

## Strategic Positioning Part 2: Tools for Evaluating Specific Strategies and Opportunities

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Elena: Our goal today, Karen and jump in if there is something different that you want cover, is just to kind of go through in a little more detail in what these stages would be in exploring different opportunities and then talk about some specific tools related to those. We would very much like to talk with you about your thoughts in terms of using them in your organization or what you've already done. So is that kind of in line with what you were hoping for, for today?

Karen: Yes, definitely. It's definitely the tools. I got the tool that was sent for our last webinar and I started looking at it. I was trying to look at from a perspective of more of a global thing that all of our programs and how do we move the entire program forward. But then I was thinking I should really look at of all of the services that we do, then do we then break it down into the other things like the LinkedIn and Share, the retention, the recruitment ... all those different aspects, as well.

Elena: Yes, I would think especially in the setting that you're in, sort of a big medical care providers or from a hospital perspective, there's so many lines of business I can see where it might be helpful to hone in more narrowly at least, as a starting point.

Lester: That's actually a question that I get sometimes with that kind of work. So as we go through these tools, that's something we can definitely raise up ... sort of when you want to use it for an entire organization or a whole department maybe in your case or when you might want to use a tool for a particular program.

Elena: Well I think ... you talked a little bit about Karen assessing [00:02:00] where your programs go now and how to move forward. Would you like to share kind of where you are in this spectrum? Your process of considering all those options?

Karen: I think I am in the cautious optimism. I want to believe that it's going to work and change, it's just dedicating the time to it, which is usually the factor that would impede things, but I am really trying to focus on this and making those changes that are going to make my life easier later on. Maybe free me up some of the time.

Elena: Yes. Do you have other folks that are with you in this path of looking at those options?

Karen: Yes, I am going to be presenting some of this information to my administrator and to our other managers, so we can take a look at how we can use this.

Elena: Terrific. Okay, so let's ... oh I guess I was supposed to talk a little bit ... I guess we've already talked about this, but you're really focusing on the evolving

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environment and I think the other time in this may also be part of what you're ... what is motivating you all to look at new opportunities and directions are changing at the target population as well. So what they're looking for or what their profile is, maybe changing.

I think the other motivator that we see a lot is sort of this increased emphasis from funders, as well as organizations themselves, but to really be able to provide information on their outcomes ... profits and outcome measures. Are either of those other bullets in addition to the evolving environments part of what is motivating you, also?

Karen: Oh definitely, all three of them are very much relevant.

[00:04:00]

Elena: Great, so I think I will just turn it over to Lester for you to kind of go through the next few?

Lester: Yes, so the way we organized this is by thinking about when you use different types of tools. The reality is that you need to use a different tool, considering the context or the purpose for the level even of decision that you're at. So we created graphic that describes a kind of hierarchy.

On the first level, when you are evaluating opportunities, which is what this is all about. You have some opportunity in front of you as an organization. The first question is really around your organizational strategy. So those very high level or directional questions and the tools you use at that level are Identity Statement and Strategy Screen. Those are great tools when you are looking at; well let's say your entire department or the broader program in your case.

Once you sorted that out, then you may still have the next level of question, which is honing down and maybe a little bit more detailed about this decision is one way to think about it. In that second path, you are really going to look at asking questions about this; if it's a good opportunity to follow, based on how and if you can take advantage or build on what you're doing now; your strengths and your competitive advantage and also around population and so forth.

This next set of tools, the tools and market research, that's after you've already decided something fits in with your overall [00:06:00] direction, but now you're really digging down a little bit further into deciding how and if this is the right decision. Then once you've decided that it really aligns with what's going on in the market around and your strengths, then you made need to dig down even further and an even more detailed analysis or evaluation. Then at that level, we

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look at the business planning and/or scenario planning tools. That can really get into the nuts and bolts on how you do it and the nuts and bolts of what it's going to cost and a lot of let's say risk analysis. What is success and what happens if you don't succeed, either programmatically or financially?

We are going to talk about the tools at these different levels. What's important is that usually business planning isn't what you need, if you don't have organizational strategy. That's what this chart is really meant to show. You don't need to work through the hierarchy of decision-making. That doesn't mean that at every process you need to start at top here and move down to the bottom. It means that you need to understand where you are at. So if you have great organizational strategy generally, then you may decide that what you really need to focus on next is just market research. There may be some need around that.

So it's really about understanding where you're at, at this moment or for this question, but making sure you take into account this hierarchy of decision-making. So Elena?

Elena: We had developed this fictional CBO and maybe what can do is talk about these tools in terms of this fictional CBO that we could not find a decent name for. Maybe because they haven't honed in on their identity well enough. [00:08:00] So we're calling it our future CBO. I think we can talk about these tools in terms of them, but then we're also happy to hone in on your organization and your needs, as well if you'd like.

So for the purposes of this case study, we're thinking of an organization; this is a stand-alone community-based organization. It really grew out of the beginning of the epidemic dreading stigma and the needs of HIV-positive individuals. Over time, it honed in on providing empowerment that CHC Behavior Intervention to HIV-negative men. So it's not super aligned with the direction that HIV world is moving, in terms of focusing in on the national strategy. It also provides referrals and testing.

The strengths that we wanted to highlight within this organization is that it does have this very good ability to provide this behavioral intervention and connect with clients. In particular, has learned through it's referrals to testing to begin to do some linkage to care and has specific credibility in relationship with the Latino community. So that is one of its real strength. Then its funding has primarily been through CHC Prevention Funds through the state health department.

In terms of options that Our Future wants to consider, there are a couple of tools that they are looking at. One is adding testing services itself, so being able to bring that on as a service it provides directly and is able to build Medicaid for, for

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reimbursements. Then the other option is developing a formal relationship with a community health center or we could even call it a hospital outpatient clinic for purposes of our discussion today [00:10:00] ... an entity that is providing full Ryan White care services. So that entity that they're linking with would continue to do the primary care and the HIV care. So what Our Future would do is provide the testing services itself directly and the linkage to care in helping with the retention to care.

So what this relationship looks like is sort of unknown. It could mean a wide range of things between colocation of staff or agreeing to an exclusive sort of referral pattern that Our Future would have with the community health center. It could include providing some training or cultural competency kind of services to the community health center in terms of serving Latino HIV-positive individuals or [Inaudible 00:10:54] individuals. Or it could also include merging with the community health center.

So that is kind of the scenario that we've set up. Les, do you have anything to add to that?

Lester: No, actually I think you covered that pretty thoroughly.

Elena: So then I think maybe if you're willing share Karen, and if you'd rather not at this point that's fine too, but sort of what kinds of steps your organization is considering; that would be helpful.

Lester: Yes.

Karen: Well, maybe we're talking about whether I want this recorded or not recorded.

Elena: Okay.

Karen: You have the hospital as whole, what it does...

Elena: ... should start by talking about an identity statement.

Lester: Yes, so we start with an identity statement. In many ways ... this is the top level again and it really is about organizational strategy, so kind of the highest level of strategy. [00:12:00] So let's go on to the next slide.

This is what an Identity Statement makes up. Quite frankly, this one of the simplest things to start with; it's designed ... we use it with clients to really just help ground you in an understanding of who you are now. So it is about the now. One of the things that is most useful in this discussion is that the leadership of

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organizations tend to have different assumptions or somewhat different knowledge or understanding about these different factors. Getting leadership to a shared understanding of an accurate description of your current identity; who you are now is actually really, really helpful and can be done pretty quickly.

In your case where you are a program within a larger organization, this can be done with your managers, but I would also say with some of the managers from the larger hospital. I am going to think as I talk about this specific tool on how you can merge. Basically, we start with your business model and those are the four elements you see around the outside here; what is the geography that you serve, what types of programs do you offer, who is your primary customer. So who do you really serve most directly? There is your funding model; how do you pay for what you do?

Again, those can be very simple questions. Sometimes there is a lot of nuance among geography and I find organization really benefit from a deeper conversation about who their customer is, who they serve. That could really help focus. [00:14:00] Maybe for example anybody with HIV who you serve, but there is a real particular focus on the Latino Community using Our Future CBO and the example of that. Understanding that and acknowledging that can be really, really helpful to an organization. All of this has to be built around capturing your mission and then forwarding your mission through competitive advantage and I'm not going into competitive advantage, because we spent a lot of time talking about that last week. So I will just leave it there.

Basically, this makes up your identity statement. In your situation and let's personalize this a little bit; the challenge you are going to have is thinking about the hospital generally where the answers to these questions might be very different than the answers to your program. It might be useful to do this exercise at both levels, but at least do it at your level and knowledge where your answers differ from the hospital. I am just thinking about who your primary customer is.

There may be populations you serve than are different from the hospital generally. Or your competitive advantage almost certainly, is very different than what it is for the entire hospital. Your competitive advantage might be something like your connection to the hospital that other program similar to yours, don't bring. That does bring services or support for marketing expertise that other organizations don't have. This is a great place to start thinking about it and talking about the dynamic between your area and the broader organization ... and again, that can be kind of a nuance and complex sometimes when you get into [00:16:00] that.

One final thing I just want to say about identity statement; this should never

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been seen as a strait jacket. What I mean by that is this is helpful in grounding you, but you should never think that because this is your identity now, you can never change; that no element of this can change. All it means is that the further you stray from your core identity, then the more planning, the more thoughtful you need to be about doing it.

So for example; with Our Future, they know all about education and the empowerment program as they stray into testing that's related ... that's tied to their identity now, but if they were to really move into health services, where they are off doing that onsite by themselves, that's really a stretch. That's really almost a whole new organization for them. They really need to plan that and develop it and be very, very thoughtful about it.

Yes, next, Elena you can go ahead.

Elena: This is kind of play out that case study example a little more and to say, okay for Our Future CBO what this would look like is their mission is to reduce HIV transmission and their advantage that they have identified as a competitive advantage is that they have this relationship with the high-risk population and specifically with Latinos that they can leverage as they move forward. The other things that they've laid out here in this identity statement is again, the geography; the county that they serve, their population that they serve being people at risk for HIV, and then again sort of their funding models being that grant-service funding [00:18:00]. Then the particular programs that they have in place right now; the stigma reduction and the risk reduction. That would be where empowerment plays in.

The idea here is just for them to have a real clear sense of how their focusing currently and how that relates to their mission. Then to sort of overlay that with the competitive advantage that they are working to build on.

I think what we wanted to do is share with you the tool and these will be sent out after the discussion. Right now I am trying to get so I can see it. Hopefully, you can see this template. But really what it is those components are just a place for you to record the responses for your organization, in terms of these various components. When we send it out it will be a PDF document and I am trying to see if I can get more of it on the screen here, if I can scroll down. Basically, it has that mission field, the result impacts, who we serve and where we work, the programs that we do it through, and then the competitive advantage.

Lester: Rolling out the tool is usually less important than having a conversation as you bill it out.

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Elena: But the reason for the tool is that it then it requires sort of that rigor of having the conversation and being able to fill in the pieces and then your conversation isn't as circular as it can sometimes be.

Lester: Exactly.

Karen: Can I ask a question?

Elena: Sure.

Karen: So within our program we have our prevention part of our program and we have our primary care side of our program. Would you suggest in doing this worksheet that I actually do [00:20:00] it separately for each side of our program, instead of looking at it ... they are different, but they work together obviously. Our prevention program feeds into our primary care statement of services. So do you think it's better to keep our identity as one program, as being primary prevention and primary care or look at it separately or as an independent judgment call of mind?

Lester: Yes, should I jump in Elena?

Elena: Yes, please do.

Lester: I can only give an equivocal answer to this ... this is not the first time this question has been asked. I would suggest that you try to start with the unified, I can't say organization, but the unified program area as much as you can. Here's the problem; if you break it into pieces, then what you're starting to do is really describe two different organizations. What can be so helpful is describing one organization, that's the theory. The reality is that sometimes and in your two sides of work are massively different, so depending on how much time you have or how useful it is, if you were to do first pass for the unified organization structure. Then if that leads to a lot of questions and kind of frustration, then to move and break it in half and maybe look at some elements of this where there is differentiation.

So for example; competitive advantage for each one might be different. That can be [00:22:00] useful. I would never tell you don't do that, but I would really suggest that you start with the one unified analysis, because it prompts cohesion and alignment. I am a really big fan of organizational alignment. So yes it's an equivocal answer, I want to be clear about that. There is no right answer.

Karen: I appreciate that.

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Elena: I do think the other advantage is looking at broader picture in terms of this tool, at least one component of it is as you look at your programmatic strength of services, it's easy to just kind of stay in that mindset of that world and to maybe miss some opportunities that are there because of the competitive advantage that the broader organization brings.

Lester: Yes.

Elena: Or even as the reach of the broader organization.

Lester: Yes, very well said. That's absolutely true. And then that's something that you want in front of you, if this subprogram doesn't have a particular competitive advantage, how do I take the real strengths in competitive advantage of the entire organization and leverage it to make this subprogram most effective. It's a great point, Elena.

Elena: Let's go on to the opportunity screen. This is really starting to look at how these elements of your identity can be included in a screen as you are looking at options moving forward.

Lester: The opportunity screen; first let's just define it. There is nothing mysterious at all. It's really no more than a list of criteria that you would use to guide your evaluation of an opportunity. So the real purpose of this is to help you make well thought out decisions. It also has a great benefit about underneath those decisions, [00:24:00] starting to raise the issues you need to plan for. It drives the decision, guides the decision, but it also helps guide your planning process as well, by addressing different elements of the decision ... of implementation I should say.

I want to hit on the second bullet point about transparent decision-making. So often we can make great decisions just based on what we know and something comes to us and we say; yep that's a good thing, let's do it. What an opportunity screen does is it makes your thinking transparent. By making it transparent, what you're able to do is involve and communicate various stakeholders in a much more powerful way. So whether it's a conversation with your senior managers in your case, with your funders, with your staff; they know how you got to the decision. They know the factors that you considered in reaching that decision.

The other thing on the third bullet, which is important is that ... I work with a lot of clients who kind of want to turn this into a formula, where they have ten criteria. They've given them each a weight and they want to give each a number and based on that, they want the answer to come out as if it were a computer program. You really just can't do that, it guides your discussion, it guides your

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thought product, but ultimately and perhaps unfortunately, we still need good human judgement.

Next slide. The question is how do you create a screen? Again, we tend to use a very simple process. We start with organization leadership and in your case I would again urge you, if you want to adopt this tool to create it and not only use your managers in your current organization; [00:26:00] kind of in the direct organization, but also your supervisors in the broader hospital so that you're involving both levels of the organization. There are a couple elements; you really just sit down and talk about what's important to you in terms of criteria for decision-making, for screening these opportunities.

We always require that you include the mission and I usually include the mission in a way that will just say the decision must align with our mission. Something that says this is the best use or the best way to achieve our mission, so there is a little bit of a cost benefit analysis. The reason I do that is almost every organization has hundreds, if not thousands of things they could do that achieve the mission, but some of them are terrible ideas. They are very low impact market-related and others are much higher than that.

The second thing we always require is that you include your competitive advantage. You always want to make decisions based on either leveraging or bolstering your competitive advantage. So really those first three bullets, that's kind of stage one. You just sit down and you make your list.

Stage two is that you actually test it. What I usually do and there are a couple elements to that; one is with stakeholders. So taking some of those elements, especially competitive advantage that we talked about last week and running it by people external to you to get their reaction. Then this drill practice; when I work with clients, we always will use the opportunity screen to consider some options for different decisions or a yes/no decision around an opportunity. We do it intentionally to see if the screen works right. As you use it once or twice or three [00:28:00] times, you begin to discover that you phrased a question incorrectly or you have left something out. So testing it through practice is good.

Really quickly I just want to say it's best to create your opportunity before you have the decision in front of you. The screen should be good for a period of time. You don't want massive change to it on an ongoing basis. You don't want to tailor it to every different decision. You actually want it to be broad enough that it's good many different decisions over time.

Next screen. Some of the characteristics of the things you want to look for in your screen. I have talked about broad applicability, that's definitely one, so

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don't tailor it to one decision so much. You want to look at durability, that's very similar in that it's good for periods of time. I am just going through here that I have; I've already spoken to. Your criteria should be specific to your organization or it can be in a certain way. I've really never done any of these with an organization where they came up with the same list of criteria and there are some that might be really specific. In your case for example, there might be a question of ... you might need a criteria that says your decision must align with the hospital's overall strategy or focus.

We already talked about leveraging or sustaining your unique strength and better than other options. So these are just some things you can consider as you develop your strategy screen; to ask have you captured the elements in the pieces of the opportunity screen that you created. [00:30:00].

Elena: I think this may be a larger group exercise thinking about what Les has just covered, what specific things would you suggest that the CBO in the case study, Our Future CBO includes in its screen. I don't know Karen if you have thoughts about that or if you want to talk sort of generally about things that come to mind about your organization that you'd want to include in your screen.

Be helpful to Our Future CBO and so for example they would ... one of the things that Les spoke to over here on the left is just the concept that the opportunity that is being pursued has better impact than other options that are available. Go to that opportunity task key, the value of that is one. I think others would be responsiveness to trends, so in particular you think about CBO's that are negotiating the changing environment around HIV care and HIV prevention and how can they be responsive to those trends, but not in a way that is short-sided, but also envisions them for the future.

Then I think in addition, these real tailored pieces that are here on the bottom is kind of looking at the capacity for our fictional CBO that they have in terms of having really good motivational interview skills and how can they leverage that in the future. Opportunity or at least make sure that it's not damaged through an opportunity, then really how they build on their strengths; this credibility and relationship that they have with the rest of the community.

Those are the kinds of examples of ways in which we want to tailor a screen for a particular organization.

[00:32:00]

Lester: The next example... go ahead.

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Elena: You go ahead, Lester.

Lester: I was just wondering Karen if these examples make sense and if they make you think of the sorts of things you might want to include and then if that helps you think in those terms?

Karen: Yes, that's why on the last presentation and I actually did take the time over the weekend to start writing stuff down and reviewing it and getting it sorted in my head. So I will definitely need to do that, but it is helpful to have the example.

Lester: And just for practice, it is sometimes helpful to have a sample question in front of you and walk through it. Then it begins to click, yes so that's good.

Elena: So just part of moving forward to the tools that we'll send out on this Karen, it's essentially walking through these different characteristics on the left-hand side of the tools. Then giving an example; so these are kind of generic examples but this will start the thought process thinking and then a place for some initial thoughts around what that screen element could be. As with the other tools, your final product might look a little like this, but the intention here is really to give you a process to start to develop those elements and it's certainly not something that would happen overnight.

This ... let me go back to the sharing here a little bit differently here. At the end of this tool; so what we did here ... is this the one? Oh no, sorry I am getting confused with another tool. So this has all the elements right in this tool... there it is on the other page, sorry. At the end, let make sure that you can see those. So on page two, [00:34:00] we ask some additional questions about durability and broad applicability. This is sort of the challenge; you are thinking as you are completing the tools and make sure that the things that you captured meet these criteria that we talked about. Any to add there, Lester?

Lester: No, I think that's fine, I'm good.

Elena: Okay. So those are kind of the initial steps and now we're going to talk a little bit about the next half, in terms of specificity.

Lester: You can go ahead, Elena.

Elena: The first thing is the environmental scan and this is a component of market research. So if you talk about market research, there's lots of different pieces of this (market research) that can happen. One of the components that we often start with is this environmental scan and especially in the health services kind of world. So for an HIV-related organization that would include what is the

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epidemiological data around the need that exists in the community and looking at especially I think, for an organization like yours Karen that has the prevention as well as the care side. What do all those pieces look like for the population that you're serving?

There's kind of two ways I think to focus these questions about what the need is out there. One is what is the population need? So who's being served, who would benefit? In the case of our fictional organization from testing, but is not receiving testing. Then the other side of that coin is the demand for them. So are there community members who are seeking testing or is that a demand that they would have to create [00:36:00] in terms of their services. If they are creating it, then that understanding of the epidemiological data is super important, just in like what is the total potential demand as opposed to the demand that is just kind of showing up at the door.

I think the other lens through which some of this environmental opportunity can be seen as often through who is purchasing the service? So especially for nonprofits, where you are serving folks who aren't necessarily purchasing the service directly, at least for part of our services what is the funders of the service saying about the need and the demand? What is it that they're expecting, how does that align with what you know about the community, and then what can you put forward in terms of evidence that what you want to provide will meet the goals that the funders have set out. So that is a very different sort of demand analysis; what is the funding out there, what are they looking for?

To really see how these pieces overlap in terms of the environment ... the third component being that existing capacity. Here in the environment scan, we're not looking at the organization's own capacity although that would be one component of the capacity there in the overall community. But we're really thinking about in the community that your customers exist in or potential customers, who else has the capacity to provide these services and how are they providing those and what is their level of capacity? So that can be challenging to identify sometimes, but it is really a critical piece of the analysis.

I am sure that your hospital is doing its own community needs assessment [00:38:00] planning at some level and the question is how specific is that to the specific program that you're working on? Really having a sense of what that broader environment looks like in terms of the need out there or the funding that's available and the capacity that exists or doesn't just in the community.

Then to kind of make it a little more specific for our fictional CBO, is to kind of pull it out into these different components. For them the need and demand is really; how many people are in the community, what's the HIV prevalence,

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what's the number of people at risk for HIV? Then the demand, so both those two questions; are people actively using your services now? The third question; how many people should be actively using your services or could benefit from your services? Then what are the services that funders are interested in paying for? Not that that is the only answer to what you should be doing, but that's an important thing to be aware of and to be considering.

The capacity could be on a couple different levels. In particular for Our Future CBO, if they are serving high-risk populations we would want to add in here assessing what other programs are serving Latino individuals in particular. It may be important depending on what their population looks like to understand what other programs are serving the LGBT population and then to get a sense of in other organizations, what's the breadth of services that are available. Are they offering the whole continuum or whole pieces of services, as well? Again, to really understand what that met need is, who has the unmet needs, and then what the potential partners or competitors are.

This is similar to what we thought about in terms of competitive advantage, but now kind of looking at it from this business planning perspective [00:40:00] of where does that need fit this organization specifically. Lester anything to add before we look at the tools?

Lester: No, that's good.

Elena: The tool for this is really again just some thoughts to go through each of these components and think about what is the demand for the program or services that you're offering as an organization. To note what the trend is, so you really think about is it sort of stable, is it increasing or decreasing or what other characteristics does it have? Then just spend some time describing what that looks so like again, everyone is sort of on the same page as you are moving forward to other steps. This is really an environmental scan tool with a broad brush.

Any questions or comments about that, Karen?

Karen: No, I'm good. No, thank you.

Elena: The next one is how's, which is sort of our inversion of what. The idea here being really to focus as we're looking at market opportunities, to really start with that broader environmental scan in the market analysis and think about what the threats and opportunities that exist externally? How do our internal weaknesses and strengths relate to what those are in the environment?

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The reason we invert the process here in this tool is so that you don't start by thinking about your overall weaknesses and strengths, which may be numerous, but may not be related [00:42:00] to what the present opportunities are that are out there. You really begin with thinking about the strengths and opportunities and then do some assessment of what those weaknesses and strengths are and your relationship to them. Think about what are those strengths that are needed to make specific options work and do you have those currently or are there gaps there?

In this we would consider the types of things that we talked about in last week's workshop around for example, leadership capacity within the organization, staff training and education or even level of staffing, your service mix and your structure, as well. The idea would be to really emphasize here or be aware that it's within the competitive advantage ... so that you're focusing on strengths that can be built on, not so much weaknesses that have to be mitigated unless they're fatal to the direction that you want to move in, but really trying to spend most of the energy figuring out which strengths that you have that you can continue to build on. The tool related to this step in the process is pretty generic, it's really just a place again to capture those pieces as you go through the exercise of doing a [inaudible 00:43:33] with your organization.

If we were to look at this for our fictional CBO then, what we look at is the threats out there are that the existing activities aren't going to be supported in the funding world the way that they have before. It's really in shifting that focus, [00:44:00] it could mean additional relationships with their clients. So really think through, what would that mean if they move in another direction, how could that impact their relationship with that Latino client base that they have that really great trust with. The core part of it, kind of the advantage.

In terms of the opportunities, we talked through kind of what some of those could be, so really identifying for them what those options are and making sure that they are fleshed out. So the strength that they can leverage here is that ability to connect with the clients, the teamwork that they have within their staff and the relationship they have with the potential partner. The weaknesses are important to look at, as they start to move toward a business planning component. So if the staff wasn't trained in testing, naturally that would need to be addressed to move forward with this particular model. The facility not configured to support the provision of test results at again, if they are looking at doing that testing onsite, that's something that they'll have to make sure that they address to be able to move forward, but it's not going to impede them from being successful.

Then sort of a fuzzier one that comes up here, that they might need a different

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sort of plan for addressing is the limited experience in selling their expertise. They really want to build on the fact that they're doing this motivational interviewing and they can help use that field to promote linkage care, but they may not have a good way of packaging information and presenting it. That takes a different kind of strategy to move forward with.

I think ... any questions or observations either Karen or Lester observations about this second layer that we just covered?

Lester: No, I'll leave that to Karen, I'm good.

Karen: No, I'm good. I was thinking about the slot last night [00:46:00] about writing stuff done, so I'll switch it around in my thoughts, as well. It makes sense.

Elena: Great. On to step three.

Lester: Actually, stay on this slide just for a second. I just kind of want to recap and maybe even making up an example for you Karen. Again, the first level was organizational strategies; those are tools where you might decide that you need to expand your programming to reach underserved communities. As an example let's say, to do more to reach ... should we really focus on the transgender population as our primary activity or a primary activity going forward?

On that second level, as that is kind of a tentative decision if you will. On the second level, you're flushing that out again. What does the market say, how many transgender people live in our service area? Who else is providing those services, where are the transgender people going now for services? What kinds of strengths and weaknesses do we have in addressing that? You're kind of narrowing it here.

Once you've kind of passed through those levels of decision-making, then you can move to the third level, which is around business planning and scenario planning. This really gets then to that question of okay what will we do? So everything says, yes this is a green light that we should expand to a greater focus on serving the transgender community. How do we do that? So that is what this now moves to, if you want to go on Elena next slide?

Even though there are two tools under this section, we are going to talk about them at the same time because [00:48:00] the business plan usually includes scenario planning. So scenario planning can be done independently, although much of the work that goes into a good scenario planning effort might be the same work you would do if this was planning. So it's a little bit different, but there is an overlap between the two.

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So business planning; this is something you use when you're making a major decision that is high-risk or a major new direction. It's already passed through your strategy, you're overall strategy as we talked about, but now you're really testing the feasibility of doing it. That involves designing it; so designing the program or your intervention and flushing out whether it's going to be a good fit. Challenging your assumptions, testing your assumptions and again, going into that detailed assessment for planning.

Let's just move on ... all I was going to say is the business planning can actually incorporate some of those previous stages and questions that you've already gone through for screening.

In business planning, the first step of it you want to identify the drivers in your plan. So what are the critical factors that are going to define the scope and the financials of your endeavors? In this example, I am giving around working more with the transgender community. You may want to ask questions like the number of clients that you can reach with different services, what the reimbursement per client might be or how much contributed revenue you might be able to get. Those are your critical drivers. One that I should have listed on here is what staffing are you going to need. [00:50:00] So in that example, you are going to need that expense question of what staffing. Those are things that really describe the broadest and most important programmatic and financial elements of your decision.

Then from that you begin to move into the best, worst, and likely cases. That's where you're developing your future as it were and trying to figure out what is likely to happen. That is where you just move into scenario planning. So next slide.

Here again you begin to see some of the questions. When we do business planning it really means going into great, great detail about doing something you're not doing now. So you might need to describe services, so for example the number of tests that you might actually, in the case of Our Future, the number that they reasonably performed, if they were to move into direct testing. It needs start up information, so again the expertise is going to be different than they have now. What kind of training are they going to need? Are there changes in policies? Actually insurance I would imagine, might be an impact for them. So it's really going into those details.

In the case of Our Future, if we really launch our own testing program, what are all the things that we're going to have to have in place to make a go of it? Of course the final piece, your financial protection. We talked about some of those;

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what are the revenue streams, as well as the expenses for all the things you've built out.

Here you are developing assumptions and again, those assumptions are programmatic and financial. What's so important in this kind of a process is identifying them as assumptions. The future is never what we bank. We always tend to be a little bit optimistic about the future, so that's why this idea of best case/worst case [00:52:00] is so important. A critical component is financial projections and Elena is going to talk a little bit about that.

Elena: Yes, I think especially for organizations like the one that we have in our case study, are much more comfortable looking at what expenses would be. So what it takes to have a program that they want to run and what are the costs involved in that? This whole idea of moving more into a revenue world is a little bit newer and more challenging. So we want to spend just a minute doing that. I think within an organization, a larger health services organization like they hospital, there are probably lots of folks who are very used to looking at revenue analyses, but maybe not through the lens of the kind of programs that you might be looking at moving forward in terms of HIV prevention.

So it is critical to have this revenue analysis be part of the business planning and to consider all the sources of revenues, so grant and billing together and any other fundraising if that is a piece of it, as well. Then to make sure that as we're building the assumptions as Lester was referring to in terms of what it would mean to be able to carry out a program, what's the capacity needs to secure revenue? If we're talking about Our Future CBO being able to build a testing services, what do they need to be able to build those services? Do they need a billing department or do they need folks to train for billing or can you contract that out to another entity? What are the pros and cons of doing that?

In a larger health services organization, is the billing process that's in place already; does it make sense for the kinds of services that you'd be billing for in terms of HIV testing services. Is there capacity there to do that additional billing for a subset of services [00:54:00] within the broader organization? So really understanding what the capacity is that's needed to secure that revenue, whether that's training or technical capacity.

Then what are the resources needed to provide the services that have to be billed. That's where we get back into planning for how many testers need to be hired and how many hours do they need to work or can train existing staff to do that, as well? How does that impact your current staff allocation. So again, really quantifying what those assumptions are.

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We have an example of one piece of that in our next slide, which is just a very simplified hypothetical income analysis. If we're saying that we're going to provide testing services and we think we can get reimbursed for those, you really flush out ... okay, what does that actually mean? What do we know about the entities that would be paying for those services? Are they Medicare or Medicaid or private insurance? What do we think that's going to look like and especially given the emerging Affordable Care Act coverage for our client and how that might be changing in our environment? What can we charge per visit for those various payers? Then what can we expect to collect, knowing that some payers are much better at paying timely and paying the full charge, whereas others won't ever pay the full charge. Getting a real sense of what the projected income is.

So sometimes it's tempting to say, okay here's the program we're going to put together and we're going to pay for this all with our earned income. Once you do the income projections, you realize they may not be able to cover the full scope of what you're putting together in your model. Then to really think about, okay what piece can come from earned revenue, earned income, and what piece for the modal that you're putting [00:56:00] together needs other kinds of funding?

So this is just an example of some of the details or one aspect of the program that an organization would want to look at. As Lester was saying, you may do a number of these types of analyses for different proposals that you have on the table.

Lester: And just to jump in for a moment; on a chart like this and we actually have this very complex excel tool for this ... collection rate, just like Medicaid for an example. We would want to look again at worst likely and best scenarios. This is where scenario planning comes in. So we might actually test so what happens if your collection rate through Medicaid is actually only 60%? What if it's 80% and then what if it's 90%, so that you can really analyze and plan in advance for those different scenarios and think through what will happen.

Elena: Just to build on that, I think some business planning then can evolve. In this particular example, you'd want to have conversations with Medicaid staff to see what are they reimbursing, how do they see this kind of service fitting in. You would also want to talk with other provider who are billing Medicaid to see what their experience is. I know some of the states that I'm aware of in terms of Medicaid reimbursement, they may eventually pay 90% of the claims, but some of them are nine months behind doing that, even though they are not supposed to be.

So just getting the sense of it and that kind of gets into the best likely and worst

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case scenarios, but getting the sense of all those variables and information about them from as many avenues as possible.

I think we'll just jump forward to the scenario planning that Lester has been talking about. That is really for all the different components of what you're putting together to think about best case what could happen. [00:58:00] So for Our Future CBO, maybe they've got their current staff trained and testing within two months, they get a hundred new clients in for testing. The community loves that they're doing this, they felt like it was a real missing component. Their billing for testing services covers 90% of the cost. So that is really ... maybe even really a utopian kind of scenario, but a best case scenario.

More likely would be to say; because I think often and especially in nonprofit organization they tend to think about what that best case scenario is and we can make it happen. But to be a little measured and say okay, given our past experience like where are the glitches that happen in this kind of thing or from the information we've gathered, what are the problems? Maybe we find out that the state will only certify people in testing every four months and you just missed the last opportunity, so you have to wait. Or more realistically, what do we know about our experience recruiting clients that [inaudible 00:59:06] and how does that inform how many folks we think we could bring in the door. I won't walk through all of these, but as Lester was saying, make sure that as you're planning through these scenarios or a particular scenario, that you're looking at the best likely. Then even the worst case scenario and say okay if this did happen, what does that mean for where we are six months down the road, if we end up in our worst case scenario?

What can we do to protect against getting to that worst case scenario? So we may not have thought about the fact that our staff aren't at all interested in training to do testing. We just assume hey this is the direction we're moving in and we'll train current staff. By playing this out in the scenario and take a pause and say, let's make sure we check with the current staff about what their interest is and think about if they are not interested what we need to do about that.

[01:00:00]

One thing to note, I know having listened to some conversations from kind of future-oriented folks, they like to have several best case scenarios so that you're not just thinking about one continuum worst, likely, or best, but a couple ways that the future could turn out in terms with what you're putting together that would be really good. You can imagine maybe, we don't recruit the 100 new clients per month, but there's some other piece about the testing like maybe

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we're bringing in existing clients from our partner or some other way that could happen, but it's still a best case scenario. It looks a little bit different than what we had originally identified.

Lester is there anything you want to add about best scenarios?

Lester: No, that's great.

Elena: Karen, any questions about this or observations that you can think about moving forward?

Karen: I think it's moving from that thought of you know you get a grant application, you do a quick EPI search, you're looking at what's happening in the trends, things you're hearing and then you try to fit yourself into the mold to get funded. This is really looking at it changing and doing that work ahead of time, to kind of preplan and really look to see what are those missing trends and create your own opportunities for funding, rather than waiting for something to fit the mold of what you can [inaudible 01:01:41].

Lester: Yes.

Karen: That business plan is so important now.

Lester: I think that is such a good takeaway. I really am enthusiastic when organizations have a point of view. [01:02:00] Where you see is what we want, this is what we're going to do and then you look for the opportunity that matches your desire. So that whole ... and the next slide actually shows the strategic level ... those positions really guide that. That gives you your point of view and then as you move down on these tools that use them for different purposes, that's where you can really sort through the opportunity to see where there's something feasible for you to pursue that lines up with your overall strategy. I think that's a great takeaway.

Anything else you want to add? We have one more slide we're going to go through, but anything else on these tools or thoughts or questions, Karen?

Karen: No, no definitely a lot of work to be done.

Lester: Well don't let it feel too overwhelming either, because you don't necessarily need to do every single thing every single time. However, there is a caution on the next slide, so let's go on to that.

I am going to go down here; common pitfalls to making these kinds of decisions.

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That second bullet point really speaks for that. You do have to be careful about skipping steps and that's maybe a little bit of a consultant's point of view. But what I find that any time I know you have to do A, B, C, & D in order to reach a decision and we decide to speed it up by skipping D or not really paying good attention to that stuff? Things go bad. So it is really and what's useful about the way we've laid it out in the three different levels of decision-making ... as I just said, you don't need to do that every time, but make sure that each of those levels is in place.

So whether you use the tool or not, make sure the question or the decisions are made starting at that top level and moving down before you move forward. [01:04:00] If you skip some of those steps, you're likely to run into problems. I will just leave it at that. That's one common pitfall.

The other ones here are pretty self-explanatory. All of these really fit together, meaning that when you do one thing, a myth that's often connected to another thing on this list. So group think is one or another way of almost identifying that is internal think, meaning that you have a smaller internal group that comes up with all the answers or comes up with all the assumptions and you never really open that up to daylight and allow yourself and your ideas to be picked at. Have people say, well what about this and what about that? It's really important to open up your thinking and share it, test it. You've heard us talk about testing on many of these different steps and that's really important whether it's with staff or whether it's with outside organizations or funders or whoever it is. Test and allow yourself to be open to saying that you made a mistake or you didn't capture something correctly.

This third bullet is one I see a lot of times and I worry about it in this presentation as we walk through all these things; tools and each one could take a lot of time. Sometimes and some people really get stuck by this paralysis by analysis, meaning they are always waiting for all the information to be in place before they make a decision or they have a hard time moving forward, because it feels like there's just too much work to do to even start. I just want to flag those. There are ways to avoid either of those problems.

You will never have 100% of the information to move forward with 100% [01:06:00] certainty about anything because that is not how the world works. You do want to think in advance about how you're going to respond to new information as you get started. So you make the best decision you can with the information you have.

Related to that is the distraction from too many details. I think that's pretty clear. Some people just dig and dig and dig into the details. This final bullet I just

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want to mention because it's a tough one and there's no great answer, but there always has to be some balance between being cautious and conservative or taking risk. There needs to be a right balance. The idea with all these tools is that it allows you to take more risk because you have thought things through intentionally and you've tested the underlying thinking. You've grounded something; you've grounded the decision well so that you're prepared to take more risk. By taking more risk perhaps you'll have a higher mission-oriented reward.

So there is always a balance here and just kind of knowing where your balance needs to be between caution and risk is really important. Elena anything you want to add?

Elena: No, I don't think so. I think maybe just one thing to note that we weren't explicit about in the third step that we talked about. We didn't put together the specific tools around the business planning and the scenario planning, just because it varies so much and they need to be so much more in-depth and tailored to what the organization is wanting to do. That's why we didn't go to that level of detail, but it speaks to what Lester is saying in terms of having that ... be measured about how much energy you expend in something, making sure you've done [01:08:00] those initial steps and have the focus as you dive in more deeply.

Lester: Yes, good point.

Elena: So I think Karen that it's great that you took the time between last Thursday and today, which ended up being a really short chunk of time we realize with the holiday in the mix, to look at the competitive advantage tool. Just wondering if you think you'll have time this week to try one of the other tools or which one you're most drawn to kind of jumping into.

Lester: ... use with the Hawk ... our books in this kind of a setting. I will just say that the La Piana book, *The Nonprofit Strategy Revolution* is a quick read. In terms of identity statements and strategy screens and getting to organizational strategy, it's a quick read with specific tools in it and it's simple. I think that's what I want to say. It was all about making this simple. As a starting point, it might just be helpful. I am just kind of feeling the weight of all of these options in front of you now in terms of tools to use and ways to think. I think that the tools there might offer you kind of a good starting point foundation that is pretty quick and simple. Just a thought.

Karen: Is it available through Barnes and Noble?

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Lester: I'm not trying to sell it because it's our product, but really for what you are describing and what I am hearing, I think it actually might be really useful for you.

Karen: No, I think it's good to have something to fall back on. I really have enjoyed these two days. It's a shame I didn't get more feedback from other participants in there as well, but I do appreciate that we did continue to do this. But then having something to really be able to go back to and refresh beyond slides and stuff like that [01:10:00] I think will be an added bonus.

Lester: Yes.

Elena: We do still have this time held for next Tuesday and I think what we'll do Karen is check in with the other folks who had registered. But given that they are not on the call today, it's probably not going to be super helpful. But I would say, we've got that time held on our calendars and we can check in with you a little in the week and see if it would be helpful for you to have a conversation with Lester and myself then, just to check in.

Karen: That would give me something and make sure I gear myself toward making sure I do something, as well. Accountability is important.

Lester: We all understand that.

[Cross talking 01:10:51]

Lester: There are studies that people who weigh themselves every day, lose more weight than people who don't. It's all about accountability.

Elena: I have to get that scale out, I guess.

Lester: Yes. Two different things.

Elena: We will just plan on touching base with you Karen. We've got to iron out whether this Google Chat makes sense, but it might. Do you have a Google+ account by any...

Karen: No, I don't.

Elena: I think we could at least talk live that one, but we'll figure out a way to do that and get back in touch with you around that. Also Morgan will send you our survey, which is anonymous and you will be the only one responding. So if you can reflect a little bit on both what you think was helpful and could be more

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helpful, that would be appreciated on our part. [01:12:00] I think that does it for today. Thank you Karen for joining us and taking the time to think through these things for your organization. I think it's really hard work and you are to be commended for moving forward and searching out some resources to help.

Karen: Can I ask you guys a question about developing a webinar?

Elena: Sure. Have a great afternoon.

Lester: Thank you, take care, bye bye.

Elena: Good bye.