

GCI was barely making enough money to survive, let alone achieve its goals and make a difference.

Emily and Jackson, however, did not agree with Sue's perspective. Jackson firmly believed that GCI was serving a lofty purpose that went beyond just making money. "Isn't that why we are a nonprofit?" he gently asked. He went on to say that GCI exists to protect the public interest and that there are many citizens who want to volunteer and be a part of organizations such as theirs. Although Emily agreed with Jackson's views regarding a mission-driven organization that was integral to civil society, she had a different philosophy on how it should operate. Not only did she think that it did not need to run like a business, but also she thought that the government should supplement GCI's operating revenue. She stated, "After all, we are working for public interest and supporting students to be publicly minded citizens."

Sue believed, on the other hand, that the GCI idea of a nonprofessional management style was not conducive to an efficiently and effectively run organization. As more and more people began to realize this, they walked away from this organization in hopes of seeking more effective and efficient means of attaining political change. Sue's intent was not to discredit the use of grassroots campaigning, but to highlight the need for effective management of such campaigns. Sue argued, "Idealism and wanting to make a difference are great in nonprofit organizations, but they must be balanced with some proper business and management administration." Sue suggested that the first step was to design and implement a program evaluation that included process and impact assessments. From there, a plan for change could be developed.

Emily and Jackson become defensive at the suggestion of an evaluation. A heated debate ensued.

Discussion Questions

1. How would you characterize the philosophical differences among Sue, Jackson, and Emily? What do you see as the strengths and weaknesses of their varying viewpoints?
2. How can Sue bring about positive change at GCI? What suggestions would you make to enhance GCI?
3. What steps should be taken in the design and implementation of a program evaluation at GCI? What research methods and assessments would you suggest for assessing efficiency and effectiveness?
4. How do the values and missions of nonprofit organizations differ from other organizations and/or agencies in the private and public sectors?
5. How can a balance be achieved between running an organization through the lens of business administration compared to running it through the lens of public administration?
6. Can a more business-like approach contribute to the GCI's grassroots' effectiveness? Explain.

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COMMUNITY HEALTH CENTER CASE

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OVERVIEW

Abstract

This case demonstrates the importance of aligning strategic and operational plans with environmental needs. It examines For the People (FTP), a community health center that is part of a larger health provider, DUNN Community Care. FTP faces a rapidly changing environment and needs to adapt quickly to remain viable. However, the parent organization, DUNN, is obstructing some much-needed changes such as participation in the Governor's Change Initiative. The FTP director, Miranda Jackson, knows her organization needs to innovate to survive but lacks the financial and human resources and political support to enact new strategies.

Main Topics

Planning, Strategic management

Secondary Topics

Reform, Organizational culture

Teaching Purpose

To encourage students to think at a macro level by discussing the development, implementation, and communication of a strategic plan in an organization

The Organization

The case examines a community health center that is part of a larger nonprofit health care organization.

Main Characters

- Miranda Jackson, Director of FTP
- DUNN Board of Directors

BACKGROUND

Community health centers were developed to address complex issues related to disparities in access and care within the American health care system. There are now more than 1,000 federally funded community health centers throughout various underserved communities in the United States. Over the past forty years, community health centers have expanded; today's community health center network is one of the nation's largest primary care systems.

For the People (FTP) is the largest community health center operating under the multifaceted, nonprofit health care provider DUNN Community Care. The FTP facility is on a main thoroughfare with good access to public health center and other services, and it is the only Federally Qualified Health Center (FQHC) in its service area. FQHCs are community owned and operated health centers for the underprivileged. Because it is an FQHC, FTP can work directly with Medicare and Medicaid, as well as apply for federal funding to support the organization.

For more than 40 years, FTP has been serving a large urban community of nearly 2.5 million residents. FTP's target population is the more than 575,000 uninsured and underinsured residents from various backgrounds and minority groups, 95 percent of whom live at or below 200 percent of the federal poverty level. When the health center was first opened, patient care was provided in a modest double-wide trailer; now FTP and DUNN have more than ten large medical clinics, twenty school-based centers, and a number of other medical facilities in their network.

DUNN STRATEGY

FTP has a director who is responsible for overseeing the health center, but who must ultimately answer to the DUNN Board of Directors. Since DUNN is designated as a FQHC, the organization is required to be governed by a community board with a patient majority—that is, a majority that reflects the population the health center serves.

Three years ago, the Board decided that the entire organization needed to examine its strategy and goals. On a national level, health care costs were going up, and the number of people without adequate insurance was becoming a salient political issue. At an organizational level, the Board realized that all the DUNN affiliates were going to have to begin operating more efficiently if they were to survive.

The Board hired an outside consulting firm to assist with the facilitation of an extensive strategic planning process. The planning committee included the board members who met for a two-day retreat to devise a plan for the entire organization. The process included collecting and reviewing data from various stakeholder groups. A SWOT analysis was conducted to help determine the strategic direction and goals of the organization. In the SWOT, the board looked at internal strengths and weaknesses and external opportunities and threats to determine leverage points and strategic direction. The DUNN

Board and outside consultants established three strategic priorities focused on patients and employees:

- a. Eliminating health disparities and improving access;
- b. Delivering quality-driven and cost-effective primary and preventative care; and
- c. Facilitating economic and community development of the service area.

In addition to these strategic priorities, the Board decided to pursue a stability strategy. This would ensure that the organization remains the same size and meets stakeholders' needs while cutting costs. Given that not all parts of the DUNN organization have the same structure and needs, the Board allowed for some flexibility on the individual health center level. The centers were given the strategic plan and directed to develop "business-level" goals and tactical plans.

FTP'S BUSINESS STRATEGY

Whereas the DUNN board is concerned with the long-term viability of the parent organization, the FTP director and staff are busy trying to make sure that their particular clinic excels. FTP can concentrate on this goal because the DUNN Board has given each business unit the authority to "address the competitive aspect" of each facility by allowing the directors to develop their own business strategies. Hence, FTP creates its own sub-strategy to tailor planning efforts to its unique situation. Although it functions independently, FTP must work within the vision and mission of the larger organization.

FTP has used its freedom to define itself as a different sort of health care center: one that offers superb care and respectful treatment to all patients, no matter their background. The organization has presented itself as a quality-care provider for the uninsured or the underinsured, who together comprise up to 64 percent of FTP patients. To date, the differentiation strategy has been successful for FTP and has translated into satisfied patients who consistently return to the facility. In a recent patient satisfaction survey, more than 90 percent of surveyed patients reported high approval of FTP facilities and its staff.

Although FTP has adopted a differentiation strategy on the business level, the individual service departments have used a low-cost strategy that incorporates corporate- (DUNN) and business- (FTP) level strategies. The administrative team also adopted a "low cost ≠ low quality" mantra, encouraging FTP staff to deliver top-notch care at the lowest cost possible.

A NEED FOR INNOVATION

Just a few years after the Board engaged in the strategic planning overhaul, Miranda Jackson, FTP's director, began to feel that DUNN's priorities matched less and less with the challenges FTP was confronting. Since the

strategic plan was implemented, Jackson and many of her health center employees began to observe a drastic shift in the makeup of their community and clients. A majority of the people coming into the clinic were non-English-speaking (mostly Haitian-Creole and Spanish), most were not U.S. citizens, and many did not possess appropriate immigration documents.

Despite some obstacles, FTP had a number of strengths. A \$500,000 exterior renovation project was completed six months earlier. FTP's status as one of the community's best employers helped in the recruitment and retention of staff. Over the past two years, the local Department of Health had provided a \$20,000 subsidy for operational costs. And, new funding streams from automated Medicaid managed care plans and new health care legislation were on the horizon.

Although Miranda and the FTP administrative team wanted to adopt DUNN's "low-cost" policy during this time, employees were complaining that some costs were simply unmanageable because of the changing clientele. There was a need for trained staff members to act as translators for the medical and administrative staff, and often the clinic had to seek legal council to deal with immigration issues that could impair access to or quality of care. Most FTP employees truly wanted to help their clients, but they felt a great deal of pressure to achieve the financial and competitive goals promoted by DUNN's leadership.

The corporate office for DUNN did not address the need for innovation or aggressiveness that Miranda knew was indispensable in the competitive and dynamic health care field. The Board's inability to address these elements was compromising FTP's ability to remain competitive and viable within its service areas. As a result, Miranda began to actively go to DUNN's Board to inform it of what was needed to serve FTP's target population. Unfortunately, the Board was slow to respond to Miranda's requests. She became frustrated that the Board could not produce more innovative strategies to deal with FTP's rapidly changing environment.

GOVERNOR'S CHANGE INITIATIVE

Miranda and the team of grant writers at FTP were always looking for new government programs that could improve their organization. When one of the staff members presented Miranda with a new state program supporting innovative programs, she was eager to learn more. The Governor's Change Initiative, specifically, was designed to help organizations meet the needs of the changing health care environment. This seemed like a perfect way for Miranda to fund the strategic changes that needed to occur at FTP without financially burdening DUNN.

Miranda submitted a Governor's Change Initiative proposal to the DUNN Board for approval with the goal of being the alpha test site for new strategies within the organization. Miranda hoped that implementing these strategies would make FTP more competitive and adaptable. She and the staff were excited that making some simple changes could ultimately provide

better patient care. Much to their dismay, however, the DUNN Board of Directors did not immediately approve the proposal.

Miranda knew that the strategic and tactical recommendations in the Governor's Change Initiative were important for FTP's survival. Forecasted results confirmed that FTP was at risk of losing a large amount of their market share in the next five years, because of both a lack of community partnerships and a loss of government funding opportunities. Neither FTP nor DUNN had any financial or operational partnerships with any of the local hospitals or community health centers, and another prominent community health care organization had lost government funding three years earlier and had been forced to close. Although the DUNN Board tried to engage in strategic planning for the benefit of the organization, it had consistently failed to take these kinds of environmental factors into account during the planning sessions. Miranda believed that implementing the Governor's Change Initiative was a risk worth taking, and that the Board was hindering FTP's ability to innovate and adapt.

After another disappointing conference call with DUNN board members, Miranda returned to her office, worried about the future of the organization she cared for so much. She expected the Governor's Change Initiative, with its financial modifications and new management techniques, to provide FTP's administration and staff with the opportunity to evaluate and implement various creative options for delivering quality services while implementing a new strategic and financial plan. However, the reliance of DUNN leadership on the traditions of the organization instead of addressing emerging trends could contribute to a significant loss of market share and potential funding opportunities in the near future for the entire organization. DUNN's efforts at strategic planning did not seem to reflect the issues that were so obvious to the FTP director and staff. With new funding streams would probably come more competition for those funds, and Miranda was ambivalent about whether or not the DUNN Board could weather the increasingly turbulent health care environment. Miranda was in a bind: she could almost touch what needed to be done, but because of the Board's inertia, it was just beyond her grasp.

Discussion Questions

1. Why do you think the Board opposes Miranda's recommendations? Do you think it is a reasonable position for the Board to take? Explain.
2. Does FTP have a real need to change its strategy? Explain.
3. What action steps would you suggest for Miranda to meet conflicting stakeholder needs, including those of the Board and FTP clientele?
4. What suggestions would you give to DUNN to improve future strategic planning processes? How could it better communicate and implement the plan throughout the entire organization?
5. How can DUNN better align its strategy with the health care environment? How can it better align the strategy with the internal structure and culture?

Discussion Questions

1. What responsibilities, ethical and organizational, does Patricia have to the Johnson Medical Center? Explain.
2. How might Patricia enlist the national organization in her efforts to change the hospital's position? Explain.
3. How should Patricia have communicated her contact with Tillinghast to her superiors? Explain.
4. What would you have done if placed in this scenario? Why?
5. How might your decision affect the organization's image and networking within the community? Explain.

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**OAKDALE
ADMINISTRATOR CASE**

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OVERVIEW**Abstract**

This case examines the political trade-offs and tough decisions that must be made to restore a municipal government to fiscal stability. In an era of flat revenue growth or decline, many municipalities face stark choices regarding economic development and growth. Oakdale, a suburb of a medium-sized city, is struggling to compete with the more prosperous and attractive surrounding municipalities for redevelopment projects and business investment. Complicating the situation is a scandal involving the previous city administrator who was found guilty of violating state ethics laws and gross fiscal malfeasance.

Main Topics

Decision making, Financial management

Secondary Topics

Political context, Ethics

Teaching Purpose

To put students in the shoes of municipal officials as they struggle to balance the budget and at the same time provide their residents with a higher quality of life.

The Organization

A small suburban municipal government with a weak economic base in the inner suburbs of a large city.