

# Strategic Positioning for a Preferred Future

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# Outline

1. Overview of Strategic Planning
2. Bethesda's Experience
  - a. Growth through restructuring with Good Shepherd Communities
  - b. Quality improvement through reorganization of client services
  - c. Board reorganization for fund raising
3. Bethesda's Strategic Position for the Future

# Strategy-n. / strategic – adj.

- “strategy” a military concept involving the acquisition and arrangement of resources to achieve an objective
- “Modern” application of scientific methods to business problems
- Generally focused on improving productivity or quality for the sake of the “bottom line.”
- Implies a high level goal or position.

# The Process or activity

- Planning
- Positioning
- Decision-making
- Thinking
- Directing
- Acting
- Leveraging

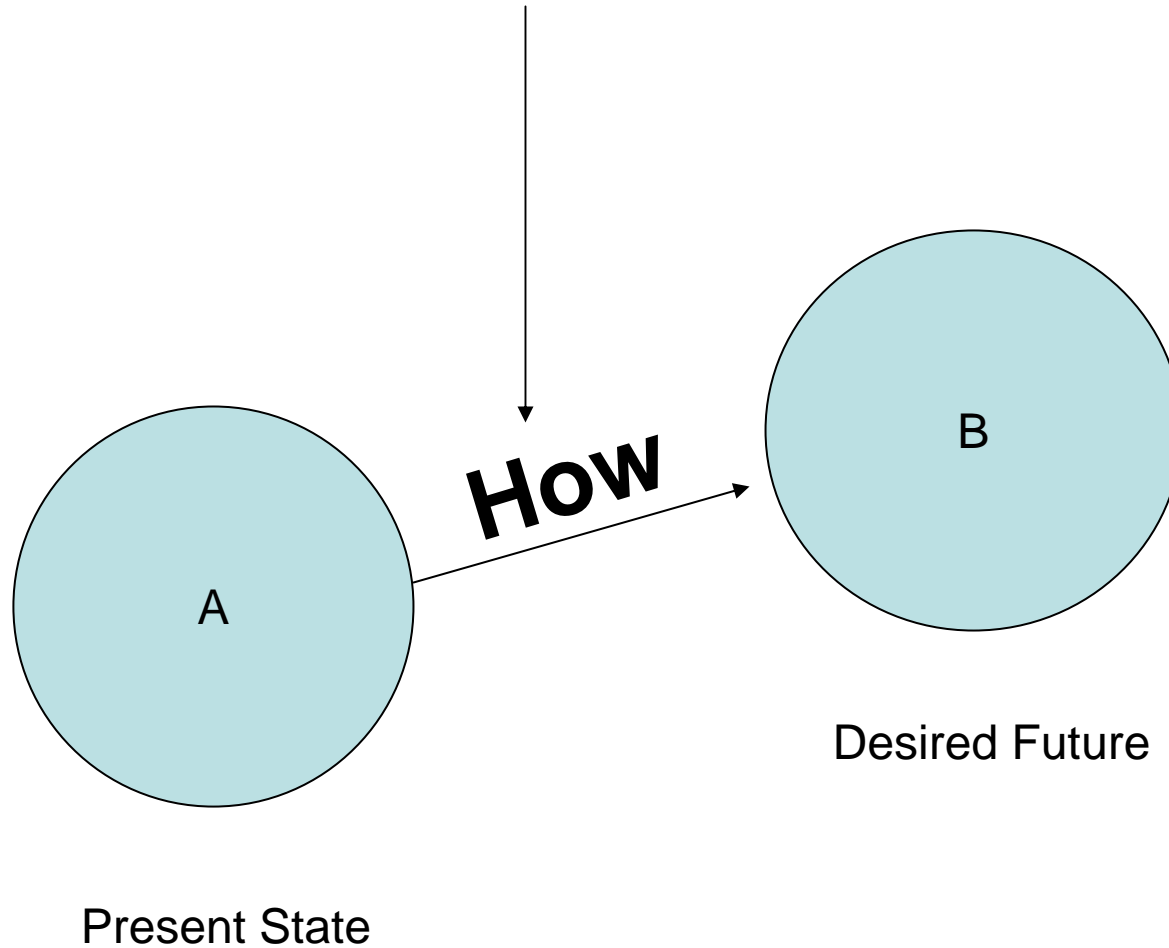


**Your  
Preferred  
Future**

# The goal or future state

- Some position which is better or different than where we currently are located.
- A state of existence in some preferred future.
- A higher level of quality, efficiency, profit, service, or some other measurable outcome
- What the organization intends to accomplish over a period of time.

# Strategic Planning



# Traditional Approaches to Strategic Planning

- Linear Planning (getting from A to B)
  - MBO
  - PERT
  - Critical Path
- Adaptive (organization as an organism)
  - SWOT analysis
  - Product or service adjustments
  - Emphasis on efficiency, profit, or even survival

# Innovative Approaches to Strategic Planning

- Interpretive Approach (organization as metaphor)
  - Post-modern emphasis on meaning and telling
  - Focus on mission and vision
- Revolutionary Approach
  - Planning as an agent for radical change
  - Means to reinvent the organization
- Scenario Building
  - Consideration of alternative futures

**Perrone, Michela, and Johnston, Janis (2005). Presenting: Strategic Planning. BoardSource, Washington, DC.**

- Contextual Approach
  - Traditional approach looks at present context, focuses on internal strengths and weaknesses to improve capacity.
- Revolutionary Approach
  - Looks to future possibilities and seeks bigger changes. Promotes innovation through a more dynamic, non-linear framework.
- Insightful Approach
  - Emphasis on creating an environment that encourages discovery and strategy development through strategic thinking and insight.

**McNamara, Carter (1997). Field guide to nonprofit strategic planning and facilitation.**

**Authenticity Consulting, LLC.**

- **Goals-based planning**
  - Most common, begins with mission and vision, strategies to achieve the mission
- **Issues-based planning**
  - Begins with critical issues and develops strategies to address those issues
- **Organic planning**
  - Begins with vision and values and develops action plans to achieve vision in a manner consistent with values
- **Scenario planning**
  - More of a technique than a model

**Bryson, John (2004). Strategic planning for public and nonprofit organizations. Jossey-Bass. San Francisco, CA.**

- Clarify mission and mandates
- Assess environment to identify strengths, weaknesses, opportunities, threats (SWOT)
- Identify strategic issues
- Formulate strategies and plans
- Establish organizational vision
- Implement strategies and plans

**Barry, Bryan (1997). Strategic planning workbook for nonprofit organizations. Fieldstone Alliance Publishing Center, St. Paul, MN.**

- Taking stock (situation analysis)
  - Review past, present, and future
  - Identify key issues or choices
  - Identify strengths, weaknesses, opportunities, threats (SWOT)
- Set Direction (develop vision for future)
  - Critical issues approach
  - Scenario approach
  - Goals approach
  - Alignment approach
- Determine how to move toward that future
- Review, refine, adopt, implement the plan

**Allison, Michael (2005) Strategic planning for nonprofit organizations.  
John Wiley & Sons. Hoboken, NJ**

- Articulate mission, vision, values
- Assess your situation
  - Assets
  - Opportunities
  - vulnerabilities
- Agree on administrative, financial and governance priorities
- Develop goals and objectives which reflect financial implications
- Implement, monitor, and evaluate

**Bradford, Robert, and Duncan, J. Peter. (2000) Simplified Strategic Planning. Chandler House Press, Worcester, MA**

- Study the way it is now
  - Figure out your markets
  - Figure out the competition and environment
  - Look inside your company
  - Do it better and different – strategic competencies
- Figure out the way you expect things to be
  - Make assumptions about the world
  - Make assumptions about the business environment
  - Make assumptions about threats and opportunities
  - Look further into the future
- Design your future
- Complete your vision
- Write the action plan
- Plan your use of resources

**McLaughlin, Thomas (2006) Nonprofit strategic positioning. John Wiley & Sons, Hoboken, NJ**

- Create or affirm your mission
- Scan your future
  - Demand for Services
  - Users
  - Geography
  - Competitors
  - Funders
  - Labor
  - Assets
- Scan your internal strengths
- Decide where you want to be in 5-10 years (align with strengths)
- Craft succinct statements of desired strategic position
- Devise a work plan for getting there.

**BUT.....**

...what will the  
future of the world  
outside our doors  
look like?

**AND....**

...how will our  
organization fit  
into that future to  
our liking?

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**Leadership**

*“Aging in Place”*

*Money Follows  
The Person*

Affordable  
Housing

*Advocacy*

*Demand for  
Services*

# The Future??

*Client  
Needs*

Collaboration

Employee  
Turnover

**Accreditation**

*Competition*

*Medicaid*

Health  
Insurance

*Licensure*

*Transportation*

Donors

# **NOT Planning is NOT an Option**

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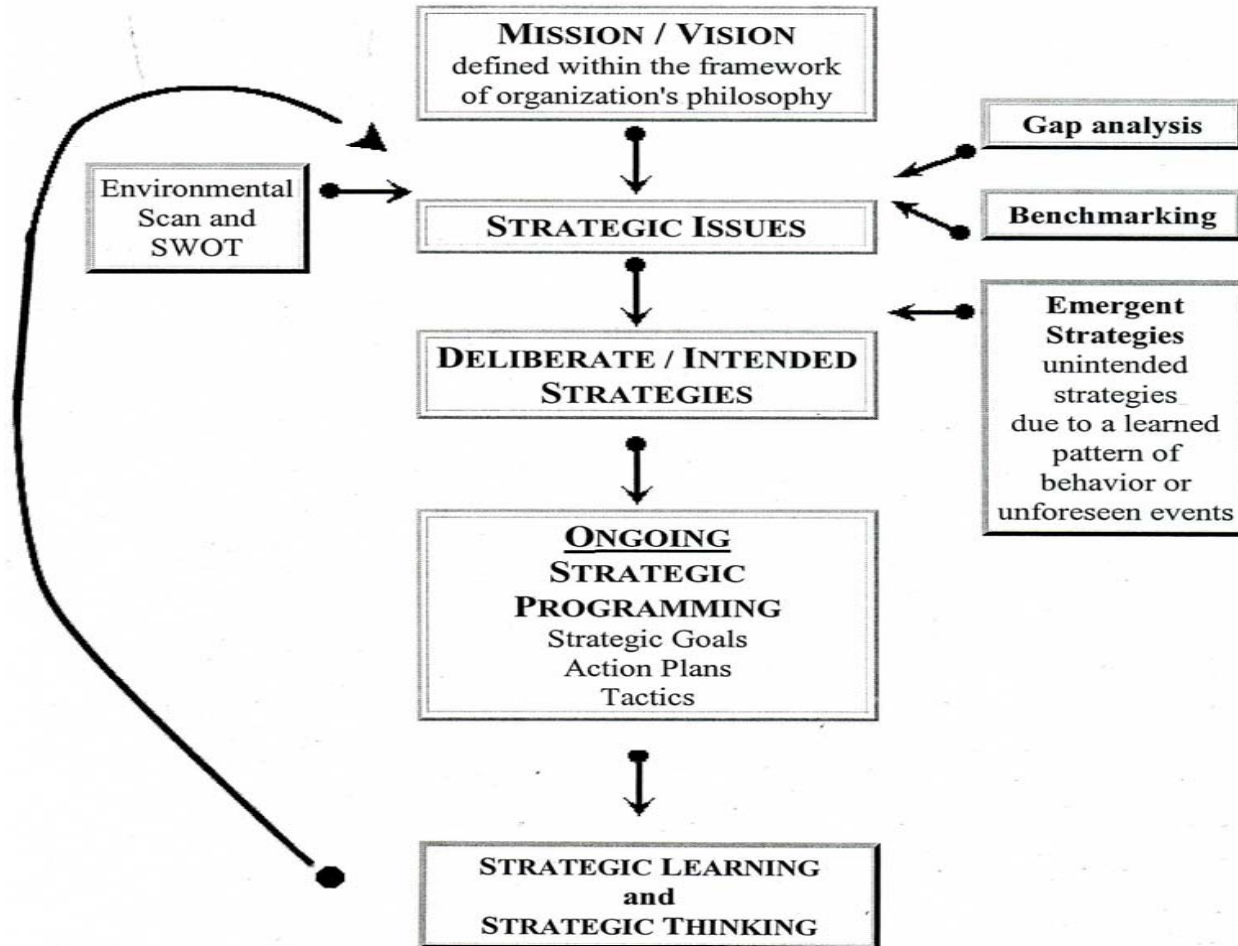
**Those who fail to plan.....**

**..... Plan to fail!!!**

# Strategic Planning at Bethesda

- Traditional approach launched in 2004
- SWOT with briefings by staff on future trends
- Identification of critical issues and opportunities
- Review of mission, vision, values
- Strategic “Directions”
- Goals
- Action Plans
- Key Performance Indicators

# Strategic Planning Process Model



# BLHS Mission

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To teach and share Christ's love while providing supports and services for people with developmental disabilities.

# BLHS Vision

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Bethesda will be the preeminent leader in empowering people with developmental disabilities to strengthen their faith relationship with Christ and to live faithful, meaningful and independent lives through Christ-centered services in partnership with families, the Lutheran Church and the communities in which they live.

# Strategic Directions

- Spiritual life: Improve the spiritual life supports for people with developmental disabilities to ensure their integration into congregations and communities
- Quality Improvement: Improve quality throughout Bethesda at all service and program levels in ways that are both systemic and measurable.

# Strategic Directions, cont'd...

- Expansion of Revenues: Expand Bethesda's investment portfolio in order to generate additional revenue to offset potential loss of governmental funding and to preserve or enhance the level of charitable services that we provide.
- Growth: Establish and implement a growth plan (including domestic and international opportunities) that assures thoughtful and deliberate partnerships, expansions, mergers and acquisitions.

# Strategic Directions, cont'd...

- Professional development: Enhance the skills, competencies and understandings of Bethesda managers through formal developmental opportunities to strengthen our positive employee relations.
- Advocacy: Develop and implement a strategy for influencing public policy at the local, state and national levels to promote more advantageous policy and funding for people with developmental disabilities.

# Plan Limitations

- “Directions” don’t describe the destination, only the journey. (e.g., “improve”)
- Limited contemplation of the future and what it might look like in quantifiable terms.
- Key performance indicators lead to incremental thinking instead of strategic decision-making toward an intentional future.
- No fiscal projections detailing the cost to fund the plan or to set budget priorities.

# Strategic Positioning in Three Areas

- Growth through restructuring
- Quality improvement through best practices and reorganization of the service delivery model
- Resource expansion supported by governance reorganization

# Strategic Direction #4

Establish and implement a growth plan (including domestic and international opportunities) that assures thoughtful and deliberate partnerships, expansions, mergers and acquisitions.

# BLHS/GSC Affiliation



**Bethesda**  
Lutheran Homes and Services, Inc.

# Background

- 2004 discussions around collaboration
- Management contract to “borrow” BLHS’ COO as interim GSC CEO 2004-2005
- Board level merger negotiations begin April 2005, conclude with general agreement in December 2005
- Legal “Affiliation Agreement” adopted by Boards in February, March 2006
- Membership transfer June 2006
- Affiliation effective date July 1, 2006

# Organizational Facts

- Good Shepherd Communities
  - 800 people supported
  - 1200 employees
  - Operating in CA, OR, WA, and CO
  - \$42 Million budget
- Bethesda Lutheran Homes and Services
  - 1100 people supported
  - 1800 employees
  - Operating in WI, IL, IN, KS, MI, OH, NJ, TX, FL, MO
  - \$84 Million budget

# Why Get Married?

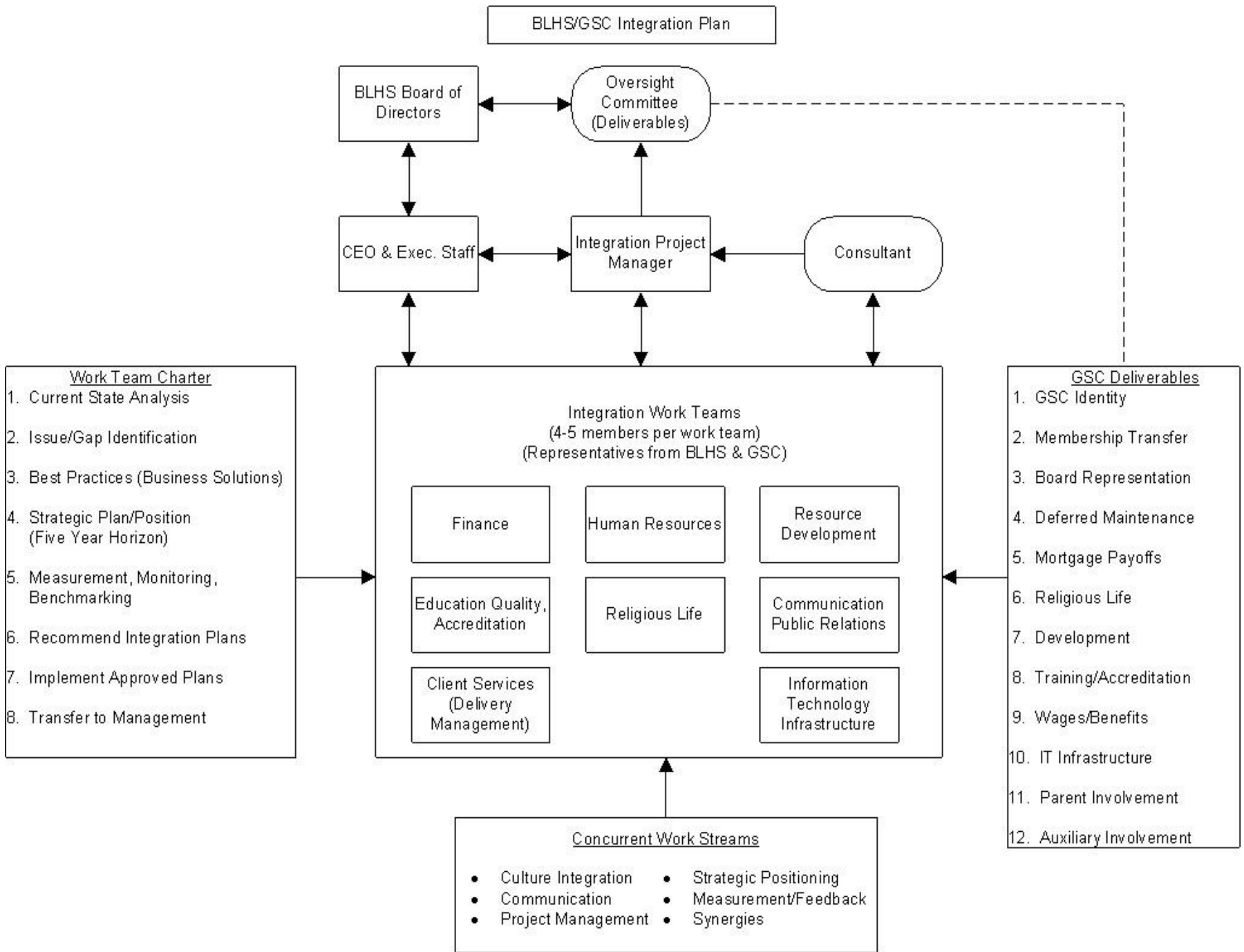
- Common Lutheran roots
- GSC started with BLHS support in 1956
- Compatible missions
- Sister Organization needed help
- BLHS CEO previous GSC CEO
- Opportunity to expand mission
- Opportunity to be better together than apart

# Integration Objectives

1. Single unified systems, procedures, and processes based on best practice.
2. Higher standards for quality of service and employee performance.
3. Synergies that will improve quality, maximize efficiency, optimize staffing, and reduce loss from operations.

## Integration Objectives, Cont'd.

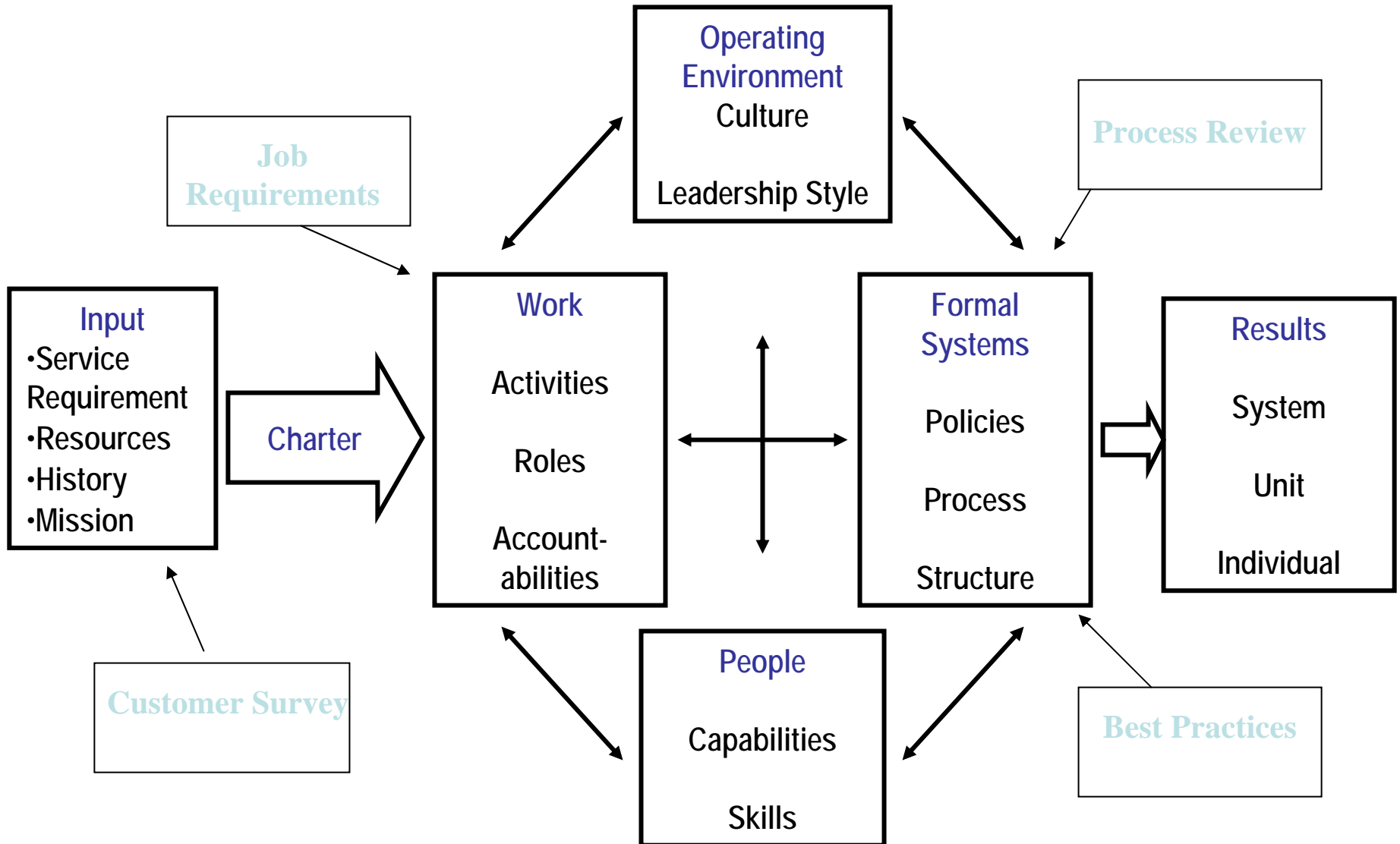
4. Strategic planning at the operational level will position the organization for future acquisitions, collaborations, and mergers.
5. Expanded brand identification for greater influence on public policy, more effective advocacy, and expanded resource development opportunities.



# Working Team Project Plan

1. Current Status Analysis (done)
2. Identify issues/gaps in quality and efficiency. (done)
3. Identify “Best Practices” in each functional area (June 1)
4. Process and Performance Measures
5. Strategic Positioning for Each Function
6. Implementation of Integration Plan

# Congruence Framework



# Lessons Learned to Date

- Invest in the process, but watch costs
- Staffing issues are the toughest, show respect
- Take the time to do it right
- Tend to the culture
- Measure performance; synergies are not immediate
- Over communicate
- Balance administration and integration
- Set the structure early
- Keep the goal high
- Commit to change
- Trust the process

# Strategic Direction #2

Improve quality throughout Bethesda at all service and program levels in ways that are both systemic and measurable.

# Current Status

- Eight relatively independent regions
- Great variance in sizes of management units
- Inconsistent implementation of quality measures (Council on Quality and Leadership)
- Insufficient and inconsistent professional support staff at regional level
- No coherent growth plan, or resource support for growth

# Why Consider Reorganizing?

- Greater corporate cohesiveness
- Support a common philosophy for client services
- Integration of two corporations into a single unified organization
- Synergies
- Promote supported growth with quality
- Shared commitment to a common philosophy of person centered supports

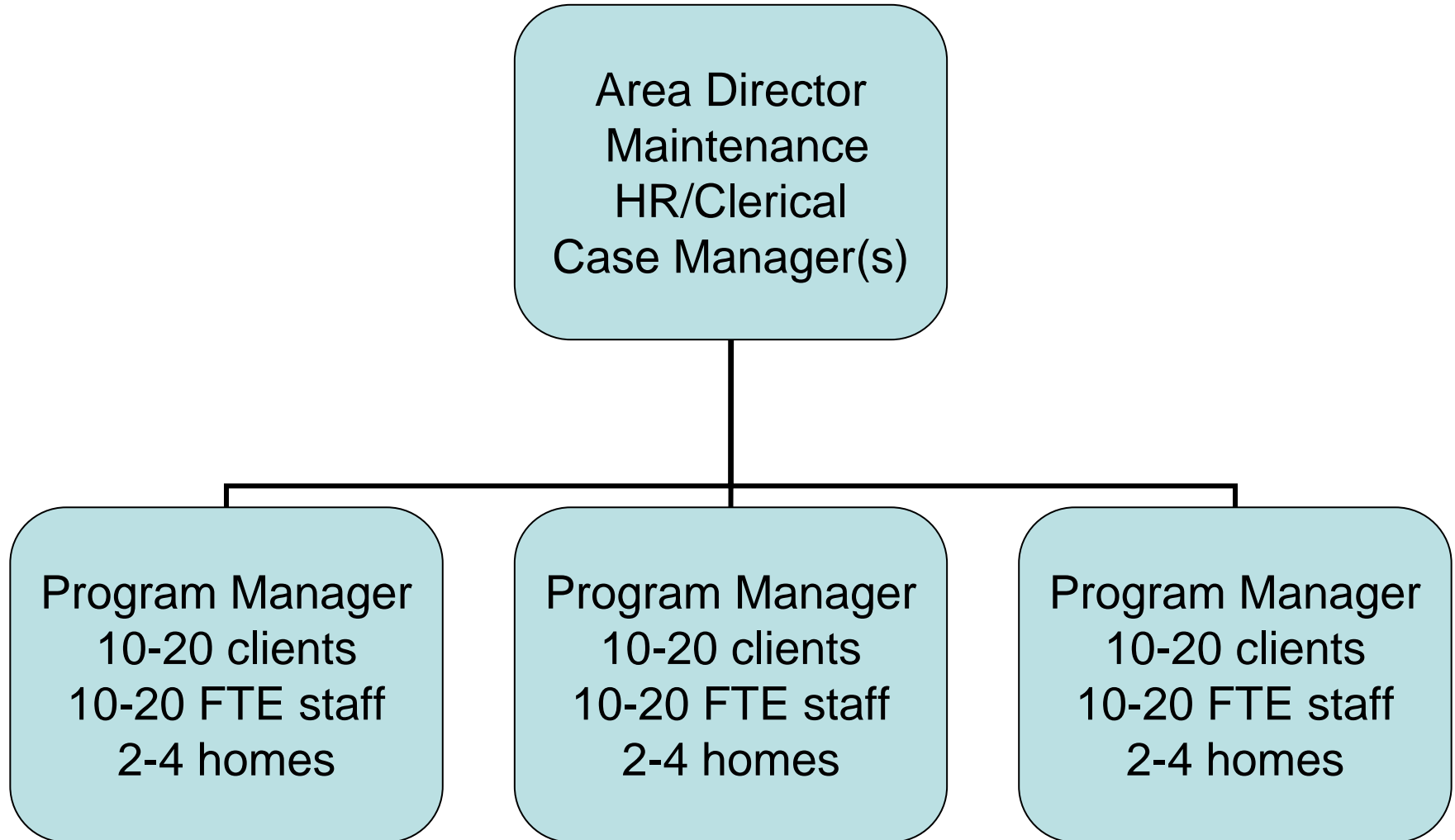
# Planning Principles

- Organizational structure must promote sustainable quality of supports and services to all people
- Organizational structure must make the most effective and efficient use of service professionals to meet the needs of the individuals we support.
- Organizational structure must provide consistent levels of management.

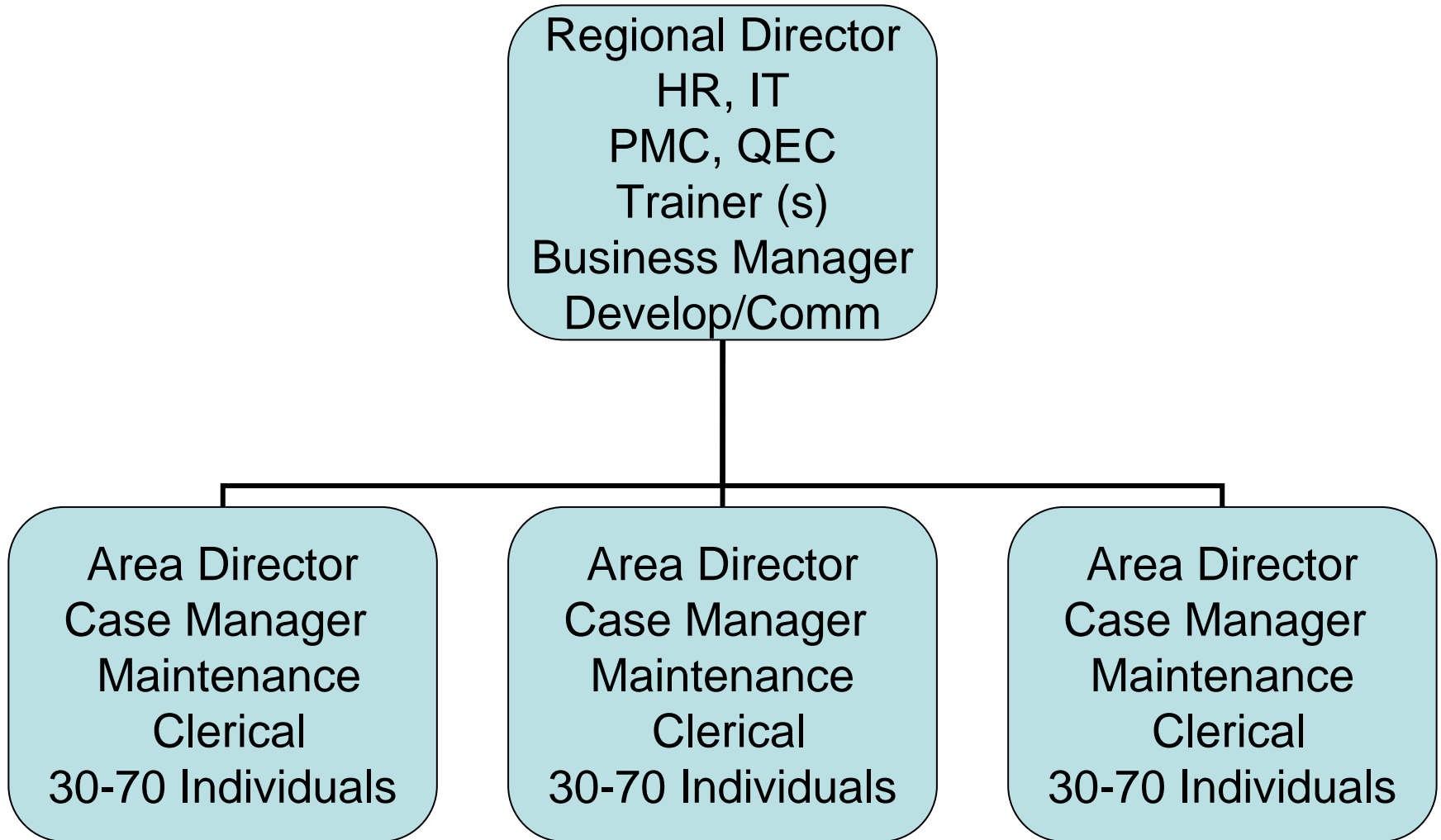
## Principles, cont'd...

- Organizational structure must reflect corporate mission, vision, and core values.
- Organizational structure must promote intentional, coherent, supported growth.
- Organizational structure must promote financial soundness
- Organizational structure must support local and regional partnerships.

# Area Organization



# Regional Structure



# Growth Assumptions

- Growth goals will be established for every region, area, and program.
- Growth goals will reflect area and region demand, funding, and spiritual life support from local churches.
- All growth will be at least cost neutral.
- Achieving growth goals will be rewarded in terms of compensation and additional staff.
- Opportunities for career development will be tied to growth.

# Lessons Learned

- Work from the bottom up – it's about the people we support, not management
- Infuse CQL philosophy at all levels; sustain with training support, promote accreditation as a goal
- Consult all stakeholders
- Use reorganization as vehicle to achieve synergies
- Measure everything! Fight staffing creep!
- Integrate service model with all functions
- Plan implementation carefully
- Be flexible!

# Strategic Direction #3

Expand Bethesda's investment portfolio in order to generate additional revenue to offset potential loss of governmental funding and to preserve and enhance the level of charitable services that we provide.

# Resource Development Issues

- Aging donor base (74 years old)
- Reliance on bequests, declining amounts
- Average of 27,000 gifts per year
- Average gift of \$57
- Very limited major gift solicitation
- 21 Thrift stores
- Philosophy of “inform, thank, but don’t ask.”

# The Development Challenge

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“How much would we need to have in our endowment to offset the worst case scenario in Medicaid funding without compromising the quality of our services and supports?”

# Major Gift Campaign

- Moves management: turning small-gift annual donors into major donors
- Staff training: turning “representatives” into gift solicitors
- Professional support: consultants and staff support for new processes
- Culture: Managing “West Coast” and “Midwestern” attitudes toward fund raising
- Aligning Communication/PR and Development to support campaign

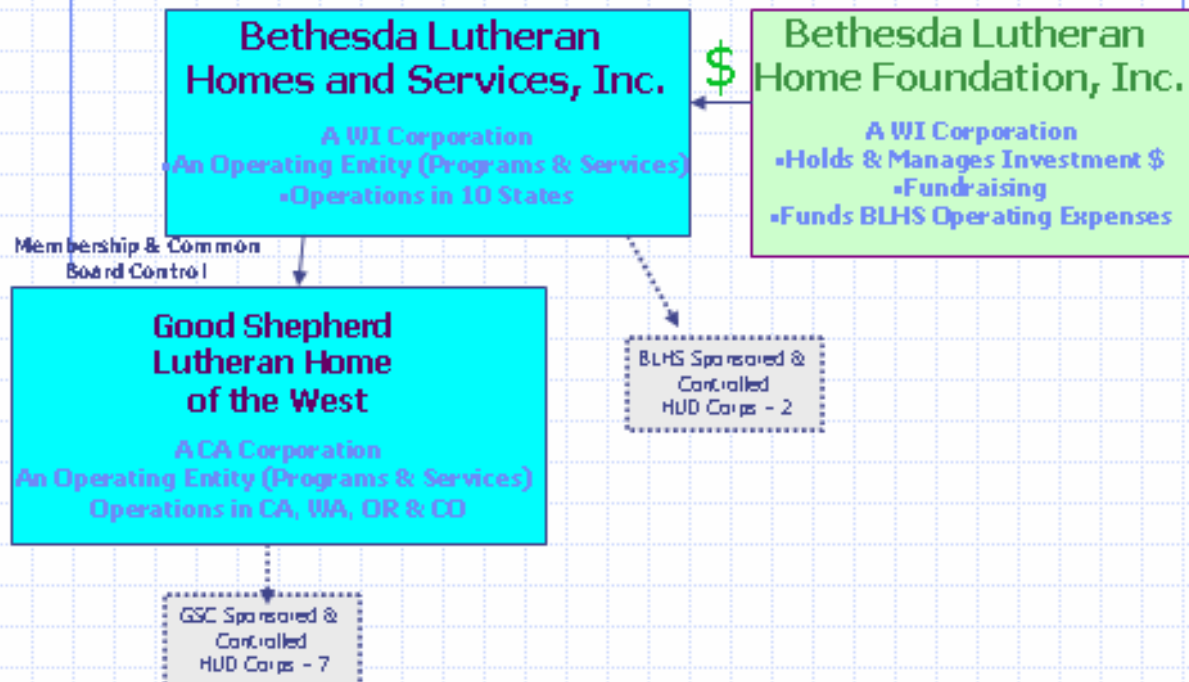
# Governance Issues

- Corporate Board of 25 controlled “corporate operating endowment”
- Communication and development functions reported to Corporate Board
- Corporate Board relied on return on investment to fund operating budget.
- Same fund manager as Foundation Board
- Foundation Board of nine (9) members served as committee of whole to oversee invested Foundation funds.
- Foundation occasionally approached to fund projects.
- Foundation had no role in fund raising
- Same fund manager as Corporate Board

# Governance Reorganization

- Development and Communication/PR functions now report to the Foundation Board.
- Corporate Board transferred all “board restricted” funds to the Foundation.
- Corporate Board downsized from 25 to 13.
- Foundation Board upsized from 9 to 23
- Foundation now “owns” fund raising
- Funding policy ensures operating budget is funded.
- Corporate Executive Committee on Foundation Board; Corporate Board controls election of majority of Foundation Board.

# The Bethesda Organization



# Lessons Learned - Governance

- Board reorganization is very hard – use an outside facilitator
- Communicate, communicate, communicate
- Clarify roles and expectations, recruit board members to these expectations
- Respect all players, some won't be reelected.
- Strive for consensus around processes of reorganization
- Start with principles, move to careful crafting of policies and procedures.
- Keep the focus on separate board goals, i.e., operations vs. revenue

# Moving Forward

How will Bethesda build upon its strengths to position itself for its preferred future?

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## Strategic Position in each of the following based on internal strengths, future opportunities

- Clients – Who will we serve?
- Services – What will they need and how?
- Geography – Where will we operate?
- Competition or collaboration – With whom?
- Labor – Attributes of future employees
- Funding – Sources, methods
- Other assets – Spiritual Life, technology, etc.

# Best Practices

The strategic path taken to achieve our preferred future must reflect best practices, defined as:

- Highest Quality
- Greatest Efficiency
- Lowest Cost
- Relevance to Bethesda

# Aligning Integration Efforts and Strategic Planning Processes

- “Current Status Analysis” provides internal scan.
- Function chiefs provide scan of the future
- Board sets mission, vision, core values, and identifies strategic issues
- Integration teams recommend “best practices” in each functional area
- Strategic positions built on internal strengths to achieve the preferred future
- Integration implementation plan must align with strategic position
- Staff develops action plans, timelines, cost projections.
- Final Strategic Plan presented in February 2008 with complete fiscal and KPI projections to reflect budget implications.

# What will Bethesda's Future Position Look Like?

Trusting in God, using our God-given abilities, and employing tested methods, we'll let you know at next year's LSA Conference!!

# The Bible's Strategic Plan:

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“For I know the plans I have for you,” declares the Lord, “plans to prosper you and not to harm you, plans to give you hope and a future. Then you will call upon me and come and pray to me, and I will listen to you. You will seek me and find me when you seek me with all your heart.” (Jeremiah 29:11-13)

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# Discussion

Questions, Comments,  
Observations, Criticisms,  
Contributions, Slings,  
Arrows, etc.

