

Self-Sufficiency Model Overview

Since 1983, Life Steps Foundation has been empowering Californians of all ages living with mental, physical and developmental disabilities to maximize their independence and social integration. Through cost-effective home- and community-based services, we inspire and equip our clients with the necessary skills to become responsible, self-sufficient individuals able to function productively in their homes and communities thus preventing institutionalization.

In the 21st century, however, social and health service organizations face a unique set of challenges:

- Mounting competition for a slice of the shrinking philanthropic pie.
- Increased pressure for fiscal accountability.
- The exodus of talented staff to the private sector or government agencies.
- The loss of public trust in the capacity of non- profits to effectively deliver the services they have promised.¹

To remain viable, social and health-service organizations must confront these challenges and adapt. Our goal at Life Steps Foundation is not merely to survive, but to thrive with continued excellence in meeting the unmet needs of our clients. To do so, we knew it would be critical to demonstrate greater efficiency while strengthening the public trust in our ability to spend wisely to help the greatest number of those in need. Recognizing early on that this would require a major rethinking of our business model, we dedicated our entire efforts to the task of organizational innovation.

In December of 2008, Life Steps Foundation completed a four-year initiative in which we sought internal solutions to these challenges through systemic change. Our dynamic re-configuration resulted in the new Life Steps Foundation Group (LSF Group). As a leaner, decentralized organization, LSF Group is dedicated at all levels to promoting critical thinking, creativity, situational leadership and the tenets of social enterprise with clients wellbeing as the foremost goal in mind.

Streamlining for Self-sufficiency

Driving our new direction is what we call the *Self-Sufficiency Model*. We segmented the direct providers that comprise our Operations Division by service population and locality and promoted their incorporation into independent 501(C) 3 Affiliates. Our newly incorporated Affiliates now operate under the umbrella of the LSF Group but are

¹ The Chronicle of Philanthropy, "Public Confidence in Nonprofit Groups slides back, New Survey Finds" by Suzanne Perry March 2008: 70% of survey respondents think that charities "waste money" and 35% have "none or not much" confidence in charities.

Adapted from:

Up to the Challenge of the 21st Century

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empowered for increased effectiveness by having their own Board of Directors and CEOs. This allows us to reward talented, proven managers in each unit with upward mobility. While every Affiliate continues to embrace the high standards and guidelines established by LSF Group, each now has a sense of ownership in their business and an energizing stake in its successful outcomes.

Becoming an Affiliate requires meeting a criteria to ensure a successful transition – total immersion in the LSF culture, mission and purpose, proven managerial track record, services excellence and fiscal responsibility. Those operations not meeting these standards remain as Business Operations under the Life Steps Group until they are capable of operating on their own. Currently we have three Affiliate operations and two Business Units under the LSF Group.

Rounding out the new LSF Group is our Corporate Division, comprised of Accounting, Human Resources, Development & Marketing, Training & Clinical Quality Management, and IT. The Corporate Division now functions as a strategic partner providing a range of support services and expertise to our Affiliates for a 17% fee. These services include LSF Group's advanced technology solutions, training in best practices, staff recruitment, benefits administration, accounting and uniquely targeted marketing, public relations, and development. Our new infrastructure ensures that Affiliates of LSF Group operating their businesses efficiently derive maximum benefit from the umbrella group's well-tested systems, resources and guidance.

Benefits of the Self-sufficiency Model

Our *Self-sufficiency Model* fosters robust growth, motivates staff, invigorates work environments, and rewards qualified Affiliates that have represented Life Steps Foundation well in the communities we serve. It also decreases administrative costs by eliminating management layers allowing for a more focused and nimble operation dedicated to increased collaborative team building and critical thinking.

Since implementing the *Self-Sufficiency Model*, LSF Group has experienced numerous benefits including:

- Quantifiable measurements of the relationship between direct service provision and indirect overhead, resulting in increased internal accountability and transparency.
- Affiliates, employees and contractors are more proactive in monitoring and maximizing the success of their respective business.
- Decentralization of operations has led to reductions in layers of management, including the positions of COO, Adult Services Director, and Aging Services Director.
- Stronger programs and services are able to retain, train, and reward more staff with increased wages and benefits due to cost-savings from streamlined operations.
- Better trained and qualified staff yield excellence in services.

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- Critical thinking and situational leadership skills have increased in direct proportion to the Affiliates' sense of ownership and autonomy.
- Greater employee retention, satisfaction, and collaboration on future strategies for increasing self-sufficiency.
- Opportunities for fundraising and creative marketing based on localized approaches and targeted populations have increased and proven fruitful. From January 2008 to end of June 2008 we saw an increase of over \$148,000.00 in grants awarded from the same period the previous year.

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