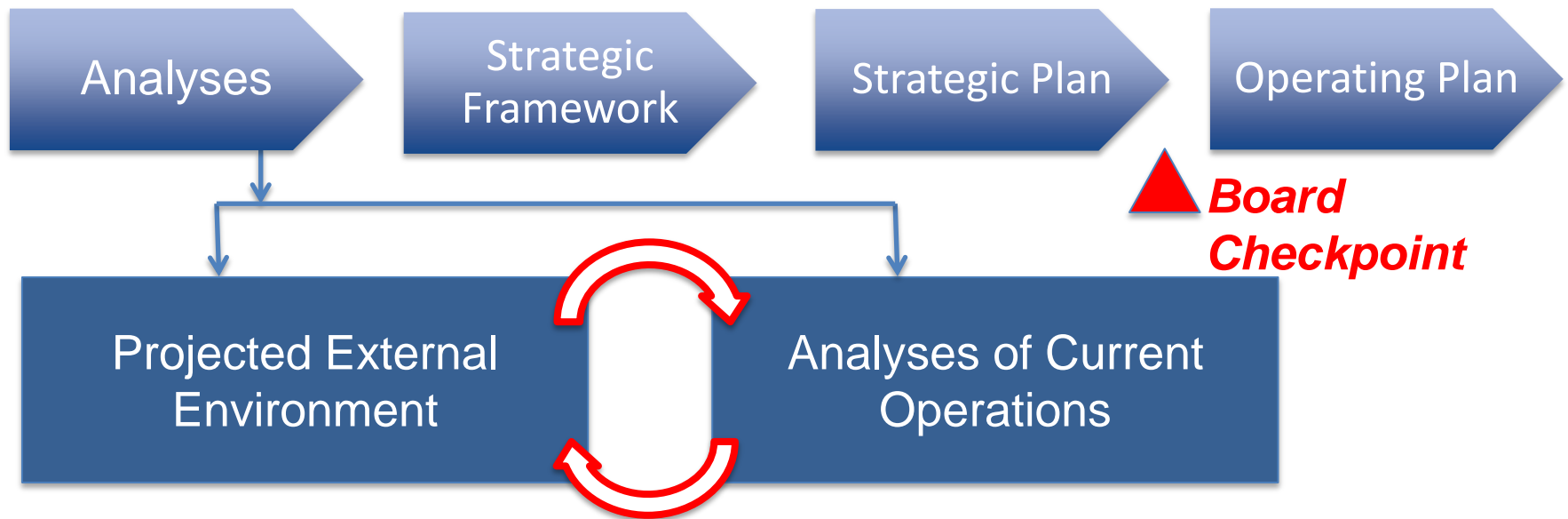


Family Focus Strategic Plan FY2016 – FY2018

Recapping the Need for a Strategic Plan

1. Declining or flat revenues.
2. Continuing financial losses from last three years.
3. *Going forward:*
 - *Funders are demanding higher level staff credentials & skills*
 - *Intensified focus on measuring value delivered*
 - *Increasing complexity of reporting requirements*
4. *No “fat” left to make additional staff reductions or reduce other costs (without impairing quality).*
5. *Cannot indefinitely postpone required investments (e.g., IT).*
6. *Family Focus has a meager endowment fund: <1m.*

Strategic Plan Development – Four Step Approach



Projected External Environment

Key Objectives

1. Meet with the important sources of funding for Family Focus programs.
2. Give them an opportunity to share insights about our programs and our staff along with their perceptions about the future for Human Services program emphasis and funding.
3. Let them know that they are important to us and that we care about their opinions.

Projected External Environment

Met with the following Government Agencies, Foundations & Private Donors:

- Children's Home & Aid - Michael Shaver
- Chicago Public Schools - Elizabeth Mascitti-Miller and Rima Mahona
- Chicago Department of Family Support Services - Evelyn Diaz
- Department of Children and Family Services – Daniel Fitzgerald
- Richard & Susan Kiphart
- Latino Policy Forum - Martin Torres
- McCormick Foundation - David Hiller
- Metropolitan Family Services - Ric Estrada
- Ounce of Prevention - Anne Tuohy
- Polk Brothers Foundation - Suzanne Kerbow
- Shriver Poverty Law Center - Dan Lesser

Key Findings

- The people we interviewed were enthusiastic about Family Focus – our mission and our people.
- All our discussions underscore the need for strategies to prevent child maltreatment to improve outcomes for families and communities.
- Increased focus on Early Childhood Education.
- Increased focus on data to prove impact.
- They pointed us to findings from significant research in the area of family services.

Conclusions

For the next three years, we believe:

1. For the Government Sector:

- a) Increased emphasis on Early Childhood programs. No significant changes in other programs.
- b) Moving towards fee for service reimbursement model.
- c) Overhead reimbursement levels will remain = or < 10%.

2. For the Private Funding:

- a) No major changes in current operating or reimbursement models.
- b) Increased competition for private sector funds.

3. Since Family Focus' share of funding from individuals is less than the national average, there may be a potential for Family Focus to increase contributions from this source of funding.

Scope of Work

- Reviewed financial information by program, by program and center, and by program and category (e.g., early childhood).
- Reviewed approach to cost accounting and program profitability.
- Interviewed 4 peer organizations (included child, youth, and/or family service organizations in Chicago).
- Gathered data from center directors on:
 - mission alignment
 - efficacy of program implementation
 - best practices compared to peer agencies
 - need in the community

Scope of Work (cont.)

- Used data to facilitate evaluation of programs based on size, profitability, and mission alignment.
- Reviewed all programs based on:
 - overhead reimbursement rate
 - reporting requirements
 - center director input
- Evaluated management's recommendations related to staffing realignment.

Key Findings & Conclusions

- All government revenue must be spent in turn. Increased funding necessarily means increased expenses.
- Government funding offers little incentive for innovation and efficiency improvements.
- Average fully-loaded actual overhead cost is about 17%. Most government contracts allocate between 5% - 10% for overhead.
- Increased needs for compliance measurement and reporting is continuously pushing up overhead.
- Historical staffing model of generally autonomous management of each center is likely not sustainable in the future.

Recommendations

- Only pursue those government grants that offer baseline overhead allocation (e.g., 10%).
 - Exceptions may be made if government program aligns with strategic objective
- Request additional support for overhead from public and private funders for all new grants and renewals.
- Review staffing in all back office areas.
- Consider creating a centralized compliance program to manage reporting requirements.

Recommendations (cont.)

- Reduce number of center directors and realign job duties by functional vs. programmatic responsibility.
- Continual review of all center sites to determine if they should remain open or be relocated.
- Consider discontinuing programs with \$0 revenue.

Summary Conclusions – “The Big Takeaways”

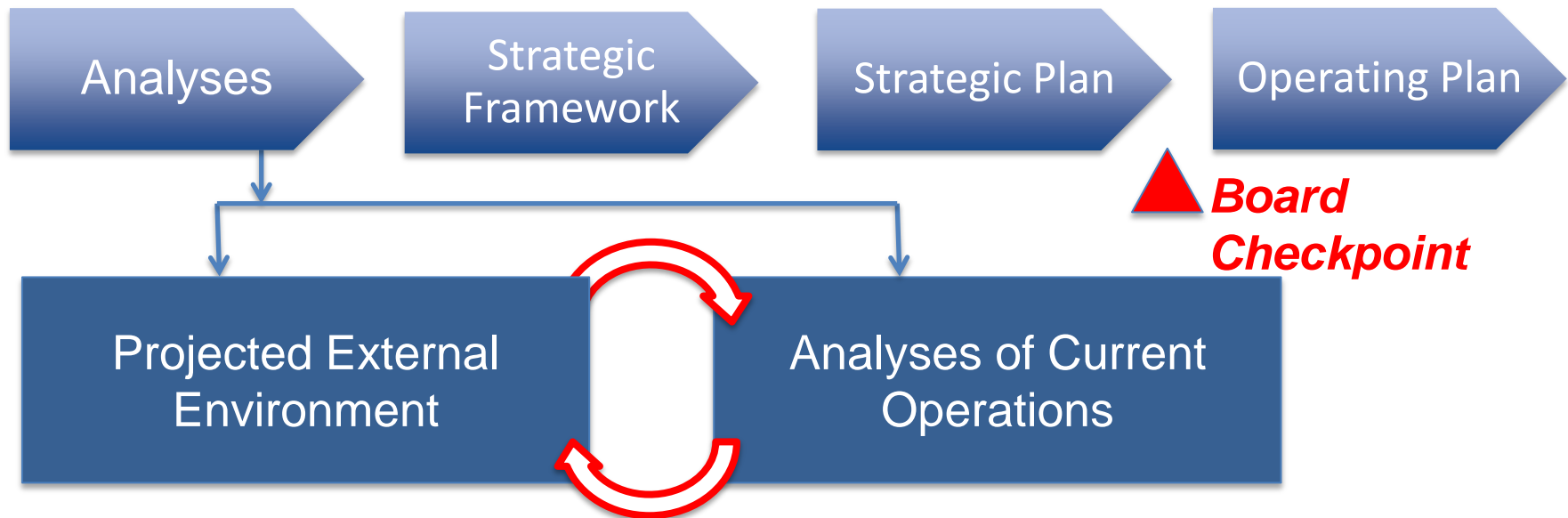
1. Family Focus is highly respected by all funders interviewed.
2. We do not expect any significant changes in funding from Government Sector (Federal, State and City) during the next three years.
3. In the area of Family Support Services, there will be growing emphasis on Early Childhood programs.
4. We lose money in almost all Government programs since the overhead reimbursements are less than our actual, fully-loaded overhead costs (~17%). This will continue for the foreseeable future.

Organizational Strategic Intent

1. Attain financial sustainability and stability ASAP.
2. Increase operating efficiency & accountability across the organization.
3. Enhance the measurement of impact.
4. Promote successful programs.
5. Continue program innovation.
6. Find a way to serve more children and families in the future.

Strategic Plan Development – Four Step Approach

Expanded Scope



- 1 Rationalize Service Delivery Model**
- 2 BoD Reconfiguration (To Increase Both Direct and Indirect Funding)**
- 3 Fundraising Reconfiguration
Major Gifts initiative and endowment**

1 Rationalize Service Delivery Model Reasons for Change

1. Increase operating efficiency & accountability across the organization.
2. Allow senior program staff to better focus on programming, vision, supervision, community relationships, innovation, quality and impact (rather than detailed administrative tasks).
3. Respond to increased donor demands by providing onsite operational support at the centers.
4. Provide consistency of service delivery across centers.
5. Reduces expenses.

The model will be periodically reevaluated for effectiveness.

2 BoD Reconfiguration Recommendations

	<u>Current</u>		<u>Proposed</u>
1. Approved Board Positions	34*	➔	40* **
1. Term of Board Members	3 Yrs	➔	3 Yrs
1. Primary Criterion for Selection of New Board Members	Diverse Group	➔	Diverse and Financially Well Off or Well Connected
2. Limit in Number of Reelections	No Limit	➔	No Limit
1. Min Contribution Expected of Each Board Member	\$2,000	➔	\$10,000***
2. Confidential Assessment of Each Board Member contribution	None	➔	Annual

- Includes up to 5 “special skills” Board Members.

** Does not include 7 advisory Board Members

*** Minimum contribution requirement does not apply to these Board Members.

2 BoD Reconfiguration Recommendations

1. The entire Board reconfiguration is expected to be completed within a period of ~30 months (end of FY 2017).
2. The preference for new Board Members would be from the local communities where our Centers are based.
3. We expect a direct funding benefit of approximately \$150,000 to \$250,000 annually after the Board reconfiguration is complete.
4. Carol Kloster will lead the Board Reconfiguration effort.

3

Fundraising Reconfiguration

Goal is to build annual, unrestricted funding to cover deficits in short-term and build an endowment fund in the long-term.

- FY16 – Add Development and Communications Manager:
 - Allows Director of Development to dedicate 25% time to launch Major Gifts program. Portfolio of top 25-30 major donors.
 - Develop marketing materials to supplement program.

- FY17 - Add Major Gift Officer:
 - Serves a quarterback to ensure proper movement in CEO and Director of Development's portfolios.
 - Works through annual fund donors to identify additional prospects. Portfolio to include an additional 150 donors.

- FY18 – If results exceed expectations by the end of FY17, evaluate need for a second Major Gift Officer.

3

Fundraising Reconfiguration Expected Additional Net Revenue

FY 2016	FY 2017	FY 2018
\$50,000	\$280,000	\$845,000

Summary Level Financial Projections

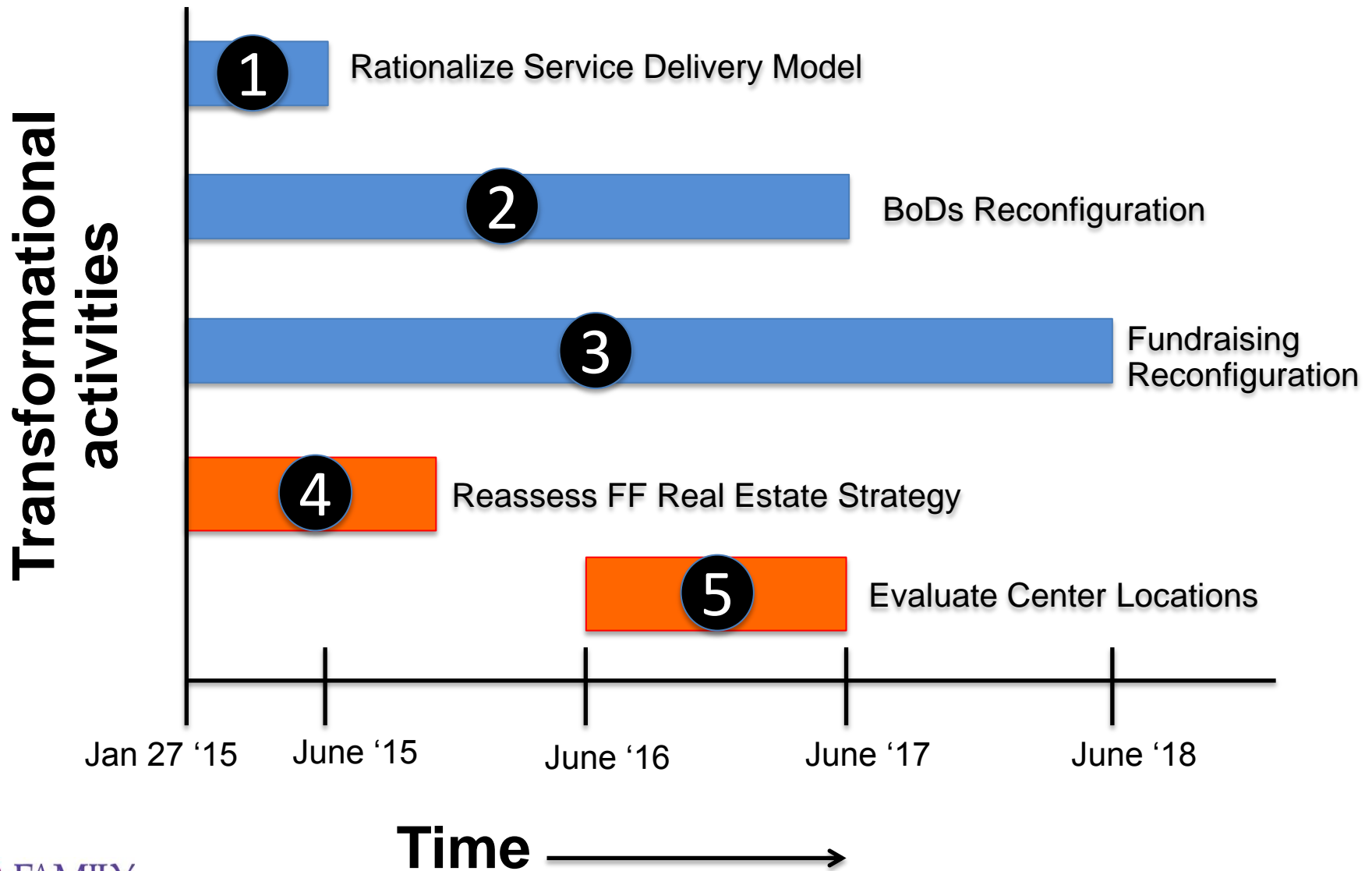
	FY 2015	FY 2016	FY 2017	FY 2018
Revised Estimate / Projection (without any Strategic Planning Activities & No Investments)	(\$89,418)	(\$59,418)	(\$59,418)	(\$59,418)
Estimate / Projection (with Recommended Strategic Planning Activities & Req'd Investments)	(\$109,418)	(\$93,418)	\$30,239	\$494,719

Summary Level Financial Projections

Key Assumptions

1. No meaningful change in funding from government sector (federal, state and city) during the next three years.
2. The fundraising reconfiguration efforts will indeed result in the incremental revenue as estimated by outside consultants.
3. We can find required number of new financially well off or well connected Board members to reconfigure the Family Focus BoDs.
4. There would be no major, unbudgeted operating costs (such as boiler replacement for the Evanston building).

Transition Timeline



Vision of the Future

- By 2018, we should be able to raise an additional ~ \$1 million dollars annually to:
 - Ensure sustainability of Family Focus to continue to provide quality services.
 - Potentially serve additional families.
 - Develop the infrastructure for endowment campaign.