

## United Way of Greater St. Louis STRATEGIC TRANSITION PLANNING SERIES 2018-2019

10.11.18



## TRANSITION SERIES GOAL



Help member agencies gain competence in: navigating through environmental changes, better securing diverse & sustainable funding streams, and exploring/pursuing options, all of which enhance the fulfillment of community needs-based missions



## RACIAL EQUITY LENS CONTEXT

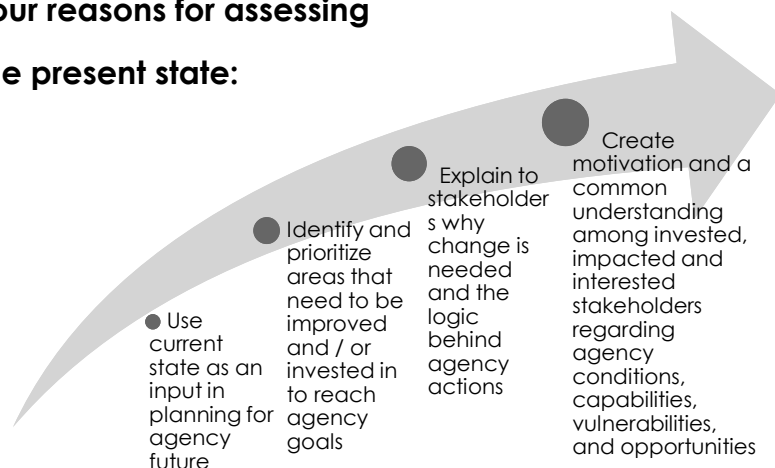
**EQUALITY**      **EQUITY**      **REALITY**      **Liberation**

- Different communities (and individuals within communities) situated differently relative to each other
- Differences due to many factors, including history, education, language, access to community assets...
- While intent of policies & programs is to create access for all people (lifting all boats), in practice, universal policies create access to opportunity differently
- A rising tide brings less benefit or possibly hazard if one's boat is leaky or if one does not have a boat.
- Series sessions will provide an opportunity to apply a racial equity lens to topics in hopes of getting all members in our community a boat that floats so that all boats can be lifted.

| Member Agency Strategic Transition Planning Series   |  |   |   |   |
|--|--|---|---|---|
| Stages progressively build toward culmination of helping agencies formulate a viable plan for better positioning in the current changing funding environment |  |   |   |   |
| Stages:  | Assessing an Agency's Current Position   | Creating Vision & Setting Strategic Direction   | Exploring Resources   | Operationalizing the Plan   |
| <b>Intent:</b>   | Identifies/refines critical factors that outline agency overall environmental standing, affects current success & future viability. Informs decision-making in subsequent stages | Builds understanding and approaches to change management and consider possibilities, aligned with agency position, to shape future vision & strategic direction   | Uncovers resources to be utilized to leverage agency's position amidst change and augment its ability to plan for reaching vision             | Aligns vision, priorities & agency position with resources to develop a strategic workplan, outlining actions helping agency better adapt to changing landscape |
| <b>Sessions:</b>   | #1. Series Overview & SWOT<br>#2. Financial Health<br>#3. Fund Devp Tools/Techniques<br>#4. Prgm Financial Sustainability<br>#5. Contingency Planning                            | #6. Change Management<br>#7. Innovation<br>#8. Vision/Strategic Direction   | #9. Board Engagement & Role in Fund Devp<br>#10. Dive into Fund Development<br>#11. Strategic Alliances - P1<br>#12. Strategic Alliances - P2 | #13. Creating an Actionable Transition Plan   |
| <b>Learning Objectives:</b>  | Participants will improve understanding about agency condition, including capabilities & vulnerabilities overall and in finance & fund development areas                         | Participants will shape their agency's future vision, leveraging position, in context of change, utilizing innovation, all to pursue improved mission fulfillment | Participants will identify resources (focusing on revenue generation & program/operational effectiveness) to help further mission fulfillment | Participants will utilize understanding & insight gained to frame strategic transition plan, better positioning agencies in the shifting environment            |
| <b>Correlating Quality Standards:</b>  | G: Board drives direction<br>P: Effective program design<br>G: Board financial oversight<br>F: Financial stability<br>F: Financial planning/oversight                            | G: Board drives direction<br>G: Program effectiveness<br>P: Program positive impact<br>G: Community accountability<br>A: Structure facilitates operations         | G: Board meets strategic needs<br>F: Financial stability<br>F: Effective financial planning<br>G: Board accountable to community              | G: Board drives direction<br>F: Financial stability<br>P: Program positive impact<br>G: Board accountable to community<br>5.11.18                               |

## STAGE 1: ASSESSING AN AGENCY'S CURRENT STATE

**Four reasons for assessing the present state:**

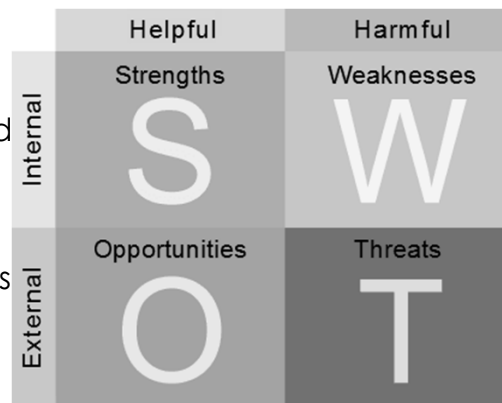


## SESSION 1: SWOT Analysis

5.17.18

Presented by: Rebecca Bennett  
Emerging Wisdom

- Grounds plan
- Provides realistic view of agency's capabilities and vulnerabilities
- Identifies internal strengths and weaknesses
- Examines external opportunities and threats



© 2018 Rebecca Bennett, Emerging Wisdom

## SESSION 2: Financial Health

6.14.18

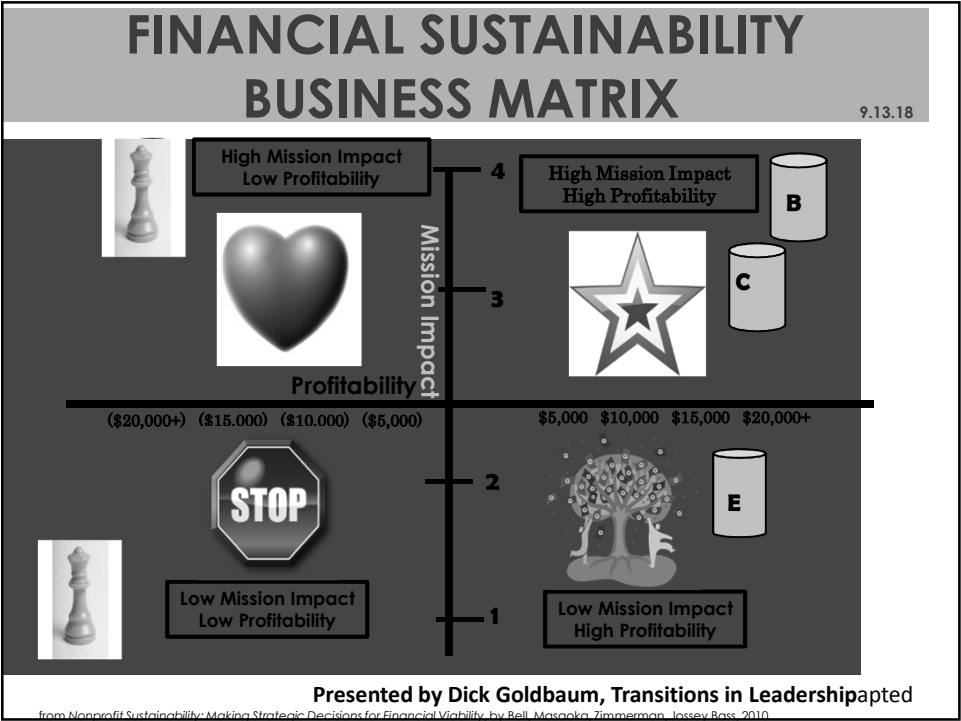
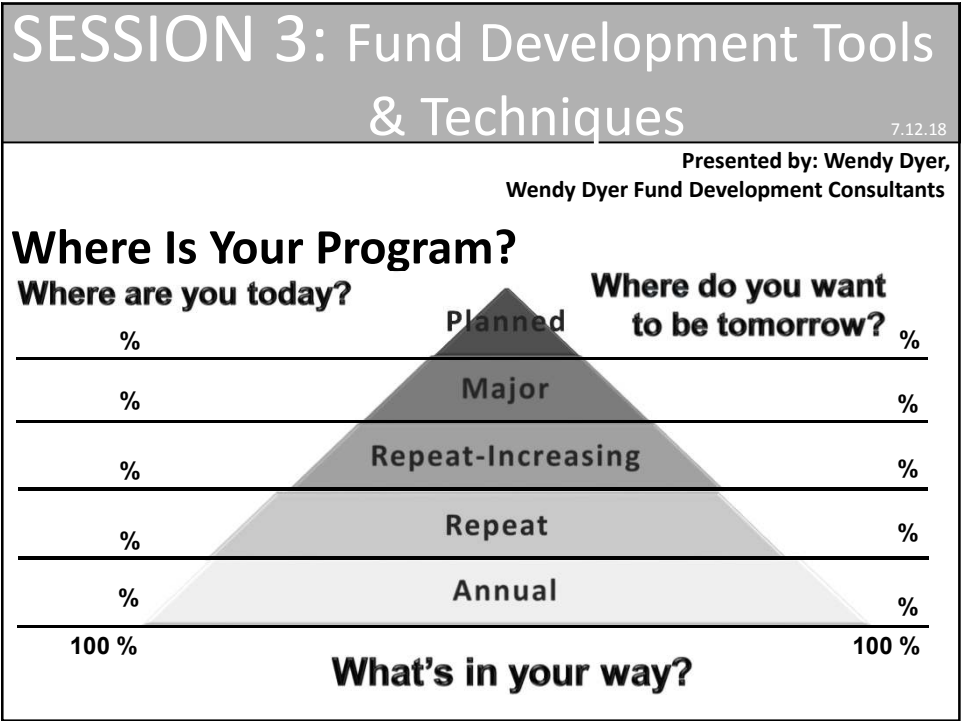
Presenters: Judy Murphy & Amy Altholz  
RubinBrown

Common financial sustainability benchmarks include:

- Operating reserves
- Liquidity evaluation
  - Days of Cash on Hand to Pay Expenses
  - Current Liquid Assets/Current Liabilities
- Funding gap analysis
- Diversified funding streams
- Budget vs. actual analysis



 RubinBrown



## SERIES ROLES & RULES

### Roles

#### Facilitators

- Guides learning and sharing
- Conducts exercises
- Maintains schedule

#### Participants

- Are open to learning
- Share knowledge & insight
- Check for understanding

### Rules

- Manage your comfort
- Listen actively
- Ask questions and encourage others to share
- Minimize distractions
- Respect all views and opinions
- Enjoy yourself!

11

## United Way of Greater St. Louis STRATEGIC TRANSITION PLANNING SERIES Session #5: Contingency Planning – Critical Planning for All Agencies! October 11, 2018



**Experience  
on Demand**



## SESSION PURPOSE

- Continue “Assessing Current Position” stage with a focus on Contingency Planning
- Demonstrate critical role of preparing for potential change ahead of time, better positioning agency with strategies to strengthen resilience



## LEARNING OBJECTIVES



### Participants will:

- Gain insight on the components of a contingency plan and process for development
- Improve understanding about the role that leaders play in planning & implementation
- Advance learning about tools & process related to assessing risk and implementing plan

## Member Agency Strategic Transition Planning Series

Please contact Julie Simon at  
[Julie.simon@stl.unitedway.org](mailto:Julie.simon@stl.unitedway.org)  
with questions, comments or concerns

## Session 5: Contingency Planning

Presented by:  
Pat Knoerle-Jordan



**BE ALERT!!**  
**EXPECT THE**  
**UNEXPECTED**

## My objective today

Raise contingency planning advocates!



## Contingency Planning Agenda

| Time        | Content   | Process                          |
|-------------|---|----------------------------------|
| 9:00-15     | Welcome, Highlights & Intro                         | Julie Simon & Pat Knoerle-Jordan |
| 9:15        | Why this discussion<br>What is contingency planning | Review slides                    |
| 9:30        | What Ifs – Post to flip charts                      | Share with group                 |
| 9:40        | Contingency Planning Process                        | Walk through                     |
| 9:55        | Role of Leader in Contingency Plan                  |                                  |
| 10:05       | Communications                                      |                                  |
| 10:20       | Review Tools  |                                  |
| 10:30-40    | Break   |                                  |
| 10:40-11:10 | Practice Exercise<br>Use the group's "what ifs"     | Small groups use tools           |
| 11:10-30    | Report options/triggers                             | Report to large group            |
| 11:30-50    | Wrap Up<br>Take-Aways; Next Steps                   | Large Group                      |
| 11:50-12:00 | Intro Next Session; Workshop Surveys                | Julie Simon                      |



## Why This Discussion?

- What if I (as a Senior Leader) win the lottery?
- What if our board succession process dissolves?
- What if demand for services increases 2 or 3 fold?
- What if funders change their priorities?
- What if we need to find new strategic partners, build alliances or possibly merge?

WHAT IF? WHAT  
WHAT WHAT IF? IF?  
IF? WHAT IF?

## Defining Contingency Planning

- Process of preparing for potential challenges or opportunities by navigating through worst-case scenarios, allowing an organization to ready itself to respond quickly and appropriately in event that future circumstances occur.
- Assessing the effect that sudden changes or disruptions may have on organization and devising strategies to deal with them.
- Providing forum to answer question “What would we do if?” for various circumstances, taking time to consider implications, identify & weigh options and develop & create a coordinated set of steps taken if circumstances warrant.
- Risk mitigation process for avoiding or minimizing damage or loss by developing back-up plans in anticipation of circumstances that might disrupt “business as usual” to ensure key operations continue and goals are achieved.

## How is Contingency Planning Used?

- Achieve higher degree of organizational learning
- Raise and challenge implicit and widely held beliefs and assumptions about the organization and its strategic direction
- Identify key levers that can influence organization's future course
- Turn long-range planning into a vital, shared experience
- Develop a clearer view of the future
- Incorporate change management into strategic analysis
- Intentionally mitigate future negative impacts

## Context of Contingency Planning

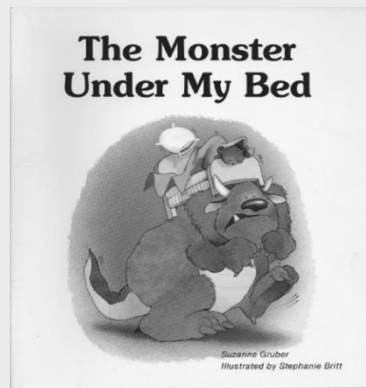
- Premised on the desire to prevent or mitigate future negative impacts
- Based on perceived level of risk, probability, gravity, & impact on an agency's continuity of mission delivery

Involves:

- Developing a plan to address potential worst-case scenarios
- Communicating the action plan, with accountability and timeframes
- Using key indicators to monitor (warnings of) events regularly
- Implementing a range of responses tied to severity of circumstances and/or potential consequences

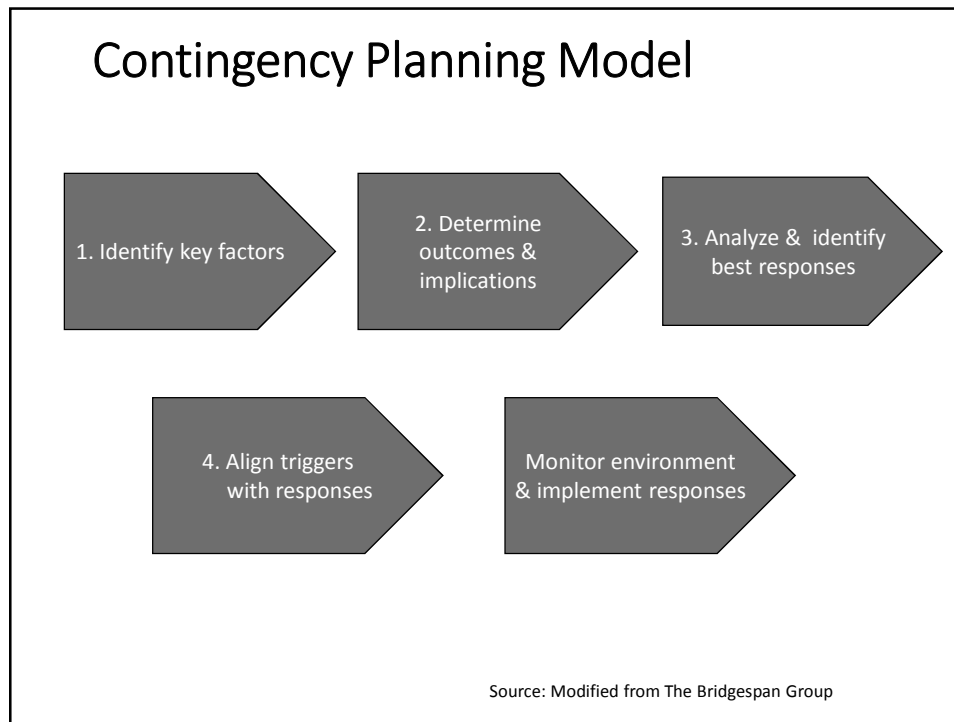
## What Justifies a Contingency Strategy? (pro-active vs reactive approach)

- Uncontrollable threats
- Key financial, structural (info, data), physical (IT, facilities) resource loss
- Key human resource (know-how) loss
- Key relational (clients, partners, vendors) loss



## What are Your Top Two “What Ifs?”





## 1. Identify Key Factors

- Critical to the organization's success, yet uncertain or unpredictable
- Most significantly affect the organization's ability to fulfill its mission and reach goals

Examples?

### Key Factors may include:

- Government funding stream (that may be cut)
- Employee wages/compensation packages
- Revenue levels
- Partnership opportunity
- Facilities and/or other assets
- Service delivery
- Technology
- Leadership succession plans
- Clients

## 2. Determine Possible Outcome Scenarios and Implications

- For each key factor, identify the likely range of outcome scenarios and assign rough probabilities of occurrence
- Systematically think through how each outcome scenario (future negative consequence) would affect the organization
- Consider affects to:
  - ✓ Operations – service / mission delivery
  - ✓ Growth
  - ✓ Program Outcomes
  - ✓ Finances
  - ✓ Reputation
  - ✓ Leadership
  - ✓ Partnerships

### 3. Analyze & Identify Best Response Options

- Determine organization's best options for responding to various scenarios, with adjustments to strategies and approaches, to further mission and mitigate future negative consequences
- Weigh the pros & cons of these responses, based on which will most likely achieve organization's mission and goals
- For each program (including investment or initiative), determine its value to the organization:
  - ✓ Prioritized
  - ✓ Protected
  - ✓ Postponed
  - ✓ Consolidated/Reduced
  - ✓ Eliminated

### Pause: Definitions of Session Terms

- Key Factors – primary elements, unpredictable or uncertain, that have potential for major risk (e.g. interfering with achieving goals)
- Event – occurrence or change in circumstances, either something expected that does not happen or something unexpected that happens
- Consequence – outcome of an event (outcome scenario) affecting the achievement of goals and objectives
- Probability – chance or likelihood of consequence occurring
- Implication – affects (anticipated negative impact) of outcomes scenario
- Response options – potential best paths to address anticipated consequences (outcome of event, set of circumstances or outcome scenario)
- Resulting Impacts – anticipated affects of implementing response options
- Key indicators – tracking mechanisms, monitored to determine whether events are imminent or occurring, and if so, they trigger responses

## Identify Best Responses & Resulting Impacts

Issue ("What If" statement):

| Best Response | Agency | Clients | Staff | Community | Other Stakeholders |
|---------------|--------|---------|-------|-----------|--------------------|
| Option 1      |        |         |       |           |                    |
| Option 2      |        |         |       |           |                    |

## 4. Identify Events that Trigger Appropriate Responses

- Identify events (set of circumstances, benchmarks) that can occur which justify and trigger an appropriate response
- Examples:
  - ✓ If revenue falls by 10%, the organization will do X
  - ✓ If revenue falls by 20%, the organization will do Y & Z
  - ✓ If the board succession plan dissolves, the organization will do A, B, & C
- Determine key indicators that should be tracked to determine when an event triggers (prompts) implementation of the appropriate response

## 5. Monitor Environment for Events & Implement Appropriate Responses

Monitor key indicators regularly, so that an occurrence/ warning of an event (set of circumstances) triggers organization to implement the appropriate response, generating best possible resulting impact under the circumstances

When unexpected circumstances suddenly arise, consider adjustments:

- ✓ Condensing response steps
- ✓ Expediting implementation of agreed upon contingency plan responses, rather than waiting for additional events to occur
- ✓ Communicating planned changes implemented
- ✓ Using additional data collected, course correcting responses

Examples?

## Key Indicators to Monitor that Uncover Events, Triggering Appropriate Responses

- Financial performance; revenue & expenses
- Balance sheet – cash position, cash days on hand, operating reserves
- Funder feedback on application / proposal
- Interest of potential or existing partner agencies
- Staff discovers new solutions or sets of circumstances to deal with
- Program utilization, impact and client feedback
- New revenue sources secured or existing sources lost
- Board membership and/or staff turnover
- Facilities maintenance schedules
- Other monthly indicators?

## Your Leadership Role



## Leader's Role in Contingency Planning

- Steady posture – define the issue (What Ifs)
- Gains trust –keeps board, senior staff & other stakeholders apprised
- Ensures continued focus on the goal to maintain continuity of mission, realizing that deliverables may change
- Develops process with defined inclusivity, accountability, that is timebound and generates responses and resulting impact needed
- Develops contingency planning agenda with facilitator (internal or external)
- Involves senior staff in gathering the necessary data to inform decision-making
- Implements planning meeting, determine response options, sets of circumstances and key indicators to trigger (implement) appropriate response
- Documents contingency plan(s) – comprehensive & summary plan
- Serves as spokesperson to staff, board, volunteers, clients and communities
- Assures communication with accountable parties, responses and timelines
- Rebuilds
- Assesses contingency plan, based on experience & adjusts, CQI as needed

## Communication Plan

- Planful, steady & deliberate with adequate lead time
- Open and transparent with board & staff leadership
- Inclusive process to gain input and best decisions
- Strategies for dissemination of implementation with consistent talking points
- Townhalls with employees
- Newsletters
- Client interaction
- Implement as well as possible
- Board kept abreast of implementation resulting impacts

## Practice – Group Work

Choose 3-5 possible “What-Ifs” that surfaced earlier in large group activity and assign to small groups.

### **Small group assignments**

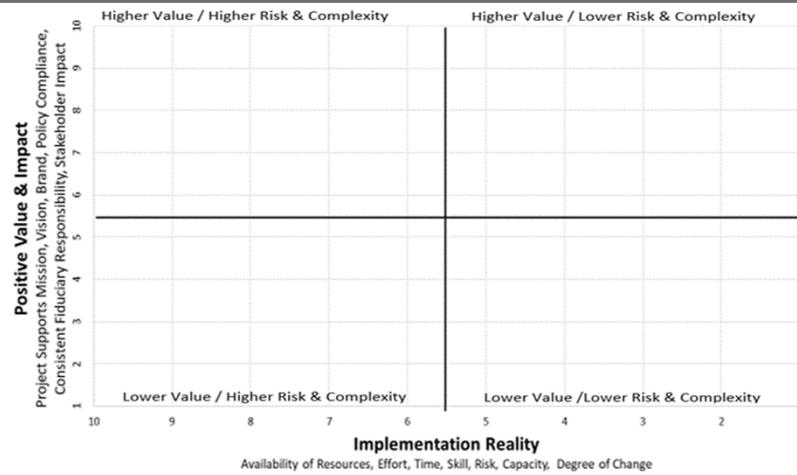
- Take your “What-If” through the exercise
- Define issue and determine implications (anticipated negative impact)
- Assess likelihood of issue
- Identify events (set of circumstances) that would trigger an appropriate response
- Develop 2 response options (potential best paths)
- Define agency, client, staff, other stakeholders and community impacts

TOOLS & SAMPLES

| Identify Best Responses & Resulting Impacts |        |         |       |           |                    |
|---|--------|---------|-------|-----------|--------------------|
| Issue ("What If" statement):                |        |         |       |           |                    |
| Best Response                               | Agency | Clients | Staff | Community | Other Stakeholders |
| Option 1                                    |        |         |       |           |                    |
| Option 2                                    |        |         |       |           |                    |

## Key Factors / Probability Chart

For each key factor, assign realistic probability and plot on chart



## Risk Assessment Matrix

### RISK RATING KEY

| LOW             | MEDIUM  | HIGH                        | EXTREME             |
|-----------------|---|-----------------------------|---------------------|
| 0<br>ACCEPTABLE | 1<br>ALARP (as low as reasonably practicable) | 2<br>GENERALLY UNACCEPTABLE | 3<br>INTOLERABLE    |
| OK TO PROCEED   | TAKE MITIGATION EFFORTS                       | SEEK SUPPORT                | PLACE EVENT ON HOLD |

|            |   | SEVERITY                                   |  |   |   |
|------------|---|--|--|---|---|
|            |   | ACCEPTABLE<br>LITTLE TO NO EFFECT ON EVENT | TOLERABLE<br>EFFECTS ARE FELT, BUT NOT CRITICAL TO OUTCOME | UNDESIRABLE<br>SERIOUS IMPACT TO THE COURSE OF ACTION AND OUTCOME | INTOLERABLE<br>COULD RESULT IN DISASTER |
| LIKELIHOOD | IMPROBABLE<br>RISK IS UNLIKELY TO OCCUR | LOW<br>- 1 -                               | MEDIUM<br>- 4 -  | MEDIUM<br>- 6 -   | HIGH<br>- 10 -                          |
|            | POSSIBLE<br>RISK WILL LIKELY OCCUR      | LOW<br>- 2 -                               | MEDIUM<br>- 5 -  | HIGH<br>- 8 -   | EXTREME<br>- 11 -                       |
|            | PROBABLE<br>RISK WILL OCCUR             | MEDIUM<br>- 3 -                            | HIGH<br>- 7 -  | HIGH<br>- 9 -   | EXTREME<br>- 12 -                       |

| Key Factor   | Prioritize        | Protect  | Postpone  | Reduce           | Eliminate |
|--|-------------------|--|-----------|------------------|-----------|
| Program growth trend outpaces current budget<br><br>Plus funding reduction forecasted in two years | Program Component | Service A  | Service F | Service C by 25% | Service E |
|  |                   | Service B  |           |                  |           |
|  | Service A         | Service C  |           | Service D by 20% |           |
|  | Service B         |  |           |                  |           |
|  | Service C         | Seen as top core services with highest need, impact & outcomes |           |                  |           |
|  | Service D         |  |           |                  |           |
|  | Service E         |  |           |                  |           |
| Service F  |                   |  |           |                  |           |


## RISK RESPONSE MATRIX

[illegible]

## Key Factors, Probabilities, Outcomes, Implications and Response Options

| Factors   | Probabilities   | Scenario Outcome   | Implications/ Response Options  | Timing        |
|---|---|--|---|---------------|
| Demand for services increases 25%                               | High; similar agency closed & services utilization grew 18% annually past 2 years | Need for 30% & 40% more funding over next 2 years if we accept all client requests<br>What to prioritize, protect, postpone, reduce & eliminate? | Need exceeds capacity. Creates opportunity to eval service menu/ Priorities must be established to grow fundraising by 5-6%; build new campaigns        | Q 1 & 2, 2019 |
| Funder changes process and priorities                           | High – known fact   | \$225K funding in jeopardy. Opportunity to apply, new grants limited to 3-year cycle   | New application, metrics & qualification/ Learn new process & qualifiers; tailor app to agency programs; seek alternative funding; Reduce program/staff |               |
| Need to find new strategic partner to take on program component | Medium – partner needed if no funding secured                                     | Service continues until funding determined. Need to evaluate options this year   | Time to plan & explore; Begin dialogue with prospective partners. Research plan B while continuing plan A. Establish program options.                   |               |

## Financial Worksheet



# Revenue Analysis Worksheet

Enter input to yellow cells only

|  |  | Variable Revenue Assumption:                                 | Best 100%                    | Moderate 90%                                    | Worst 60%              |                           |                         |  |
|--|--|--|------------------------------|---|------------------------|---------------------------|-------------------------|--|
|  |  |  |                              | Revenue Scenarios                               |                        |                           |                         |  |
| Program/<br>Department/ Function   | Funding Source                               | Total Possible<br>Revenues<br>(Current Year<br>Portion only) | Likelihood of<br>Receipt (%) | Best Case                                       | Moderate Case          | Worst Case                | Notes                   |  |
| Pre-Kindergarten<br>Program  | Government Contract A                        | \$ 275,000   | 100%                         | 275,000   | 275,000                | 275,000                   |                         |  |
|  | Government Contract B                        | \$ 75,000  | 75%                          | 75,000  | 75,000                 | 75,000                    |                         |  |
|  | Grant from Foundation A                      | \$ 40,000  | 50%                          | 40,000  |                        |                           |                         |  |
|  | VARIABLE: Earned program revenue             | \$ 75,000  | n/a                          | 75,000  | 60,000                 | 45,000                    |                         |  |
| FY Expense Budget for<br>Pre-Kindergarten Program                            | \$ 400,000                                   |  |                              | Revenue Subtotal<br>Expense Budget              | \$465,000<br>\$400,000 | \$410,000<br>\$400,000    | \$320,000<br>\$400,000  |  |
| After-School<br>Program  | Grant from Foundation B                      | \$ 100,000   | 75%                          | 100,000   | 100,000                |                           |                         |  |
|  | Grant from Foundation C                      | \$ 35,000  | 50%                          | 35,000  |                        |                           |                         |  |
|  | VARIABLE: Participant fees                   | \$ 20,000  | n/a                          | 20,000  | 16,000                 | 12,000                    |                         |  |
|  | VARIABLE:                                    |  |                              | Revenue Subtotal<br>Expense Budget              | \$155,000<br>\$150,000 | \$116,000<br>\$150,000    | \$12,000<br>\$160,000   |  |
| FY Expense Budget for<br>After-School Program                                | \$ 150,000                                   |  |                              | Surplus /Deficit                                | \$5,000<br>(\$34,000)  | (\$12,000)<br>(\$138,000) |                         |  |
| Unrestricted<br>Revenue  | Foundation X general operating support grant | \$ 50,000  | 75%                          | 50,000  | 50,000                 |                           |                         |  |
|  | VARIABLE: Annual appeal                      | \$ 100,000   |                              | 100,000   | 80,000                 | 60,000                    |                         |  |
|  | VARIABLE: Special event income               | \$ 40,000  |                              | 40,000  | 32,000                 | 24,000                    |                         |  |
|  | VARIABLE: Board donations                    | \$ 10,000  | n/a                          | 10,000  | 8,000                  | 6,000                     |                         |  |
| FY Expense Budget for<br>non-programmatic<br>functions (Fundraising,<br>Mkt) | VARIABLE: Investment income                  | \$ 2,000   |                              | 2,000   | 2,000                  | 1,000                     |                         |  |
|  | \$ 150,000                                   |  |                              | Unrestricted Revenue Subtotal<br>Expense Budget | \$202,500<br>\$160,000 | \$172,000<br>\$160,000    | \$91,600<br>\$160,000   |  |
|  |  |  |                              | Surplus /Deficit                                | \$42,500<br>\$22,500   | \$12,000<br>\$69,000      | (\$68,400)<br>\$423,500 |  |
|  |  |  |                              | Total Revenue                                   | \$822,500              | \$698,000                 | \$423,500               |  |
|  |  |  |                              | Total Expenses                                  | \$700,000              | \$700,000                 | \$700,000               |  |
|  |  |  |                              | Total Surplus / Deficit                         | \$122,500              | (\$2,000)                 | (\$276,500)             |  |
| Total Organization   |  |  |                              |   |                        |                           |                         |  |

Please Note: This document is made available by Fiscal Management Associates, LLC (FMA), for informational purposes only and does not constitute financial or professional advice. The information provided in this document is of a general nature and does not take into account your individual objectives, financial situation or needs. It should not be used, relied upon or treated as a substitute for specific professional advice. FMA recommends that you obtain your own independent professional advice before making any decision in relation to your particular requirements or circumstances. FMA does not warrant the accuracy, completeness or currency of the information provided on and made available through this document. By viewing or using this document, you acknowledge and agree that any reliance upon or use of any information made available through this document shall be entirely at your own risk. FMA shall not be liable for any loss or damage, whether direct or indirect, and however caused, to any person or organization arising from the use of (or reliance upon) information provided on and made available through this document.

© Fiscal Management Associates, LLC, 2014. All rights reserved.

## Resources

- Business Continuity Management- Andrew Hiles
- International Standard ISO 31000; Risk Management – Principles & guidelines
- 8 Steps to Accelerate Change – Kotter International
- Mindtools – How to make a decision

## Links

- [www.Bridgespan.org/insights/library/nonprofit-management-tools-and-trends/scenario-and-contingency-planning](http://www.Bridgespan.org/insights/library/nonprofit-management-tools-and-trends/scenario-and-contingency-planning)
- <https://fmaonline.net/nonprofit-financial-management/financialresources/>
- <https://www.smartsheet.com/all-risk-assessment-matrix-templates-you-need>
- <https://www.smartsheet.com/all-risk-assessment-matrix-templates-you-need>

## Handouts

|  |   |
|--|---|
| Agenda   | Key Factor Evaluation Decisions                                       |
| Open for Change: The Leadership Pivot  | Risk Response Matrix  |
| Looking Forward: Protecting Your Nonprofit Fundraising Efforts from the Impact of the Next Economic Downturn | Key Factors, Probabilities, Scenario Outcomes, Implications & Options |
| Starting Small But Thinking Big About Collaboration? – Three Key Questions to Ask Up Front                   | Financial Worksheet   |
| Identify Responses & Resulting Impact  | Practice Group work explanation                                       |
| Key Factors / Probability Chart  | Resources   |
| Risk Assessment Matrix   | Links   |

## My Contact Information

***Pat Knoerle-Jordan***  
 Partner, Nonprofit Practice Leader  
 Experience On Demand  
 16020 Swingley Ridge Rd. Chesterfield, MO 63017  
**314-852-1982**  
[pat.knoerle-jordan@experience-on-demand.com](mailto:pat.knoerle-jordan@experience-on-demand.com)

