of indicators. Thus the popularity of a technique known as the Balanced Scorecard. Conceived by Robert Kaplan and David Norton in the mid-90s, the Balanced Scorecard[3] is particularly useful when success must be demonstrated across many dimensions, not simply against one crude measure such as shareholder value or return-on-assets.

The following illustrates a generic balanced scorecard framework for a commercial endeavour.



Several corporations now track and measure performance along environmental, social and economic bottom lines.

[3] Kaplan RS, Norton DP, *The Balanced Scorecard: Translating Strategy into Action*. Harvard Business School Press, 1996

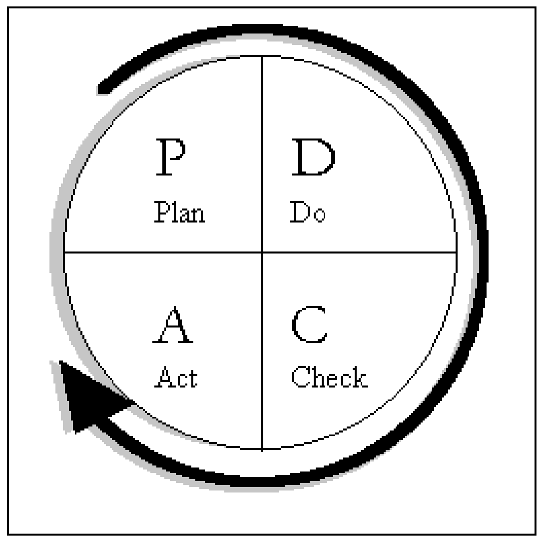
While typically deployed as a corporate-level measurement tool, the Balanced Scorecard can be adapted and effectively used to track multi-dimension performance of any business operation, including Health Line services.

3.3.4. Plan for Continuous Quality Improvement

The Health Line venture will survive and thrive best if key processes are continually improved. But Continuous Quality Improvement (CQI) does require dedicated time and attention. The Business Plan should identify those key processes that most influence successful delivery of the Health Line service, the 'owner' of each key process, and the primary performance measures for each process.

Most CQI efforts are structured around the concept of a Plan-Do-Check-Act cycle, originally developed by Walter Shewhart of Bell Laboratories decades ago, and popularized by CQI guru W. Edwards Deming starting in the 1950s.

The four stages of effort can be described[4] as:



Plan to improve your operations first by finding out what things are going wrong (that is, identify the problems faced), and come up with ideas for solving these problems.

Do changes designed to solve the problems on a small or experimental scale first. This minimizes disruption to routine activity while testing whether the changes will work or not.

Check whether the small scale or experimental changes are achieving the desired result or not. Also, continuously Check nominated key activities (regardless of any experimentation going on) to ensure that you know what the quality of the output is at all times to identify any new problems when they crop up.

Act to implement changes on a larger scale if the experiment is successful. This means making the changes a routine part of your activity. Also Act to involve other persons (other departments, suppliers, or customers) affected by the changes and whose cooperation you need to implement them on a larger scale, or those who may simply benefit from what you have learned (you may, of course, already have involved these people in the Do or trial stage).

When you have completed the cycle to arrive at 'problem solved', go back to the Plan stage to identify the next 'problem faced'.

[4] http://www.hci.com.au/hcisite2/toolkit/pdcacycl.htm, viewed July 19, 2005

3.4. Checklist

In drafting this section of the Business Plan, the following checklist will help identify key topics to be addressed:

ALIGNMENT WITH YOUR MANDATE	✓	**Does not apply**
Does the Business Plan communicate how this proposed Business specifically supports your overall corporate goals and objectives?		
Have you identified SMART goals for the Business?		
Have you identified Key Performance Indicator(s) for each goal?		
Have you identified peers for performance comparison / benchmarking / knowledge sharing?		
Have you designed an effective method of tracking and communicating results, such as a Balanced Scorecard?		
Does the Plan include a commitment to Continuous Quality Improvement of those operational processes that are critical to your success?		
Have you identified all stakeholders whose satisfaction is crucial to your success and sustainability?		
Have you identified any Critical Success Factors that are beyond your control? (If so, these should be covered in more detail in the Risk Analysis section of the Business Plan.)		

4. Service Level Commitments

What will be the obligations between yourselves and others?

4.1. Purpose of this section of the Business Plan

It is essential that all contractual, legal and ethical obligations are well understood before committing the organization to delivering a new service. Depending on the business model adopted for the new service, the business relationships can become quite complex. The Business Plan should describe all key roles, responsibilities, and accountabilities related to the proposed venture.

4.2. Critical Elements

Commitments to your ‘clients’ – Often there will be more than one set of ‘clients’ to be served. The end users of a Health Line service are often considered to be the primary clients. However, the Chief Financial Officer would argue that the real client is the payor. And there may be others who have a direct influence on whether the service continues to be offered; they too have expectations that must be met to ensure sustainability.

Duration of the service – Many businesses operate on a simple ‘willing buyer, willing seller’ basis; neither party has any long-term obligation to the other to sustain the venture. In other situations, a contract, implied or expressed, is in effect that commits a specified level of financial support in return for delivery of a specified volume of goods and services, for a specified time period. This can apply either to a funded government operation or to a private sector service contract. In planning a Health Line service, it is important to understand if the business will be ‘forever’, or for a term-certain period.

Mutual dependencies – It is important to carefully analyze the commitments each party or partner brings to the venture. In a strong bilateral relationship, business partners are mutually dependent on each other for their individual success, i.e. I don’t succeed unless you succeed too. In a conventional vendor-client relationship, clients may demand more and more, and want to pay less and less. Or the vendor demonstrates little concern for product quality, but can arbitrarily increase prices without notice. These kinds of adversarial, us-vs.-them business relationships are seldom sustainable.

Achieving the right balance of mutual commitments between willing suppliers, clients, partners and payors takes time, talent, and strong negotiation skills. These commitments should be negotiated, agreed to, and documented in the Business Plan before reaching a go / no go decision on the service.

4.3. Service Level Agreements

Where service is to be provided to a specific customer (e.g. a program for which the Health Line is going to provide intake, registration and appointment booking services), the expected scope and level of services, as well as the mutual commitments of both the Health Line and the program, should be clearly and concisely expressed in a formal Service Level Agreement.

The 'terms and conditions' of the Service Level Agreement should include, but are not necessarily limited to:

- An itemized list of the specific services to be performed by the Health Line;
- Expected volumes of calls, and call patterns;
- Recourse if actual volumes or call patterns vary from these estimates;
- All processes to be followed by Health Line and program staff;
- Performance measures (what will be measured, by whom, how often);
- Conditions under which the Agreement may be terminated;
- Costs and method of payment / funding; and,
- The term of the initial Agreement, and the process for its renewal.

4.4. Checklist

SERVICE LEVEL COMMITMENTS	✓	**Does not apply**
What clients are depending on your proposed service, and what service level commitments do you have to them? For how long?		
Are you confident you can meet (or exceed) your service level commitments?		
Are your clients committed to you, or are they free to seek alternate sources of service?		
What suppliers are you depending on, and do you have appropriate written service commitments from them?		
Have you planned adequate processes, skills and resources to manage these relationships well?		

5. Operational and Technical Feasibility

How will the service be delivered?

5.1. Purpose of this section of the Business Plan

If a new service is to be established, its operational processes need to be well designed before making a go / no go decision. If an existing service is being extended or enhanced, any changes required to existing Health Line processes should be well understood before deciding to proceed.

5.2. Critical Elements

Clearly Defined Operational Processes – Expected workflows need to be fully described, preferably supported by easy-to-view diagrams ('process models') created with computer-based design tools. Completeness at this stage is key; otherwise, there is a danger of under-estimating the complexity and costs of operations for the planned service.

Privacy Impact Assessment (PIA) – Once all related processes are fully designed, they should be reviewed to ensure that any personal health data is collected, used and disclosed in compliance with the jurisdiction's current legal and regulatory requirements. Any PIAs that have been previously completed by the Health Line should be reviewed to ensure that a proposed new service does not introduce any additional privacy issues not already covered by the existing PIA.

Human Resource Requirements – A Health Line service is a people-centred business. Analysis of the operational feasibility of a proposed Health Line service must include a solid definition of:

- What clinical, administrative, supervisory and other skill sets will be required;
- How much additional labour will be required, and on what schedule;
- What staff mix is required, employed vs. contracted, full- vs. part-time;
- How staff will be recruited and retained;
- How they will be trained; and,
- What formal labour agreements, if any, will apply.

Space, Facility, Supplies and Services to adequately support the proposed Health Line operations. These can include not only direct expenses but also indirect expenditures (management overhead, plus a portion of shared corporate support services such as accounting and human resource functions).

Technology Requirements – must also be identified in full, to ensure all capital and ongoing costs are identified in the financial analysis (next section). Minimum specifications for technology capacity, performance and reliability need to be identified. These technologies typically include:

- telecommunications equipment and line capacity;
- licenses for computer-based workflow and expert guidance tools, e.g. tele-triage algorithms;
- software and hardware to store, retrieve and communicate client-specific data; and,
- process performance measurement tools.

5.3. Tips and Techniques

5.3.1. Change Management

Assessing the operational feasibility of the proposed venture should consider everyone whose day-to-day practices will be affected by the new or modified service. The following is a suggested format to consolidate this analysis, and to make sure key groups are not overlooked in planning the service.

Stakeholder Group	Impact of the new service on them	Required engagement level	Current engagement level	Issues and strategies

In designing and planning the new service, the level of engagement of individual stakeholder groups typically ranges from:

- Enlist them for **communication** and dissemination
- Inform them for **understanding**
- Solicit their **expertise**
- Secure their **commitment** or consent or influence
- Request their **authority** to make decisions

Generally, the larger the impact of the change on a stakeholder group, the more they should be engaged in the design and deployment of the changes. This is particularly true when existing patient care processes will be altered. Any and all practitioners affected by changes to clinical roles and responsibilities should be consulted early and often, as an integral part of the Change Management plan.

5.3.2. Processes and Workflows

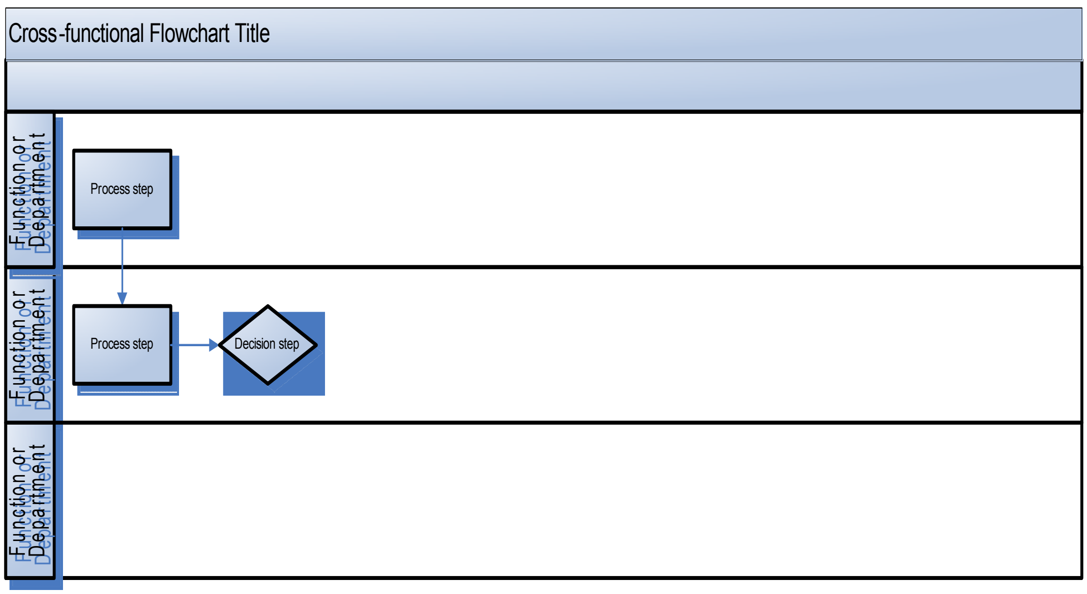
The amount of system and process design documentation that should accompany the Business Plan depends on the magnitude of the new venture.

If you are simply modifying an existing service, it should suffice to list which processes will need to change and what the changes will be.

However, if you are introducing a completely new service, then it is recommended that the operational design of the new service be thoroughly documented. The documentation should communicate the *functional decomposition* of the new system, i.e. for each function, identify the supporting processes, and within each process identify the tasks that will be performed.

Diagrams usually communicate this design better than lengthy narratives. There are several flowcharting techniques that can be used, depending on the tools available. Microsoft Visio is an excellent tool for producing process design documents.

Below is a template of a typical cross-functional flowchart:



Processes need to be designed to cope with any unexpected situations. Often overlooked are procedures to be followed when unplanned events occur, including:

- power failure, flood or other 'disaster' preventing use of the Health Line call centre facility;
- a labour dispute (walkout or lockout);
- telephone network failure; or,
- computer system failure.

Good 'Business Continuity' planning includes well-designed procedures that enable operations to continue during an unplanned catastrophe, and then to catch-up and return to normal operations once the situation is rectified.

5.3.3. Capacity and Performance

The performance of a Health Line service that responds to incoming calls is highly dependent on providing sufficient human and technical capacity to deal with peak demands. The operational feasibility of the service depends on accurately forecasting these capacity requirements.

In designing the service, and forecasting the types and amount of capacity to be provided to it, four key questions need to be answered:

1) What assumptions are being made about service volumes?
2) What evidence, if any, exists to support these assumptions?
3) What will be the impact if these assumptions prove incorrect?
4) How will the Health Line and its stakeholders respond if the assumptions are incorrect?

5.3.4. Privacy Impact Assessment

Does a PIA need to be done for this proposed Health Line operation? The following information, compiled by Vancouver Coastal Health Authority[5], provides clear direction applicable in the province of British Columbia. Not all jurisdictions have identical legislation and regulations, so check with your local Privacy Officer.

A PIA must be completed for all initiatives involving personal information collection, use or disclosure. This includes but is not limited to: research, non-systems projects, and information system implementations.

In order to determine if a PIA should be completed, please answer the questions below:

1) Are you:
   - Designing a new information system, starting a new non-systems project, or conducting research?
   - Making significant changes to an existing information system or project?
   - Converting from a conventional service delivery mode (e.g. paper-based record keeping) to an electronic service delivery mode and you have outstanding privacy issues or no PIA?
2) Does the program/system require you to collect, use or disclose any personal information, such as name, address, age, identifying number, educational, medical or employment history, etc.?
3) Will the program/system require that you collect, use or disclose more personal information or more sensitive personal information than in the past?
4) Will the program require you to collect personal information from other hospitals/health authorities or the private sector (e.g. physician offices)?
5) Will the personal information be shared with any other organizations for any purposes other than for which it was originally collected?

[5] Ruth Yeo, Regional Director, Privacy & Security, IMIS, Vancouver Coastal Health, May 2005

6) Do you anticipate that the public will have any privacy concerns regarding the proposed program or system? 7) Are you introducing changes to the systems or infrastructure architecture that affect the physical or logical separation of personal information or the security mechanisms used to manage and control access to personal information?
What is "personal information"? BC's *Freedom of Information and Protection of Privacy Act* (FOIPPA) defines personal information as any recorded information about an identifiable individual. The FOIPPA definition includes a non-exhaustive list of examples of personal information, such as: ➢ The individual's name, address, or telephone number; ➢ The individual's race, national or ethnic origin, colour, or religious beliefs or associations; ➢ The individual's age, sex, sexual orientation, marital status or family status; ➢ An identifying number, symbol, or other particular assigned to the individual; ➢ The individual's fingerprints, blood type, or inheritable characteristics; ➢ Information about the individual's health care history, including a physical or mental disability; ➢ Information about the individual's educational, financial, criminal, or employment history; ➢ Anyone else's opinions about the individual; and ➢ The individual's personal views or opinions, except if they are about someone else.

5.4. Checklist

In drafting this section of the Business Plan, the following checklist will help identify key topics to be addressed:

OPERATIONAL AND TECHNICAL FEASIBILITY	✓	**Does not apply**
Have you identified all stakeholders who will be affected by the proposed Business?		
Do you fully understand the processes that are needed to support the proposed Business?		
What new or changed computer systems are required to support the proposed Business?		
Are you planning sufficient human and technical resources to operate the proposed Business?		
Do you have the flexibility to adapt quickly if service demands turn out quite different from your forecast?		

6. Financial Feasibility

Will this be a 'profitable' venture?

6.1. Purpose of this section of the Business Plan

Depending on the business model under which the Health Line service will be operated, one of the following questions will apply:

- Can this service be operated within its annual budget? (the typical government requirement);
- Can this service be operated on at least a break-even basis? (the private not-for-profit, or cooperative partnership venture); or,
- Will the service generate an acceptable return on investment? (applicable in the private, for-profit sector)

Regardless of which business model applies, several factors must be carefully considered:

- What will it cost to operate the service? How certain are you of these cost estimates?
- What funds will be available to cover these costs? Are you sure?
- What happens if either estimated costs or projected revenues are incorrect? Do you need to protect against this uncertainty?

6.2. Critical Elements

O**ne-time costs to get started** – Often referred to as capital costs, these can include:

- project management;
- acquisition or renovation of facilities;
- acquisition, deployment and testing of technologies;
- sales, communications, legal, accounting services; and,
- staff recruitment and training programs.

On-going costs – to operate and maintain the service, including:

- direct expenses (labour, facilities, supplies); and,
- indirect expenditures and overhead (management, plus any allocation of corporate support services such as accounting and human resources functions).

Sources of Funds – to be used to cover one-time and on-going costs, including one or more of:

- one-time non-repayable grants;
- repayable loans or debentures;
- one-time capital budget;
- annual operating budget;
- contractual payments; or,
- fee-for-service revenues.

Projected Cash Flow – over several years. This cumulative cash flow analysis will be the critical indicator of the long-term financial sustainability of the proposed venture.

6.3. Tips and Techniques

6.3.1. Identify All Costs

The following table is a compilation of potential cost items identified by project participants from the Multi-Jurisdictional Health Lines Initiative. In drafting this section of the Business Plan, this table can serve as a check-list to remind you to include all relevant costs.

POTENTIAL COST ITEM	✓	**Does not apply**
One-time Costs		
Facilities and Equipment – Real Estate, Construction, Leasehold improvements, Furnishings, Telephony equipment, Utility connections		
Computer hardware and software		
Licensed materials		
Project Management, Operational Design, Information Systems		
Staff recruitment, and initial training		
Advertising and Promotion – to launch the service		
On-going Costs		
Direct labour – wages, benefits		
Overhead (if allocated by the organization to each line of Business)		
Staff development and training – including fees, travel and living		
Utilities – electrical, heat, water, sewer, janitorial		
Purchased services – e.g. insurance, accounting, printing, banking (if processing payments from callers)		
Telecommunications – lines, long distance tolls, equipment rental		
Computer equipment – lease, rental, maintenance		
Licensed materials		
Office supplies		
Regular replacement of capital equipment		
Advertising and Promotion		

6.3.2. Analyze Total Cost of Operation (multi-year)

A common financial analysis technique applied to acquisition of a major capital asset is Total Cost of Ownership or 'TCO'. The purpose of TCO analysis is to look ahead and understand the total costs associated with owning the item for its entire lifetime, identifying any major renovations or repairs along the way.

Adapting this long-term view of the costs of operating the proposed Health Line business will contribute to its sustainability, particularly if all future costs are well-understood, and all sources of revenue are identified and secured as a result of this comprehensive financial forecast.

A Total Cost of *Operation* analysis is a consolidated spreadsheet showing all expected sources and uses of funds over multiple years.

Sample Total Cost of Operation (TCO) Analysis

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	Total
Estimated Expenditures:							
Facilities							
Capital equipment							
Utilities							
Computer hardware and software							
Licensed materials							
Telecommunications							
Direct labour							
Allocated overhead							
Staff recruitment and retention							
Staff development and training							
Office supplies							
Minor capital equipment							
Purchased services							
Advertising and Promotion							
Total expenditures:							
Estimated Revenues:							
Grants							
Fees for service							
Other							
Total revenues:							
Net cash flow:							
Cumulative cash flow:							
Discounted cash flow:							

Cash Flow Concepts – In the above table, there are three lines for calculated cash flows:

- Net Cash Flow – simply the difference between forecasted revenues and expenditures in each of the years of operation;
- Cumulative Cash Flow – the accumulated surplus/deficit to date since year 1; and,
- Discounted Cash Flow – to reflect the time value of money. If you are expected to forecast the Discounted Cash Flow for the proposed Business, there are tables and spreadsheet tools to assist with these calculations.

Equipment doesn't last forever. – In the multi-year forecast of costs, anticipate needing to replace computer hardware every 4 to 5 years. Some organizations contract with their equipment supplier to 'evergreen' their equipment. That is, for a predetermined annual fee, the supplier regularly replaces equipment before it becomes obsolete or worn out.

7. Understanding the Risks

What are the worst things that could happen to this enterprise?

7.1. Purpose of this section of the Business Plan

There is no such thing as a totally risk-free venture. The objective is to design and operate a service that has an *acceptable* level of risk. Hence the need to identify and analyze each relevant risk. Once these risks are identified and objectively analyzed, the organization then has to decide whether the level of identified risk is acceptable. So, this is both an analysis of potential risks, as well as an assessment of the organization's tolerance of risk.

7.2. Critical Elements

For each identified risk, there are three important dimensions.

- **Impact** – If the potential adverse event does occur, what will be its quantitative and qualitative impact?
- **Likelihood** – i.e. the probability that the adverse event will occur
- **Mitigation** – What can be done to reduce the likelihood of the adverse event, and/or lessen its expected impact?

The essential goal of Risk Management is the avoidance of unintended consequences. One of the best sources of risk reduction is the past experience of others. Due diligence needs to be performed in response to these key questions:

- Who else has introduced or operated a similar venture in a comparable environment?
- What happened? What was the effect? What was the impact on related services? Were there any surprises?

7.3. Tips and Techniques

The following table includes samples of some of the potential risks in Health Line projects, and strategies to minimize or mitigate the risk.

	Description of Risk	Impact	Prob	Actions to Avoid, Transfer or Mitigate this Risk
	Business Risks			
1	If the capacity of the Contact Centre is insufficient to handle call volumes, then the service may underperform.	H	M	▪ Use best available evidence to forecast volumes. ▪ Introduce the service to a limited market initially, to confirm performance and service quality, and to validate expected volumes. ▪ Spell out explicit upper limits in any Service Level Agreement. ▪ Plan stand-by overflow capacity.
2	etc			▪
	Resource Risks			
3	High staff turnover could jeopardize service quality.	M	L	▪ Provide competitive compensation and benefits. ▪ Be as flexible as possible in rostering. ▪ Offer retention bonuses. ▪ Provide extensive in-service, continuing education, and professional development opportunities for staff.
4	etc			▪
	Technology Risks			
5	Computer or telecommunications equipment could malfunction.	H	L	▪ Design fault-tolerance into communications and computing systems. ▪ Include appropriate emergency response provisions in supplier contracts. ▪ Arrange for a stand-by back-up facility in the case of a major disaster such as a fire at the Contact Centre.
6	etc			▪

A Risk Matrix can then be presented (as sketched in the following table) to help **focus mitigation efforts on those risks of high probability and high impact**:

	High Impact	Medium Impact	Low Impact
Likely			
Moderate	Call volume overload		
Unlikely	Technology malfunctions	High staff turnover	

8. Implementation Plan

How will the service be developed and launched?

8.1. Purpose of this section of the Business Plan

The transition from current to future state (when the new service is operating smoothly) should be formally managed as a project, using all relevant best practices of sound project management. The Business Plan for a major new service should be accompanied by a Project Plan for its implementation.

8.2. Critical Elements

A comprehensive implementation Project Plan will include:

- A statement of project ‘deliverables’, identifying what is in-scope and what is out-of-scope;
- A complete list of specific tasks to be performed;
- Realistic estimates of the amount of labour and/or money required to complete each task, compiled into an overall implementation project budget;
- The anticipated schedule for each task, showing any time dependencies between tasks;
- A profile of individual project roles, responsibilities and reporting relationships; and,
- Methods that will be used for Change Control, Issues Management, Risk Management, and Stakeholder Communication.

8.3. Keeping on Schedule

Murphy’s Law teaches us that there is always some unforeseen roadblock that will surface at the most inconvenient time. The most common cause of delays in projects, particularly in public sector initiatives, is not getting timely approvals. For example,

- Getting the green light from executives to proceed;
- Getting Management / Treasury Board approval of planned expenditures;
- Getting lawyers to approve final wording of Agreements;
- Getting clients to sign the Agreements;
- Getting sign-off on a Privacy Impact Assessment, if required;
- Obtaining Permits from public authorities, e.g. rezoning, occupancy;
- Getting supplier contracts signed and purchase orders issued;
- Getting sign-offs on communication materials; or,
- Getting unions to sign off on job classifications.

In drafting a schedule for the implementation project, allow plenty of time for each Approval, and try to keep these Approval tasks off the Critical Path for the project.

8.4. Checklist

The following checklist is not exhaustive, but is intended to help prevent overlooking a key task in developing the Project Plan for implementing the proposed service.

IMPLEMENTATION PLANNING	✓	Does not apply
Facilities and Equipment		
Confirm requirements for space, equipment, furnishings, supplies		
Acquire and prepare space for occupancy		
Acquire and test all communications equipment and services		
Acquire and test all information systems and interfaces		
Acquire initial inventory of supplies		
Detailed Process Design		
Design core operational processes – including performance management and quality assurance		
Design support processes – e.g. payroll, accounting, purchasing, status reporting		
Review or perform Privacy Impact Assessment		
Test all processes		
Staff Recruitment and Training		
Adjust job descriptions or job classifications, if necessary		
Prepare schedules and rosters		
Advertise, interview, recruit, second, transfer required staff		
Train new recruits		
Pre-launch 'Dress Rehearsal'		
Advertising and Promotion		
Identify most effective communication channels		
Design and produce communications materials		
Launch the service		
Measure promotional impact		