



USE BUSINESS INTELLIGENCE TO BUILD YOUR STRATEGIC PLAN

April 24, 2019

Disability Network Business Strategies:
A Roadmap to Financial and Programmatic Sustainability for
Community-Based Organizations

Welcome & Introductions

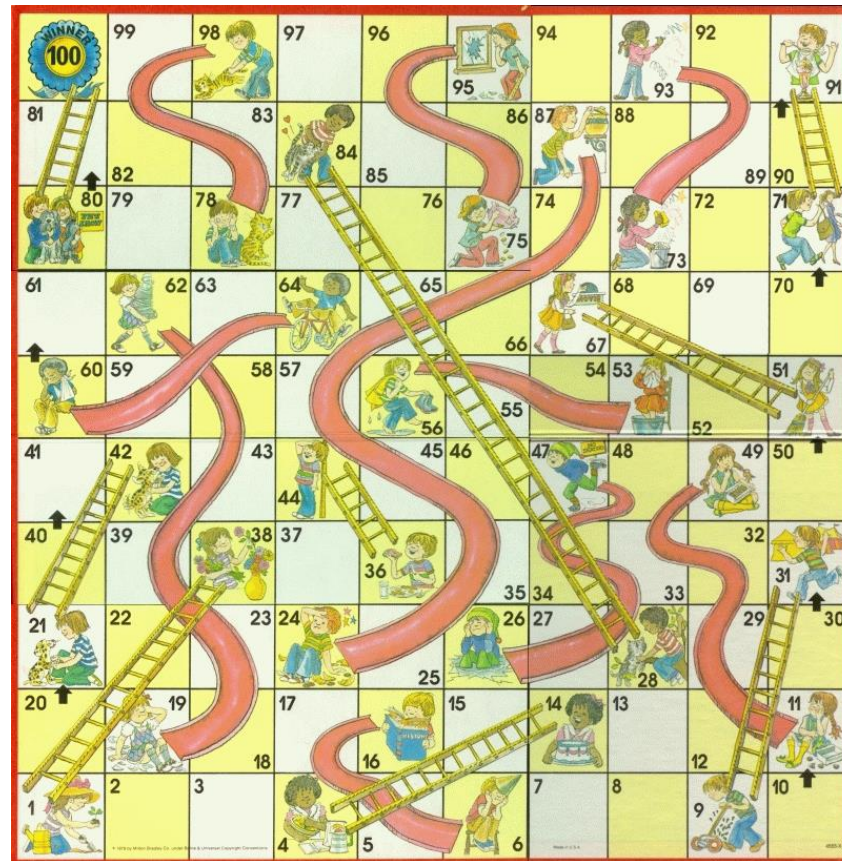


2

- Donna Martin, Director for State Partnerships & Special Projects
 - ▣ American Network of Community Options and Resources (ANCOR)
- Erica Lindquist, Senior Director of Business Acumen
 - ▣ National Association of States United for Aging and Disabilities (NASUAD)

Business Management – A Simple Roadmap

3



No two paths are identical

A Roadmap

4



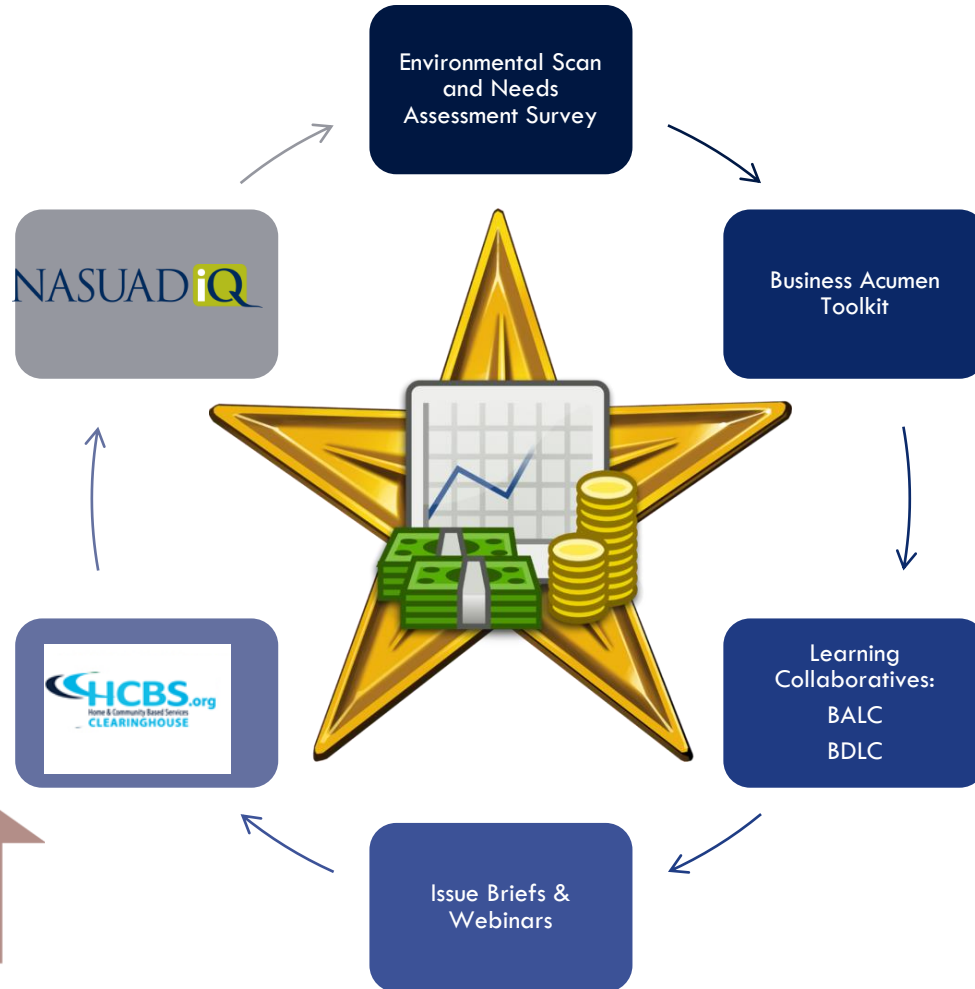
Where do you want to go?

Identify the Path

5



Sustainability via Business Acumen



Two Collaboratives – Two Objectives



7

- Business Acumen Learning Collaborative
 - ▣ Develop and implement business-related strategies to state-specific challenges to integrating long term services and supports and healthcare services
- Business Development Learning Collaborative
 - ▣ Evaluate the CBO business environment and develop business strategies to strengthen and sustain community-based organizations that serve people with disabilities

DISABILITY NETWORK BUSINESS STRATEGIES: A Roadmap to Financial and Programmatic Sustainability for Community-Based Organizations



8

■ Step 1: Prepare

- Organization Vision
- Environmental Scan
- SWOT Analysis
- Champion Development

■ Step 2: Plan

- Analyze
- Prioritize
- Organize
- Manage

■ Step 3: Execute

- Develop and sustain relationships and partnerships
- Negotiate and contract
- Manage risk

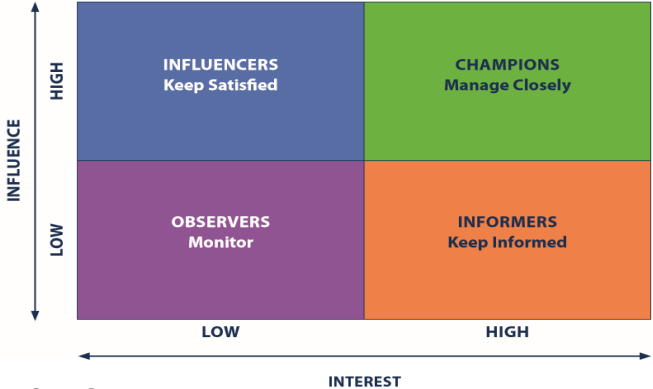
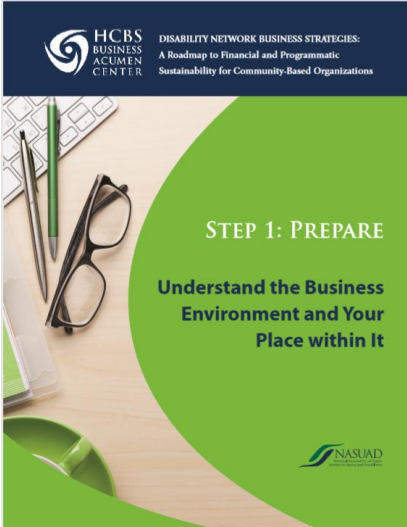
■ Step 4: Monitor/Evaluate

- Continuous quality improvement
- Compliance - meet contract expectations
- Modify approaches

Step 1: Prepare

Vision
Mission
& Values

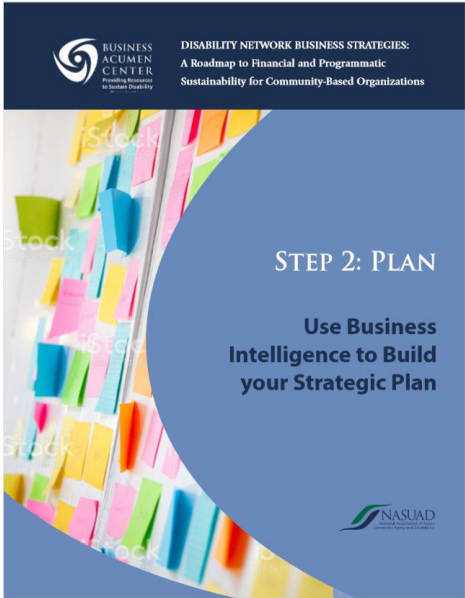
Strengths
Weaknesses
Opportunities
Threats



Step 2: Plan



Analyze



Prioritize



Organize



Manage

A. Analyze

11



- Results of the SWOT in consideration of the vision for your organization
- Identify potential strategic goals and strategies to accomplish

Realizing Your Vision

- Financial Success
- Product or service quality
- Contributions to the community
- Most important product lines or services
- Products or services refused to offer
- Right size for the organization
- Customers experience

Realizing your Vision

	Vision for your Organization	How do the results of your SWOT analysis impact that vision?			
		Strengths	Weaknesses	Opportunities	Threats
Financial success					
Product or service quality					
Contribution to the community					
Most important product lines or services					
Products or services refused to offer					
Right size for the organization					
Customers experience					
What makes the experience unique					
Who our customers are					
How we will find our customers					
Three noteworthy things customers say about our business					
How the community views our business					
What payers say about our business					
What industry experts say about our business					

Realizing Your Vision

- What makes the experience unique
- Who our customers are
- How we will find our customers
- Three noteworthy things customers say about our business
- How the community views our business
- What industry experts say about our business

Realizing your Vision

	Vision for your Organization	How do the results of your SWOT analysis impact that vision?			
		Strengths	Weaknesses	Opportunities	Threats
Financial success					
Product or service quality					
Contribution to the community					
Most important product lines or services					
Products or services refused to offer					
Right size for the organization					
Customers experience					
What makes the experience unique					
Who our customers are					
How we will find our customers					
Three noteworthy things customers say about our business					
How the community views our business					
What payers say about our business					
What industry experts say about our business					

For example....

	Vision for your Organization	How do the results of your SWOT analysis impact that vision?			
		Strengths	Weaknesses	Opportunities	Threats
Product or service quality	100% customer satisfaction	Leadership years of experience	Worker shortages	The demand is growing for high quality providers	Competition for people to serve
Contribution to the community	Providers of residential, Day Programming, & Supported Employment	Quality programs that serve the community	Limited workers and funding to serve more people	Growing demand for services provided	Low funding for operational as well as capital needs
Most important product lines or services	Services for people with dual diagnosis – I/DD and Mental Illness	We have a long history of serving this population and also are willing to serve people that other organizations will not	Number of people moving out of large, state operated facilities and/or nursing homes is shrinking, thus our traditional client base is also decreasing.	There is a great need for alternative housing arrangements in the community for people who have lived at home with their families and have now reached adulthood.	There are a lot of organizations providing in home services to this group of potential new clients who may have an edge that we do not.
Products or services refused to offer	Any service that puts our people at risk	Person focused	Unknown	Based on the leadership position of our organization, we can track closely	External factors like regulatory changes from Medicaid/Medicare
Right size for the organization	The organization has expanded steadily over the past 30 years, and plans to continue, other than in 24-hour residential services, where continued expansion will be limited.	Large with a deep pool of experienced employees. Own a lot of property/buildings that can be remodeled/changed as needed.	Very experienced employees are aging and are difficult to replace	Can offer benefits that are marketable in terms of a great work environment and educational opportunities for interns/students	There is intense competition for staffing
Customers experience	Welcoming and a part of our business where the customer is in control of the services they receive.	Managed care companies look at satisfaction scores, which should be helpful to the organization in the future	When people are dissatisfied, sometimes the organization can take too long to respond if communication lines are not strong enough	We can expand services to current customers by offering a higher level of service (residential) if it is needed	Other organizations may have options that are more appealing to people. One dissatisfied customer has many avenues to damage the organizations public reputation with review sites and social media

Brainstorm Goals and Strategies



15

■ Potential Strategic Goals

- Strategic Goal
- Potential Strategy to Accomplish

Potential Strategic Priorities

Strategic Goal	Potential Strategy to Accomplish

Brainstorm Strategic Goals

Strategic Priority	Potential Strategies to Accomplish
Increase profitability of service lines by 5% in current year	<ul style="list-style-type: none"> • Reduce staff expenses • Reduce cost of materials or rebid vendors • Seek operational efficiencies • Increase rates
Diversify payer sources over a 3 year period	<ul style="list-style-type: none"> • Customize programs • Seek partnerships, foundation engagements, etc. • Increase marketing • Increase contracting staff
Expand territory over a 5 year period	<ul style="list-style-type: none"> • Establish strategic partnerships in new region • Increase marketing • Licensure • Hire staff • Rent office space
Develop contract with a healthcare payer	<ul style="list-style-type: none"> • Improve technology to share real-time information with health care payers • Enhance billing system to meet requirements • Secure line of credit to cover reserve needs • Train staff on clinical issues and new methods of service delivery

B. Prioritize

17



- Return on Investment
- Risk
- Mission
- Organizational Growth Stages

Return on Investment

18

$$\mathbf{ROI} = \frac{\text{Gain from Investment} - \text{Cost of Investment}}{\text{Cost of Investment}}$$

- It is essential to consider your Return on Investment as you vet strategic priorities.
 - ▣ Some times this yields the determination that the priority being considered is financially advantageous for the business
 - ▣ Sometimes this yields the determination that the priority is not financially advantageous but is so closely aligned with your organization's mission that you cant afford NOT to do it.

Calculate ROI – Expand Territory



Strategic Goal	Strategy to Accomplish	Cost of Strategy	Estimated Gain (Annual)	Calculation (Gain - Cost) / Cost	Return on Investment
Expand Territory over a five year period	<ul style="list-style-type: none"> Hire staff Rent office space Increase marketing Licensure 	<p>Staff: \$65,000/year Office space: \$5,600/year Marketing: \$6,000/year Licensure: \$5,000/one time</p> <p>$\\$65,000 + \\$5,600 + \\$6,000 = \\$76,600$</p> <p>$\\$76,600 \times 5 = \\$383,000$ $\\$383,000 + \\$5,000 = \\$388,000$</p> <p>Net Cost: \$388,000</p>	<p>\$0,000 (year 1) \$20,000 (year 2) \$50,000 (year 3) \$80,000 (year 4) \$120,000 (year 5)</p> <p>Net Gain: \$270,000</p>	<p>\$270,000 - \$388,000 = - \$118,000</p> <p>- \$118,000/\$388,000 = -.30</p>	<p>-30% in total, but profitable by year 4 and generating a positive annual ROI of 4.4% in year 4 and 56.6% in year 5</p>

Calculate ROI – Expand Territory



Strategic Goal	Strategy to Accomplish	Cost of Strategy
Expand Territory over a five year period	<ul style="list-style-type: none"> • Hire staff • Rent office space • Increase marketing • Licensure 	<p>Staff: \$65,000/year Office space: \$5,600/year Marketing: \$6,000/year Licensure: \$5,000/one time</p> <p>$\\$65,000 + \\$5,600 + \\$6,000 = \\$76,600$</p> <p>$\\$76,600 \times 5 = \\$383,000$ $\\$383,000 + \\$5,000 = \\$388,000$</p> <p>Net Cost: \$388,000</p>

Calculate ROI – Expand Territory



Cost of Strategy	Estimated Gain (Annual)	Calculation (Gain - Cost) / Cost	Return on Investment
<p>Staff: \$65,000/year Office space: \$5,600/year Marketing: \$6,000/year Licensure: \$5,000/one time</p> <p>$\\$65,000 + \\$5,600 + \\$6,000 = \\$76,600$</p> <p>$\\$76,600 \times 5 = \\$383,000$ $\\$383,000 + \\$5,000 = \\$388,000$</p> <p>Net Cost: \$388,000</p>	<p>\$0,000 (year 1)</p> <p>\$20,000 (year 2)</p> <p>\$50,000 (year 3)</p> <p>\$80,000 (year 4)</p> <p>\$120,000 (year 5)</p> <p>Net Gain: \$270,000</p>	<p>$\\$270,000 - \\$388,000 = -\\$118,000$</p> <p>$-\\$118,000 / \\$388,000 = -.30$</p>	<p>-30% in total</p> <p>profitable by year 4</p> <p>generating a positive annual ROI of 4.4% in year 4 and 56.6% in year 5</p>

Calculate ROI – Increase Line of Service

22

Strategic Goal	Strategy to Accomplish	Cost of Strategy	Estimated Gain (Annual)	Calculation (Gain - Cost) / Cost	Return on Investment
Increase individualized line of service	<ul style="list-style-type: none"> Hire staff (\$325,000 over 5 years) Increase marketing efforts (\$10,000/year) 	<ul style="list-style-type: none"> Staff: \$65,000/year (over 5 years = \$325,000) Marketing: \$10,000/year (over 5 years = \$50,000) $\$325,000 + \$50,000 = \$375,000$ Net Cost: \$375,000 over 5 years	\$76,000/year	$\$380,000 - \$375,000 = \$5,000$ $\$5,000 / \$375,000 = .013$	1.3%

Calculate ROI – Increase Line of Service

Strategic Goal	Strategy to Accomplish	Cost of Strategy
Increase individualized line of service	<ul style="list-style-type: none">• Hire staff (\$325,000 over 5 years)• Increase marketing efforts (\$10,000/year)	<ul style="list-style-type: none">• Staff: \$65,000/year (over 5 years = \$325,000)• Marketing: \$10,000/year (over 5 years = \$50,000) <p>$\\$325,000 + \\$50,000 = \\$375,000$</p> <p>Net Cost: \$375,000 over 5 years</p>

Calculate ROI – Increase Line of Service

Cost of Strategy	Estimated Gain (Annual)	Calculation (Gain - Cost) / Cost	Return on Investment
<ul style="list-style-type: none"> • Staff: \$65,000/year (over 5 years = \$325,000) • Marketing: \$10,000/year (over 5 years = \$50,000) <p>$\\$325,000 + \\$50,000 = \\$375,000$</p> <p>Net Cost: \$375,000 over 5 years</p>	<p>\$76,000/year</p> <p>$\\$76,000 \times 5 =$ $\\$380,000$</p> <p>Net Gain: \$380,000 over 5 years</p>	<p>$\\$380,000 - \\$375,000 = \\$5,000$</p> <p>$\\$5,000 / \\$375,000 = .013$</p>	<p>1.3%</p>

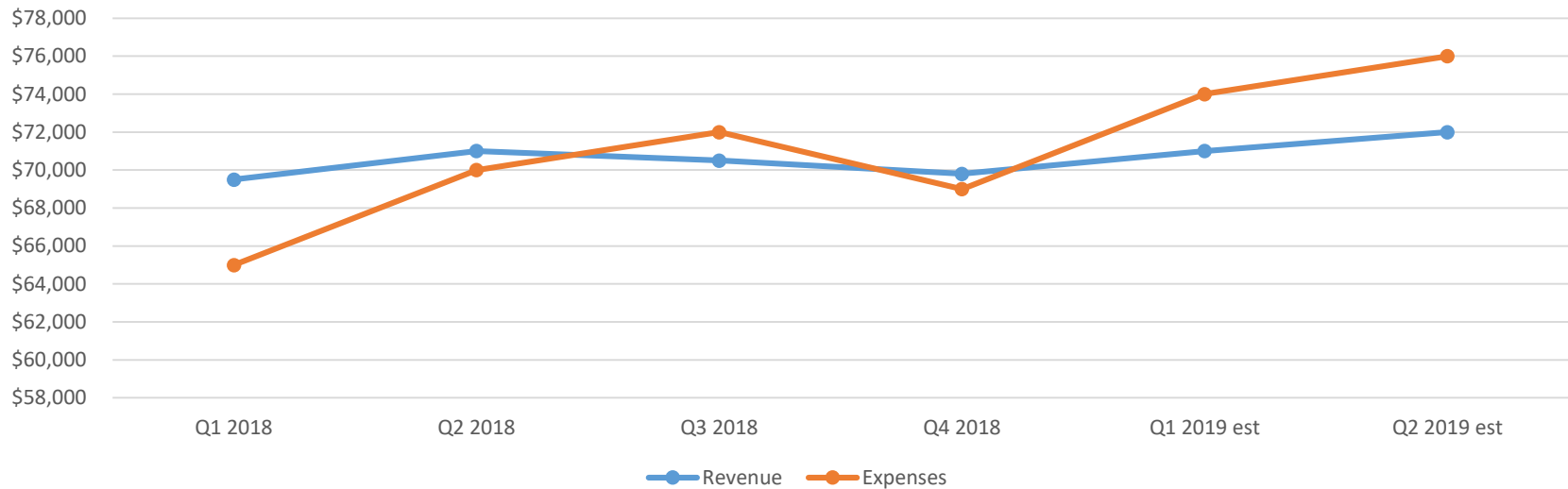
Trends



Which way is your data going?

General Revenue and Expense

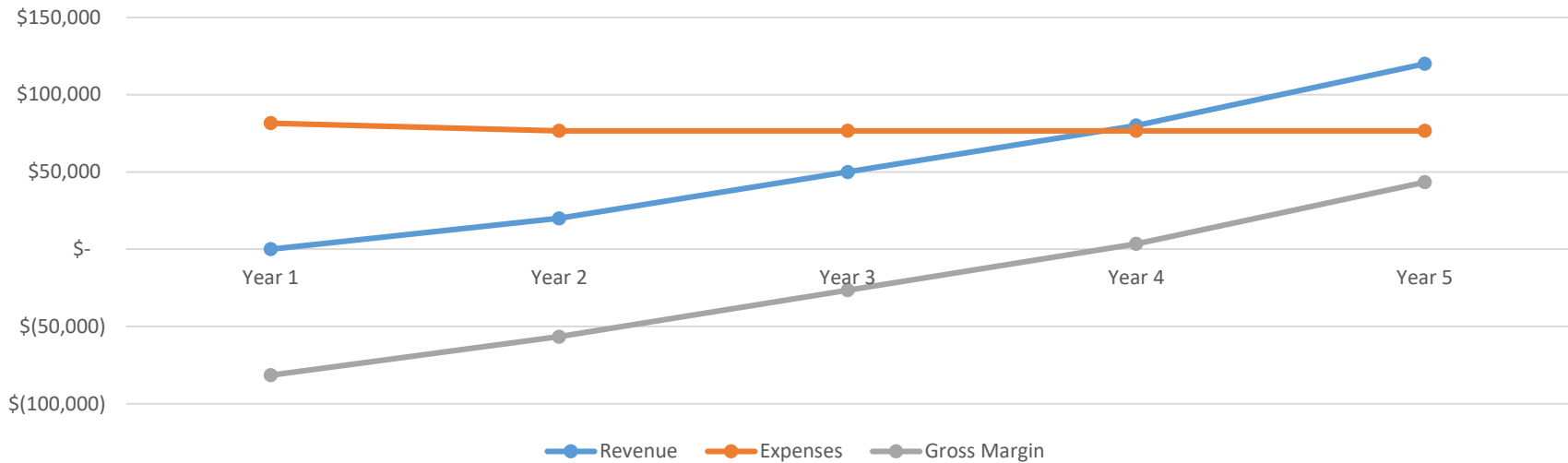
Revenue and Expense Trend



	Revenue	Expenses	Margin
Q1 2018	\$69,500	\$65,000	\$4,500
Q2 2018	\$71,000	\$70,000	\$1,000
Q3 2018	\$70,500	\$72,000	\$(1,500)
Q4 2018	\$69,800	\$69,000	\$800
Q1 2019 est	\$71,000	\$74,000	\$(3,000)
Q2 2019 est	\$72,000	\$76,000	\$(4,000)

Projections to Expand Territory

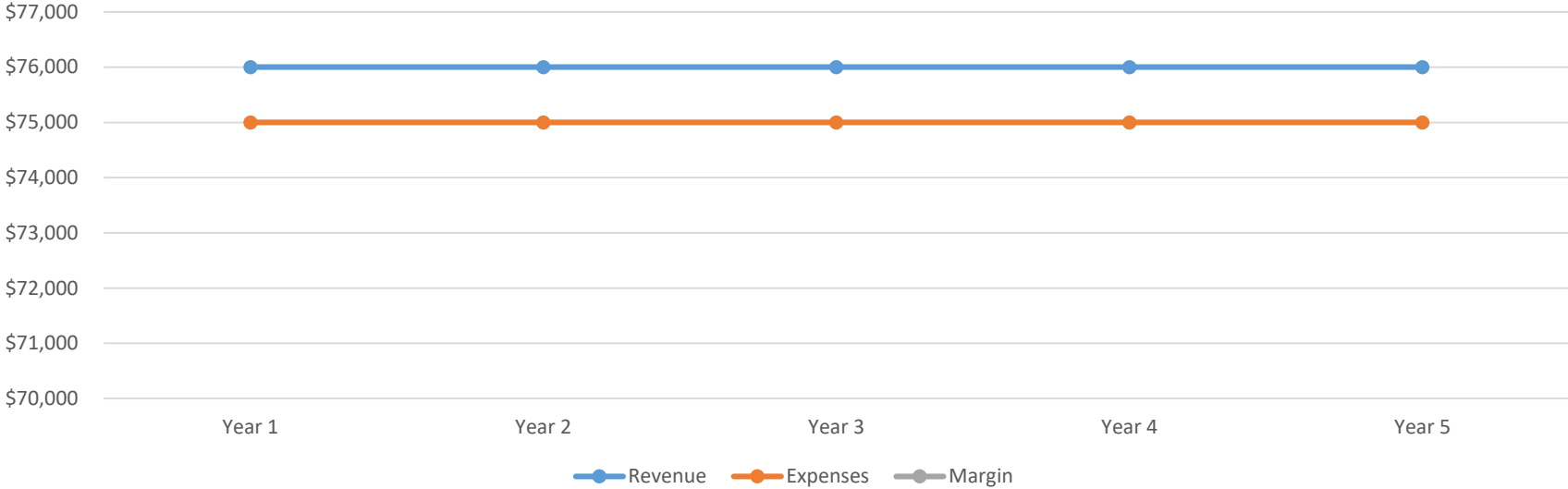
Territory expansion evaluation



	Revenue	Expenses	Margin
Year 1	\$0	\$81,600	\$(81,600)
Year 2	\$20,000	\$76,600	\$(56,600)
Year 3	\$50,000	\$76,600	\$(26,600)
Year 4	\$80,000	\$76,600	\$3,400
Year 5	\$120,000	\$76,600	\$43,400

Projections to Increase Line of Service

Increase Line of Service



	Revenue	Expenses	Margin
Year 1	\$76,000	\$75,000	\$1,000
Year 2	\$76,000	\$75,000	\$1,000
Year 3	\$76,000	\$75,000	\$1,000
Year 4	\$76,000	\$75,000	\$1,000
Year 5	\$76,000	\$75,000	\$1,000

It doesn't end at ROI

29

- **Risk:** doing or not doing something will cause the loss of business or incur sanctions
- **Mission:** doing or not doing something will further the organization's mission



Compare and Prioritize



Strategic Priority	Strategy to Accomplish	Cost of Strategy	Return on Investment	Risk	Mission
Expand Territory over a 5 year period	<ul style="list-style-type: none"> Hire staff Rent office space Increase marketing Licensure 	Net Cost: \$388,000	-30% in total, but profitable by year 4 and generating a positive annual ROI of 4.4% in year 4 and 56.6% in year 5		
Increase individualized line of service	<ul style="list-style-type: none"> Hire staff (\$325,000 over 5 years) Increase marketing efforts (\$10,000/year) 	Net Cost: \$375,000 over 5 years	1.3%		X
Diversify Payer Sources over a 3 year period	<ul style="list-style-type: none"> Customize programs Increase marketing Increase contracting staff (3 year contract) 	\$195,000	2.5%	X	
Develop contract with a healthcare payer	<ul style="list-style-type: none"> Enhance billing system to meet requirements Secure line of credit to cover reserve needs Train staff on clinical issues and new methods of service delivery 	\$200,000	-40% However, all of the costs are up front and will diversify revenue stream and generate positive annual ROI	X	

Priority Matrix

Proposed Goal/ Strategy	Key Criteria						Total
	Large # of People Impacted	Fed or State Compliance	Positive ROI	Expanding Trend	Actionable and Feasible to Implement	Reasonable Time/ Reasonable Resources Required	
#1 – expanding territory	Yes	Yes	No	No	Yes	No/Yes	4
#2 – increase individualized service lines	Yes	Yes	Yes	Yes	Yes	No/Yes	6

Organizational Growth Stages

32

- Stage 1: Survival
- Stage 2: Maintenance & Improvement
- Stage 3: Growth
- Stage 4: Sustainability



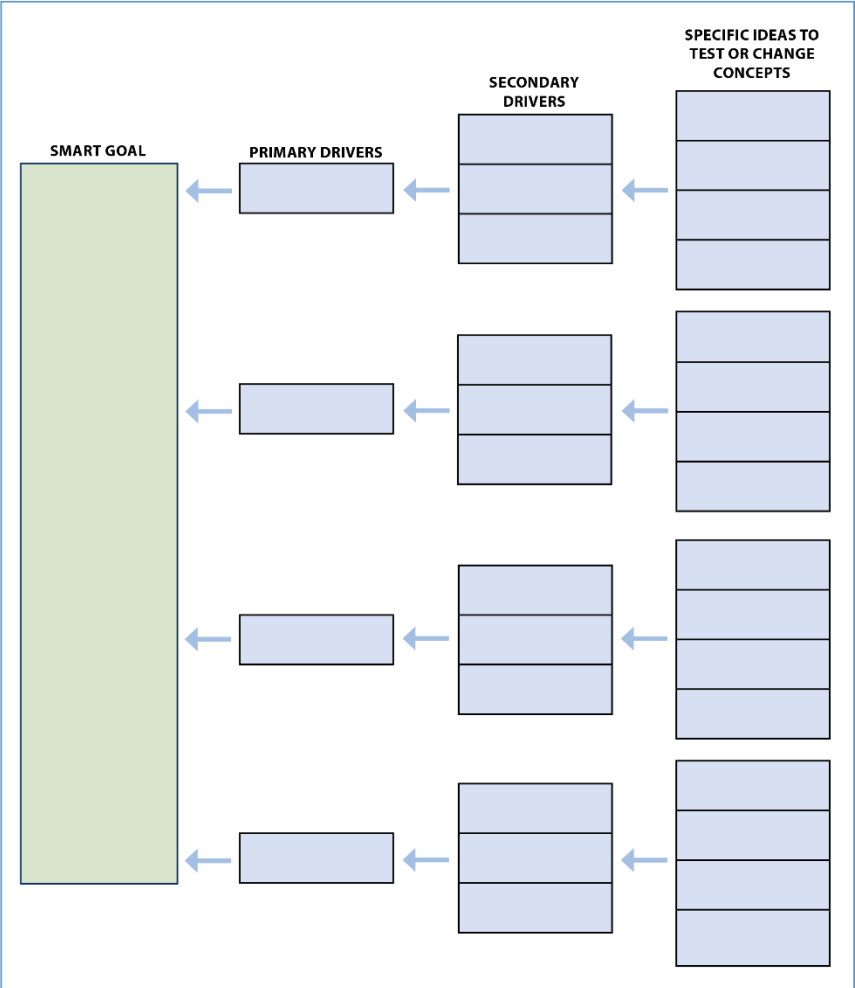
C. Organize



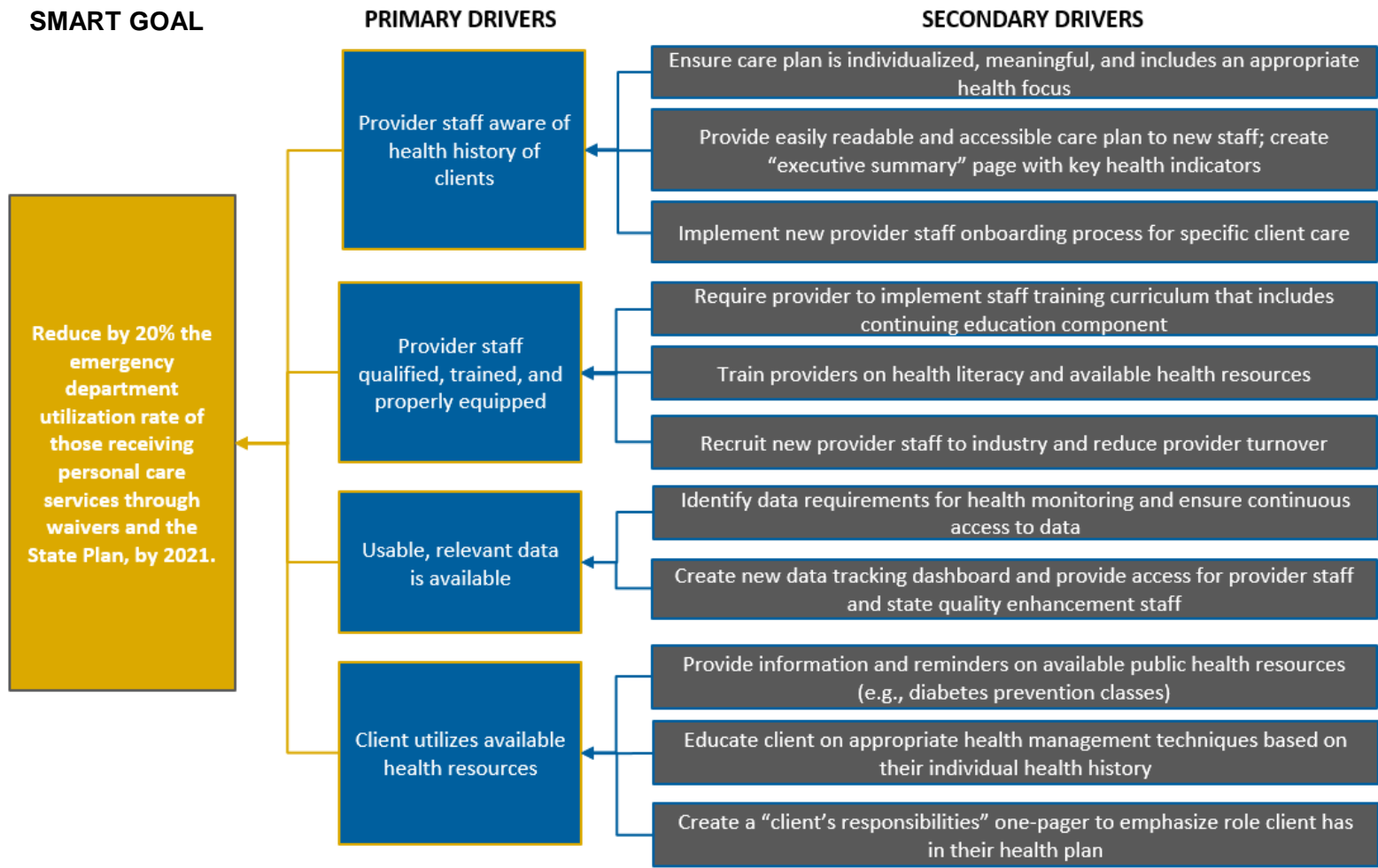
- Driver Diagram
- Strategic Plan
- Operational Plan

Driver Diagram

Driver Diagram

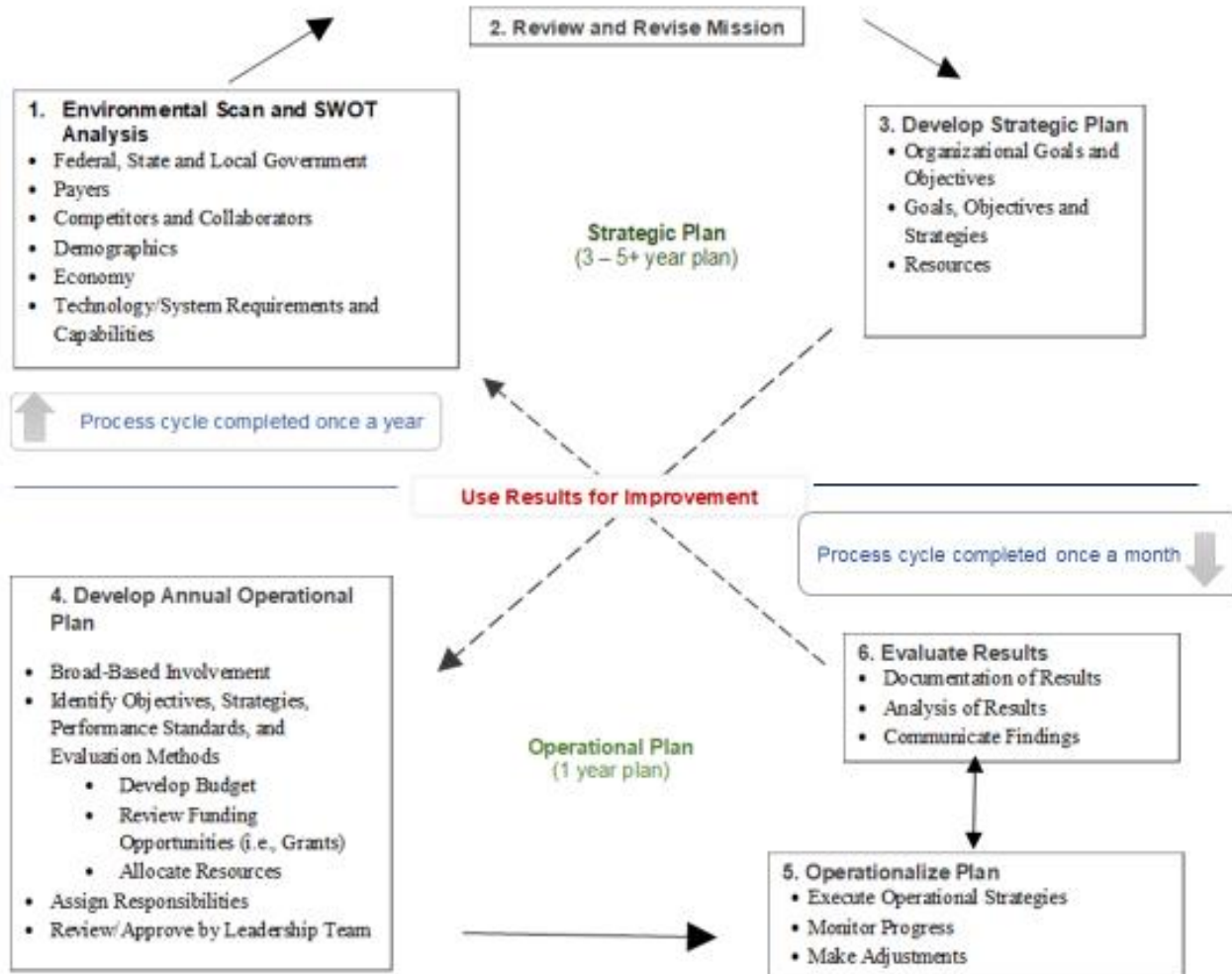


Driver Diagram



Strategic and Operational Plans

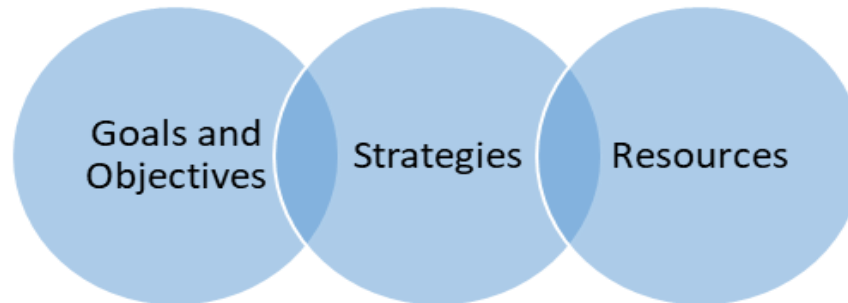
36



Elements of a Strategic Plan

37

- Organizational Goals and Objectives
- Strategies
- Define Resources



Strategic Plan



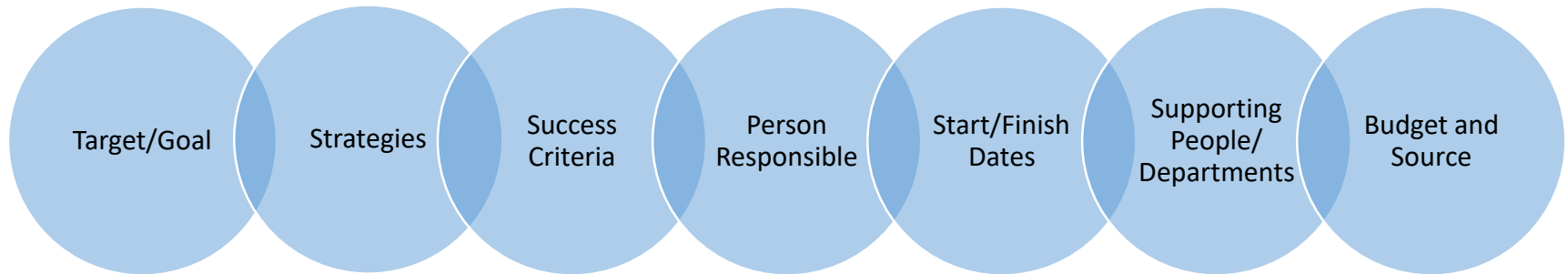
Mission Statement

We are committed to ensuring the best possible service and support to individuals with developmental disabilities and to partner with them in their pursuit of happiness, independence and inclusion.

2019-2022 Focus Areas & Goals

<u>Goal #1</u>	<u>Goal #2</u>	<u>Goal #3</u>
<p data-bbox="280 806 523 829">Customer Satisfaction</p> <p data-bbox="144 875 629 996">By December 2021, we will achieve a 90% customer satisfaction rating from our internal and external customers through the use of continuous quality improvement strategies.</p>	<p data-bbox="852 806 1051 829">Financial Stability</p> <p data-bbox="672 891 1232 979">By March 2022, we will achieve a 10% profitability margin which will be reinvested in enhanced services and organizational growth.</p>	<p data-bbox="1437 806 1644 829">Quality Outcomes</p> <p data-bbox="1251 875 1827 996">By December 2021, we will identify, implement and achieve five quality outcome measures that promote happiness, independence and inclusion for the people we serve.</p>

Operational Plan



Operational Plan



GOAL: Workforce Sustainability

Target/Goal	Strategies	Success Criteria	Person(s) Responsible	Start Date	Finish Date	Supporting People and Departments	Budget & Source
1) Increase Workforce Wages	Aggressively pursue maximum possible provider reimbursement.	Increasing average DSP wage by 200% of the federal poverty level.	Chief Executive Director (CEO) and Chief Financial Officer (CFO)	March 1, 2019	August 1, 2022	CEO will provide the overarching guidance. CFO will provide analysis of finances and provider reimbursement.	N/A
2) Reinvesting Money into Workforce Issues	Collaborate with system partners to reinvest in wages, trainings, supervision, and other related workforce issues.	System partners commit money to universal design principles and assistive technology resources.	Board of Directors and CEO	March 1, 2019	August 1, 2021	Board members will reach out to determine potential system partners. CEO will address and monitor implementation within own organization.	Assistive Technology (\$3,400)
3) Directly Support Professionals and People Who Have IDD	A) Provide immediate trainings to current employees. B) Determine and offer incentives for employment. C) Advocate and eliminate negative barriers for people who have IDD.	Increased staff retention and employee satisfaction.	CEO and Chief Operating Officer (COO)	March 1, 2019	June 1, 2019	CEO and COO will review and update current policies to reflect the feedback from staff. CEO will advocate against legislative barriers.	Professional Development (\$4,000)

D. Manage

41



- Management Tools
- Communication Plan

Project Management Tools



42

- Deming Cycle or Plan-Do-Check-Act (PDCA) Cycle
 - ▣ Continuous quality improvement
- Lewin's Change Management Model
 - ▣ Minimize the disruption of business operations
- Kotter's 8 Steps
 - ▣ Large scale change management activities
- McKinsey 7s Model
 - ▣ Organizational re-design
- Balanced Scorecard
 - ▣ Monitor quality, customer service, and finances

Communicate



43

- Determine the audiences that need to be reached to implement a successful plan
- Consider order of communication
- Communicate at key times
- Utilize your champions
- Make sure the message is clear and effectively lays out your goals.
- Ensure accessibility of the material.
- Get the plan approved by your leadership, boards and advisory committees.
- Establish milestones for consistent messaging
- Identify other avenues to receive feedback

Communication Plan Tracking

STAKEHOLDER GROUPS	Draft Strategic Plan	Final Strategic Plan	Detail of Specific Initiatives	Impact/ Outcomes
Internal	X	X	-	X
Board of Directors	X	X	-	X
Administration	X	X	-	X
Directors	-	X	X	X
Managers	-	X	X	X
Front-line Staff	-	-	-	-
External	-	-	X	X
Payers	-	X	X	X
Regulatory Agencies	-	-	X	X
Clients/Families	-	-	-	X
Collaborators	-	-	-	X
General Public	-	-	-	-

Step 3: Execute



Thank You!



hcbsbusinessacumen.org



For more information, please visit: www.hcbsbusinessacumen.org

E-mail: businessacumen@nasuad.org

Or Call: 202.898.2583