

Seven board members and five staff members met for the first time in April 2014 to begin to develop the next three year strategic plan for Family Focus. This was a diverse group in terms of ethnicity, age, gender, tenure on the board and background. The Strategic Planning Committee (SPC) was headed by board member, Sharad Kapur, a retired partner with Accenture, who specialized in strategic planning for Fortune 50 companies. This core group met monthly until a final version of the plan was presented to the full board of directors in January 2015, where it was passed unanimously. Participants of SPC included:

BOARD MEMBERS PARTICIPATING:	STAFF PARTICIPATING:
Sharad Kapur – Retired partner, Accenture	Merri Ex – President and CEO
Donna Adam – Retired CFO, MB Financial	Sarah Holliday – Asst. Director of Grants Administration
Jacinda Adams – Marketing Professional	Carolyn Nopar – Director of Development
Vaughn Gordy – Retired CEO, GreatBanc	Caterina Varvaro – Director of Finance and Administration
Jim Hagy - Founder, Rooftops Project	Gail Waters - Controller
Sara West – Finance Specialist, Urban Partnership Bank	
Scott Wilgenbusch – Partner, McGladrey	

Family Focus’ board felt strongly that this strategic plan needed to be primarily about sustainability while aspiring to serve more children and families in low-income communities. Revenue had been declining since 2011, due to a decline in state funding which resulted in deficits in 2012, 2013 and 2014. Our small endowment is not large enough to offset these deficits. Staff is already very lean, so additional staff cuts would be difficult and potentially could impact quality. Moreover, we cannot indefinitely postpone required investments in areas like infrastructure and technology, especially as the board and funders are requiring increasingly complex reports and focused on measuring the value of the services delivered.

The plan developed by the SPC included a four step approach (Analyses, Strategic Framework, Strategic Plan and Operating Plan). We began with a thorough analysis of both the internal and external environments. Once analyzed, we developed the list of core issue to address, created the plan to address these issues and finally, an operational plan to make the changes.

We began with an analysis of current operations. Board members Vaughn Gordy and Donna Adam were charged with interviewing funding partners in an effort to better understand how Family Focus is perceived in the community, determine the need for our services, to learn insights about our programs and staff along with funders’ perceptions about the future for Human Services programming and funding. They interviewed fourteen different funders (public funders, private foundations and individual donors) over three months. The people interviewed were enthusiastic about Family Focus – our mission and our people. All discussions underscored the need for strategies to prevent child maltreatment to

improve outcomes for families and communities. Many felt that there would be an increased focus on Early Childhood Education and the data to prove impact. They expected funding to remain constant and potentially increase.

During the same time period, board members Sara West and Scott Wilgenbusch worked on the internal analysis alongside staff members Caterina Varvaro and Gail Waters. This team reviewed financial information by program, by program and center, and by program and category (e.g., early childhood). They gathered information from center directors on how each program met four criteria (mission alignment, efficacy of program implementation, best practices compared to peer agencies and the need in the community) and compared results to four peer organizations for benchmarking purposes. Jim Hagy, an emeritus board member who specializes in nonprofit real estate, was also involved by analyzing leases and the Evanston-owned center for possible savings and new revenue opportunities.

Key findings from internal and external analysis were extremely illuminating to our board members and gave them an appreciation for the complexity under which we operate. All government revenue must be spent or it is returned. Therefore, simply increasing funding will result in increased expenses, unless revenue is unrestricted. Moreover, closing centers would reduce expenses, but would also reduce revenue as our contracts cover multiple centers. Government funding offers little incentive for innovation and efficiency improvements. Family Focus' actual overhead cost is about 17%. Most government contracts allocate between 5% - 10% for overhead and the definition of overhead can vary by funder. Thus, we are subsidizing any grant that does not provide 17% administration. Also, increased needs for compliance measurement and reporting are continuously pushing up overhead and we are not reimbursed for those costs. Lastly, the historical staffing model of generally autonomous management at each center is unsustainable.

From these discussions, six goals for strategic intent were agreed upon.

1. Attain financial sustainability and stability ASAP.
2. Increase operating efficiency and 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.**

In order to achieve these goals, three areas were identified as needing improvement.

- I. **Centralization of Program:** By changing our service delivery model from one that was center-based, to one that is program-based, we will reduce expenses and have greater consistency of program implementation and quality across centers. Having a point person at each center to handle administrative and operational tasks frees up senior program staff to focus on quality and continuity of programs across centers. Two of our seven center directors retired and the remaining five will lead the new organizational structure beginning on July 1, 2015. Under this new structure we will have two Senior Vice Presidents that will cover all seven centers. One will

manage the city and north side, the other will manage the city and west. Under each Senior VP will be a Vice President that will work with them, to ensure program compliance and quality, assist with community networks and supervision. They will all work with the Vice President of Programs to ensure quality across centers. This realignment has already started and will be finalized by June 30, 2015.

- II. **Board Expectations:** Increase the expectations of board members to better align with current standards. The board of directors' annual give and get was \$2,000 and had been for a number of years. After an analysis of sister agencies, it was discovered that we were dramatically lower than similar organizations such as Chicago Youth Centers, Children's Home + Aid and Boys and Girls Clubs, are requiring. Thus, new board members will have a \$10,000 give and get requirement and existing board members will be grandfathered-in until their term expires. Once their term has expired, they will be responsible for the \$10,000 give and get. In addition, bylaws will be adjusted to expand the board to 40 members. Board giving will appear on the balance sheet as an additional line item of revenue. The seven center liaisons will continue to retain full voting rights, but are not required to reach the \$10,000 give and get. We want to encourage diversity and center representation, and so we must make allowances for community voices.
- III. **Major Gifts Program:** The Geis Group, consultants in the nonprofit sector, were hired in 2014 to conduct a feasibility study of launching a major gifts program at Family Focus. They concluded that Family Focus can substantially benefit by a major gifts program (bringing in an additional \$845,000 annually by 2018), can help launch an endowment campaign. A \$10 million dollar endowment would dramatically reduce our reliance on government funding. Beginning in July 2015, resources will be allocated to pursuing major gifts.

By implementing these three changes, Family Focus will be well-positioned for the future to nurture children and strengthen families.