

**DRAFT**

Strategic Planning Committee Meeting

August 11, 2016

5:30 PM

Present: Colin Donahue (Chairperson), Glenn Baker, John D. Bunzel, Stu Jaffe, Barry Krowne, Ken Miles

Staff: Cynthia Sewell, Roschell Ashley, Greg Santilli, Ron Silverman, Diane Thorsell, Michelle Veals

Guest: Christine Ward

Absent: Dana Martin.

**I. Strategic Decision-Making Framework**

The meeting was called to order at 5:35 PM by Committee Chairman Colin Donahue. Mr. Donahue stated that at the Board Retreat in July, the Strategic Planning Committee was assigned the task of developing a decision-making framework for some important decisions that must be made in the near future. He referred everyone to the *Strategic Decision-Making Framework* first draft that he emailed to everyone. He said that the items in the outline are non-sequential and that some things may be worked on simultaneously. He then asked for any thoughts or suggestions with regards to the document. We want to go back to the Board with clear criteria for making decisions.

CFO Greg Santilli mentioned that we should look at what we want to do moving forward before looking at assets.

President/CEO Cynthia Sewell asked for an explanation of the term “detailed” that was used in the Decision-Making Framework document. Mr. Donahue it means clearly delineated or clearly explained. The Board generally knows, but we should create a summary with clear data in one report on the legislation that will be affecting the organization.

What things are non-negotiable? What has to be changed and what has to be eliminated?

The *Strategic Decision-Making Framework* document lists 4 topics that must be considered and these were discussed.

Item #1 - Identification and articulation of the core cultural characteristics and attributes that make New Horizons unique in service to its clients.

Ms. Sewell asked if this is this speaking of Core Values. Define our culture. We want to outline our values and our advantages.

Item #2 – This item refers to making sure that funding is in alignment with regulatory agencies.

Item #3 – speaks about our Identity Statement. Director Chris Ward said that the Identity Statement is dependent on the programs and services that we are providing. Chairman John D. Bunzel felt that it should be the other way around and that the Identity Statement should inform the programs and services that are provided. Our mission should guide what our programs are. Mr. Bunzel expressed that La Piana will be helpful in helping us in formulating an Identity

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Statement. Director Glenn Baker said that we should identify what we do and what we don't do. There may be areas that we want to expand to. The Identity Statement may be broader than the Mission Statement. It should include some program and some mission. Our identity currently would be a good starting point for creating our Identity Statement. Who are we going to be?

Director Barry Krowne commented that New Horizons is a business. It already has a culture. Questions should be asked, "what are we currently and what do we want to be?" He continued by stating that there is only a limited time to be theoretical. Is there a time constraint that says we have to be at a certain place by a certain time? Mr. Bunzel answered that, yes, there is. Some big picture decisions must be made by the September Board meeting. We must spend time deciding what those decisions must be. The committee work is informing what the Board will make decisions on. Mr. Krowne said that the big issue is the lack of housing. We may want to focus on this area and use our assets to build inclusionary housing.

We must lay out the issues for the Board to make decisions on. Various strategies will have varying degrees of risk, some bigger and some smaller.

Item #4 – The marketing and branding analysis and recommendations will be based on the decisions we make.

The next section of the Decision-Making Framework document deals with **Programs & Services**. New Horizons must be able to successfully serve our clients as a stand-alone organization in a changing regulatory environment. We want New Horizons to be an employer of choice and an attractive business partner.

- #1 – Recommend a mix of services and data to back up the recommendations.
- #2 – Target client groups (i.e., autistic, borderline/no diagnosis)
- #3 – Assess our strengths. Be aware of weaknesses and threats, but focus on strengths and what we do well when planning for the future.
- #4 – What policy and legislative changes will affect the organization and the services we will be able to provide? A side-by-side comparison of the legislation and the programs that will be affected was requested. The staff will also provide a graph showing the state/federal funding of the programs. Mr. Krowne said that commentary is needed to show if the funding is available to support the programs that we want to provide. He asked who created the Financial Model that was emailed to everyone ahead of the meeting. This item was put on hold for discussion later in the meeting.

How are other organizations addressing the regulations? We should see some of their plans. Leadership has started interacting with other organizations outside of our region to share what we are doing and also to learn what other organizations are doing.

Mr. Donahue asked for an overview of what was discussed at the Program Committee meeting that was held a few days prior to this Strategic Planning Committee meeting.

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### II. Program Committee Update

Director Glenn Baker reviewed the agenda from the Program Committee meeting. He went back to Mr. Krowne's question about financial modeling. The purpose of financial modeling is to see the financial contribution of each program to the organization. Every program, except for Work Services, is a positive contributor to the organization. We need to see how many consumers there are in each program to see the total volume versus contribution. Historic data/patterns will be used to project the financial programs of each program.

Mr. Baker next discussed the demographics of New Horizons and how many consumers we serve versus the number of people receiving services from the Regional Center (NLACRC) versus the number of persons receiving services in all of Los Angeles County. Judging by the information provided, there is room for New Horizons to grow and serve more individuals. New Horizons serves 34 persons with a borderline/no diagnosis out of 9,124 persons with this diagnosis receiving services from the NLACRC. COO Roschell Ashley said that we need a definition of this class. However, Mr. Baker stated that they are receiving service from some agency, so we should see if this is an area of growth.

Mr. Baker referred to an ARCA study (handout provided) which showed that housing and jobs are areas of urgent and widespread need. There is a large need for affordable housing. Mr. Baker mentioned funding sources for housing (CRA, HUD, Regional Centers, private and business funders).

During this discussion, it was noted that transportation (travel training) should be added to our advantages.

COO Roschell Ashley prepared a Competitive Differentiation summary comparing New Horizons with other organizations and the results were shared.

A Legislative Policy summary showing the legislation affecting New Horizons was handed out. Our programs must be able to evolve as legislation changes. One regulation, WIOA (Workforce Innovation and Opportunity Act) presents an issue with providing services to those with significant barriers to employment. This will be a struggle as we must comply with this legislation or lose funding. This issue will be added to the first list of issues at the beginning of the *Strategic Decision-Making Framework* as “#5 – How do we evolve as legislation changes?” We must remain flexible. Ms. Sewell stated that the move to inclusion is here to stay. Staff will be attending a webinar and will apply for funding to help comply with regulations. Ms. Sewell further stated that we are well ahead of our competitors in job placement and we want to grow and focus on that strength.

We must grow the programs (except for Work Services) to a higher level of contribution to cover overhead and to drive a more profitable business. Then, we will be able to provide for more staff, pay more and possibly build housing.

There doesn't appear to be any items to push ahead of the others at this time (unless a project comes along that is in compliance with regulations and will be profitable quickly). From these

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decisions, we will better be able to assess land, our buildings and the overall property that we own.

The next section of the Strategic Decision-Making Framework document spoke about **Financial Data – Core Operations**. This area is assigned to the Financial Committee.

CFO Greg Santilli said that Payroll has grown and cash is depleted every month once ACH for payroll is done.

- #1 – An overall risk assessment must be completed. Whatever we recommend to the Board, there will be risk. We will provide scenarios of financial risks.
- #2 – Prepare financial data suitable for assessment for potential partners.
- #3 – Revenue strength assessment covering: a. client base predictability; b. government funding reliability; c. realistic donor funding projections.
- #4 – Analysis and insight gleaned from items 1 – 3 above.
- #5 – Mission/Financial analysis (added to the above list).

The next section of the Strategic Decision-Making Framework document spoke about **Capital Asset Assessment**.

Land – There are many options to consider. We do not want to sell all of the land/property. We may want to look at buying the pre-school now before we start developing as this will drive up the value and cost of the school making it harder and more expensive to acquire. Ms. Sewell reminded that CUP (Conditional Use Permit) governs how we use the land. The other decisions we make will inform our land use. Some Board members feel that we should keep the Workshop in some form, even if it loses money, but subsidize it with other programs. The staff is working on a reverse integration model for the Workshop. It will be presented at a future meeting.

It was stated that we must generate enough income to keep the organization safe for a while. We should build in incentives with a partner developer to contribute to our endowment, or other incentives.

### **Opportunity & Threat Assessment**

#1 – Programs & Services – we offer a wide array of services even though we don't offer everything.

As the organization evolves the Board needs to change and evolve. What skills will be needed? Will we want to have a fundraising Board? Do we need to find developers to join the Board? A Nominating Committee will be formed soon. We will need member to help advance the Mission.

An Advancement strategy will be added to the Financial Data section above.

Mr. Donahue will take information from this meeting and create another draft of the *Strategic Decision-Making Framework* and will email it to all of the participants of today's meeting.

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Mr. Bunzel asked to schedule a Succession Task Force meeting to discuss the decisions that need to be made.

CFO Greg Santilli handed out a Matrix Map that showed the average net surplus/(loss), expenses and mission impact of each of the programs. He reviewed the graph and explained how to interpret the information. It showed the programs that have the biggest financial impact on the organization (Employment Services) as well as those that aren't profitable, but that have a significant mission impact (Work Services).

Mr. Santilli stated that Doug Green of La Piana will be a good resource for financial modeling. He shared how helpful a book on Nonprofit Sustainability written by La Piana has been for guidance on financial modeling. He purchased a copy for each of the Executive staff.

Mr. Bunzel said that Doug Green should be invited to participate in the next Strategic Planning Committee meeting. Mr. Bunzel will be contact him.

### V. Adjournment

The next meeting is on the calendar for August 24, 2016 at 2:30 PM.

Meeting adjourned at 7:43 PM.

Recorded by:  
Michelle Veals, Executive Assistant