

## SCORE CMHS FINDINGS AND RECOMMENDATIONS

The project began in June 2008 after SCORE was contacted by the Board officers and Executive Director (ED), seeking help under the SBA category "managing a business" The objective was defined as "*a financially sound, smooth running operation ,recognized widely for effective service in the targeted animal services realm*". The priority issue was the continuing financial deficit trend.

The role of SCORE was to advise the Board regarding issues and opportunities on the following topics:

- Finances
- Shelter operations
- Staff effectiveness
- Board effectiveness

A total of 22 "sessions" have been held, involving all levels of CMHS and 5 SCORE counselors. All SCORE counselors are experienced business owners/managers with a heart for humane treatment of animals and an interest in the long term viability of CMHS.

Key activities of the SCORE team include:

- Review of last 3 year's financial statements
- Review of strategic plan
- Visits to Shelter
- Review of organization structure
- Interviews with Executive Director and some staff
- Interviews with each Board member
- Benchmarking and public image research
- Numerous meetings, phone conversations, e mails with Officers
- Attending CFA meetings
- Discussions with donors

### The Problem

The key issue is the long term financial viability and the feasibility of sustaining the operation in its current model. The **root cause** of the deficit financial performance is simply **the imbalance between animal intake and the shelter's capacity to handle**. This process has resulted in costs exceeding revenue, stressed staff, chaotic operating processes, excessive euthanasia rate, and some negative public image. It could be said that the euthanasia rate is as equally unacceptable as the financial performance. Both need to change!

### Findings

The following observations represent opportunities for achieving the stated objective:

- Absence of strategy development and deployment
- Finances are not managed toward a balanced budget
- Absence of operational planning
- Disjointed Board of Directors----lacking unity
- Donor development uncoordinated and confusing
- Shelter facility inhibits quality of care and staff working conditions
- ED and staff lacking clear direction
- Purposeful relationships with municipal government agencies is lacking

Short term the goal is to stop the bleeding (red ink). Reducing open hours and staff seem to be effective in getting costs in line with revenue. However, this is only a remedial step as the other consequences listed above are not resolved by this action.

### Recommendations

The following recommendations are based on an understanding of best practices as revealed in the benchmarking research, plus the collective wisdom of the SCORE team in managing financially stable enterprises.

- The role of a Board of Directors is to provide direction and fiscal oversight to the organization. The Board must put aside its private agendas, inflexible attitudes and focus on its role in developing sound fiscal policy. The first step

is to review and revise the mission and boundaries of service. A strategy development retreat might accomplish this.

- Board meetings must focus on agenda items that address fiscal oversight and strategic direction, not day-to-day operating matters. Committee reports and meeting agenda should be distributed in advance of the Board meeting. Board meetings should be managed to a defined time limit.
- The fee structure and collection practices must be adjusted to compensate the shelter for value provided. Enforcing a standard of 100% drop off fee collection is normal.
- The practices and operating models covered in the benchmark study provide information that should be thoroughly digested and selectively implemented.
- Effective Board standing committees for marketing, planning, personnel fundraising, Board development, and finance should be established and/or maintained. There is a need for each of these to define its role and tasks. Leadership in these areas is critical. Non Board members should be included on these committees.
- The responsibilities and goals of the ED must be clearly defined by the Board, and a frequent review process established.
- The CFA is an excellent initiative. It should be an integrated arm of the society and accountable to the Board. Its finances should be transparent to both the Board and its donors.
- Recognize **promptly**, direct donations to the shelter.
- Immediately develop an annual operating plan to achieve a balanced budget. All options should be considered relative to the geography served, services provided, fees collected, contract income, and realistic assumptions regarding donations. Board to review progress monthly.
- Facility upgrade. Establish an ad hoc committee to develop options for renovation or relocation, to be ready for when the Shelter is on stable financial footing, or if the Zootoo makeover comes true.

## Conclusion

The reality is that no enterprise, not-for-profit nor commercial, can sustain itself in a deficit financial situation and must take on the characteristics of a business model proven to work for comparable entities. This model need not abandon worthy motives or sacrifice service quality. It is a matter of wanting to find a balance that works and making the tough decisions to do the right things.

## Next steps

- Board retreat to discuss this report and agree on an action plan. Regroup and bond around mutually supportive goals.
- Establish a task group, led by the ED and including Board members, to immediately develop a business plan for the remainder of 2009. Plan to be approved by Board ASAP.
- Assign task group to go through the Benchmarking study and select initiatives for change to be implemented.
- Begin strategy development soon, facilitated by an outside resource (MU Law school, mediation service may be gratis). Outline the strategic options, evaluate and decide. Address the root cause and plan to implement priority adjustments in strategy. Critical to resolve "open door" and fee collection issues.
- Define fundraising responsibilities and require coordination between CFA and ED . Require a plan and monthly report from each covering uses and sources of funds. A process for releasing funds from CFA to CMHS must be established.
- Appoint committee chairs, recruit from outside and get to work on plans and task assignments.
- Invite City and County to Board membership.
- Work with ED to develop a realistic job description and performance measures. Same for key staff positions.

- Provide training to improve the skills and effectiveness of staff and volunteers.
- Establish a structured volunteer recruiting, reward, and recognition process.
- Leverage the recent Zootoo notoriety for maximum marketing impact. Make this an assigned task with a plan for gaining support from pet retailers, animal supply and service providers.
- Ask Board members to raise the priority of CMHS in their own affairs.
- Manage and track all initiatives and tasks in a Gantt chart or critical path project format. The Board executive committee is the "owner" of this process.

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