

15 per cent per year, compared with 10 per cent in 2011. The number of customer complaints had increased to 25 incidents in August and returns had climbed to five per cent of sales.

Marcus seemed to be on the telephone with the managers at the Shenzhen plant at least three times a week, and he was becoming frustrated with the situation. The plant had numerous production-related issues, but Marcus and Li were having a tough time trying to narrow down the causes.

Shirazi reviewed the list of employees at the Shenzhen plant and found that only 10 per cent of current employees had been with the company

since 2005. He saw that three out of the five initial management hires were still with the plant. Shirazi booked a flight for China and spent the remainder of the week visiting the other four ReedTrek plants to introduce himself. On his first day, he would meet with Li at 9 a.m. He was hoping to later meet with the other members of the management team. Shirazi had two issues on his mind. First, he needed to quickly build credibility with Li and the rest of the management team so he could analyse the situation. Second, he needed to know how best to gather the information he was seeking. As he did not know what the issues were, he wondered where to start.

Carmichael Outreach: A New Leader Takes Charge

Sean Tucker and W. Glenn Rowe wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

As Danielle Goulden entered her office, she reflected on her first two months as executive director at Carmichael Outreach (Carmichael), a nonprofit organization that helped homeless people and others in need in Regina, Saskatchewan. She had officially become the executive director on September 1, 2012, after having shadowed her predecessor, Shawn Fraser, for the month of August. Carmichael faced several immediate and longer-term challenges. During Goulden's short tenure, she had been threatened with violence, had identified clients on the premises who were seriously intoxicated, had seen pimps in the public coffee room and was aware that injection drugs were

being used outside the building on Carmichael's property. She had also determined that someone was stealing food and other materials, and she was aware of concerns that none of the volunteers had been cleared through a criminal background check. Shortly after taking over, she had been told by a prominent member of the community that Carmichael was known as "the anything goes place."

Goulden knew that structures and policies were needed to ensure the safety and security of Carmichael's staff and clients. She was also concerned about the relatively low wages paid to staff. The longer-term issues facing Carmichael were no less critical. Many associated with Carmichael considered that the organization should be doing more to assist members of the Regina community who were in need. In particular, many wanted Carmichael to address Regina's chronic shortage of safe and affordable housing. However, at the same time, many were mindful that any future growth must be sustainable lest Carmichael compromise its ability to respond quickly and effectively to its clients who had the most desperate needs.

Carmichael Outreach

Carmichael Outreach (www.carmichaeloutreach.org) was a small nonprofit organization (NPO) that offered programs to support the needs of homeless people and other marginalized individuals in Regina, Saskatchewan. It was established in 1988 by a group from the Carmichael United Church congregation. Initially, the group had collected used clothing and distributed it at no cost to the recipients, residents of Regina who were in need. Later, other services were offered, including a small food bank, an emergency food service and, eventually, an after-school program for children. In 1995, the congregation disbanded and the church property was sold. The money from the sale was used to support Carmichael Outreach. In 2001, two significant events occurred. First, Carmichael moved to its current location on the east side of downtown Regina (see Exhibit 1). Second, the formal tie between Carmichael and the United Church of Canada was discontinued.

Currently, the organization functioned as the last line of hope for people in need. This role was central to Carmichael's mission (see Exhibit 2). Carmichael served individuals experiencing trauma, afflictions, mental illness and an absence of family and other social support. A large majority of Carmichael's clients were Aboriginal peoples. The organization's philosophy differed from the charity model whereby one side gives and one receives. At Carmichael, the people who received also gave back by volunteering or working part-time at Carmichael.

For the first 15 or so years, George Palmer served as Carmichael's executive director. After he retired, his replacement did not work out. The next executive director also had a short tenure. In July 2009, Shawn Fraser became Carmichael's executive director. Almost immediately after accepting his new position, he went on his honeymoon. While he was away, the Carmichael board of directors debated a motion to dissolve the organization, due to inadequate funding, understaffing and other organizational challenges

(e.g., the lack of stable leadership). Fortunately, for Fraser and Carmichael, the vote failed, 3 to 4. The directors who had supported ending operations resigned from the board. The remaining board members agreed that the next executive director needed to work out or Carmichael would be closed. Twenty-seven-year-old Shawn Fraser accepted the challenge.

With some experience working for several nonprofits in Canada and abroad, Fraser set out to stabilize the organization. In many ways, his experiences and traits were well suited to the situation he inherited. He enjoyed multi-tasking and organizing and had been taught by his parents to be frugal.

Shawn Fraser's Three Years

Immediately, Fraser addressed three areas. First, he started with the organization's shaky finances.^① In his first year, he conserved capital and, subsequently, he established a reserve fund and obtained half of Carmichael's operating budget from stable sources. Second, Fraser worked with the board of directors to improve the governance of the organization and recruit new board members. A former board chair noted that Fraser had a lot of influence in board discussions, even though, according to the organization's bylaws, the executive director did not have a vote in board decisions.

^② Third, Fraser addressed the organization's understaffing. As Carmichael's finances began to improve, Fraser hired additional staff. He hired good people, some of whom he knew well. His philosophy was to give them autonomy and to empower them to do their jobs without undue supervision. In practice, he defined half of each employee's job and then allowed each employee to define the other half.

During Fraser's tenure, Carmichael's net worth (total assets minus liabilities) and its revenues increased significantly. Net worth increased from \$55,073 in 2009 to \$127,620 in

2012 (see Exhibit 3). Revenue went from \$169,914 in 2009 to \$400,668 in 2012 (see Exhibit 4). One of his early goals was to have staff positions funded by stable core funding not grants and other unpredictable sources. Donations to Carmichael's annual Christmas appeal—which, during December 2011, involved dropping 15,000 requests into mailboxes in the city—had grown from \$25,000 in 2008 to \$63,000 in 2011. Carmichael applied twice to United Way Regina for funding and was granted \$25,000 in 2012. However, this grant and a one-time amount of \$10,000 were declined by Carmichael because Carmichael's Christmas appeal sought unsolicited donations, which United Way Regina did not permit.¹

Carmichael had developed a solid reputation in the community, which was reflected in the growth of monetary and other donations (see Exhibit 4) and in the interest from those wanting to work in the organization. For example, undergraduate students from the University of Regina learned about homelessness from tours of Carmichael's facility and from guest lectures by Carmichael staff. Other students were involved actively in fundraising campaigns for Carmichael, and some undergraduate students had taken internship positions at Carmichael. Community members showed a strong interest in serving on the board of directors and in other volunteer positions. In 2011, nearly 100 volunteers donated 5,000 hours to Carmichael's programs. Despite its successes, the volunteer program offered no procedure for becoming a volunteer. There was no information packet, no requirement to submit a resume and no requirement for a criminal background check.

In March 2011, Carmichael received a Torch Award from the Saskatchewan Better

Business Bureau. This award was given annually to one nonprofit organization in the province of Saskatchewan that “actively demonstrate[s] leadership in ethical business practices in their day to day business operations through the actions of their employees in striving for service excellence.”²

As mentioned, job vacancies attracted considerable interest. Forty-nine people had applied for the position of community outreach coordinator, several of whom were highly-qualified applicants. In addition, Goulden had been one of 35 candidates who had applied for the position of executive director. This eagerness to work at Carmichael reflected the organization's standing in the community and was all the more impressive given the relatively low salaries offered.

Fraser's vision and strategic priorities for Carmichael stemmed from the needs of the clients. Carmichael adapted quickly to situations: at times, its activities might have seemed like chaos to an outsider. Because of this approach, Carmichael was known for being responsive to the immediate needs of the people it served.

Carmichael employed five full-time and 12 part-time staff. Employees “identified lots with Carmichael” and had a “huge buy in with what Carmichael does.” Commitment at Carmichael was very high despite the difficult nature of the work. Eight clients had died between 2010 and 2011, and one staff member had been familiar with a client who committed suicide by hanging himself. Others said that working at Carmichael was like being a part of a family and described it as a healthy work environment despite the emotional and psychological demands.

In July 2012, Fraser wrote the following note to Carmichael's staff and board members:

¹The United Way Regina allowed its partners to engage in fundraising using donor mailing lists. Thus, Carmichael had the option of using its recent mailing list for fundraising purposes, while accepting funding from the United Way. However, the mailing lists required updating and tended to become out of date in two or three years.

²Better Business Bureau of Saskatchewan, “2011 Torch Award Winners Announced,” March 29, 2011, available at <http://sask.bbb.org/article/2011-torch-award-winners-announced-26372>, accessed March 24, 2013.

Dear Friends: It was three years ago today that I started as the Executive Director of Carmichael Outreach. Little did I know at the time that this would turn out to be the best job I've ever had. And now my time with Carmichael Outreach is coming to a close.

Fraser left Carmichael to spend more time with his family and was considering other roles in the community that would allow him to address the issues that mattered to him.³

Carmichael's Current Programs and Services

Carmichael Outreach offered 19 programs and services to individuals and families in the surrounding community (see Exhibit 5). Some programs were funded from general donations, while others were supported by targeted grants. The four main services were needle exchange, used clothing, food recovery and housing referral. Exhibit 1 shows Carmichael's location in Regina, its services and the location of other organizations that offered similar and complimentary services. Carmichael was unique in that it was a non-faith-based organization, having severed its connection with the United Church.

Needle Exchange

The Regina Qu'Appelle Health Region (Health Region) operated one of its five needle exchange locations out of a dedicated room in Carmichael's building with a Health Region employee administering the program. The needle exchange program helped reduce the spread of hepatitis C and HIV/AIDS, which were on the rise in Saskatchewan. In 2011, 625,000 needles were exchanged at Carmichael (out of a total of 1.8 million needles exchanged across the five

locations), a 25 per cent increase since 2010. The program had a 94 per cent return rate, which was considered high, leading a 2008 government report to describe the program as effective. However, a concern was voiced whether government funding for the program would continue, given its lack of support among some members of the public. Carmichael did not charge the Health Region rent for using the dedicated room.

Used Clothing

Carmichael accepted donations of clean used clothing, which it offered at no charge to clients. The clothing was sorted by volunteers and stored in a room on the main floor. In practice, Carmichael did not advertise for people to donate used clothing, due to its lack of space for storing and displaying the clothes. However, during times of shortage of specific items (e.g., children's winter clothing), staff and volunteers organized clothing drives for the needed items.

Food Recovery

Carmichael ran a food recovery program that was allowed under Saskatchewan's *The Donation of Food Act* (see Exhibit 6). This act allowed individuals and organizations to donate perishable food without liability. In a small kitchen, Carmichael volunteers processed the donated food into free take-away lunch packages during weekdays. The suppliers of the food, more than 20 small restaurants and grocery stores, received a tax receipt in return for their donations. In 2011, 28,286 meals were given away.

While other organizations offered free meals to those in need (e.g., Souls Harbour offered a daily supper), Carmichael was unique in several ways: the food could be taken away, Carmichael was centrally located and it was a non-faith-based NPO. Unfortunately, Carmichael had no capacity to expand this service because it lacked the space.

³In November 2012, Fraser was elected to the Regina City Council.

Housing Referral

Spurred by strong economic growth, Regina's population had increased by 8 per cent between 2006 and 2011, and was expected to continue increasing. This population increase had led to an increase in housing prices (110 per cent increase between 2006 and 2011), the conversion of apartments to condominiums (leading to a decline in the supply of rental units) and new residential construction that was unable to keep up with demand. The resulting shortage of rental housing had led to Regina having the lowest vacancy rate in Canada in 2009, 2011, and 2012, according to the Canada Mortgage and Housing Corporation.⁴ Monthly rents had risen to unprecedented levels due to limited supply. During 2011, the Regina Housing Authority, a city-owned and -operated housing organization, had 400 people on its waiting list for rental accommodation, and larger property management companies had waiting lists of up to 700 people. These lengthy waiting lists translated into wait times of between two and three months for accommodation.

While many residents of Regina had the means to adjust to the changing rental market conditions, many others did not. By conservative estimates, between 2,600 and 3,600 individuals used a shelter at least once per year.

To address these housing issues, Carmichael's housing coordinator had three primary areas of responsibility. First, Carmichael provided basic housing help with finding a bed in a shelter or longer-term rental accommodation. Carmichael also maintained and made available to its clients online and printed lists of available rental accommodations. Clients could also receive assistance with completing rental applications. Some clients needed intensive help, such as transportation to view properties, assistance

with financial records and damage deposits, and assistance with developing a list of references.

The second part of the housing coordinator's job involved conducting a pilot project for the Health Region as part of an HIV strategy. This fee-for-service project involved Carmichael assisting people who were living with HIV to find suitable housing. Evidence suggested that people with HIV experienced improved health outcomes if they had access to good-quality living conditions.

Finally, the housing coordinator position involved conducting advocacy work for clients who were being evicted or had been blacklisted by landlords. Closely related to this work were the general lobbying efforts for more safe and affordable housing in the city. Media reports of the housing shortage had increased in recent years. For example, one high-profile story in 2010 had described people living in an office building, which was an illegal form of housing. Fraser and Alaina Harrison, the housing coordinator, had issued press releases to attract media attention to the plight of the homeless in Regina and, in the fall of 2011, Carmichael produced a video chronicling the problem with the views of both tenants and landlords.⁵ Although these efforts had helped to raise public awareness of the housing problems in the city and had raised the profile of Carmichael's work, many wanted Carmichael to take on a bigger role in addressing the housing crisis.

Strategic Planning and the Growth Paradox

Starting in 2010 and continuing into 2012, Fraser and the members of the board of directors engaged in strategic planning, at times with

⁴Canada Mortgage and Housing Corporation, *Rental Market Reports (Canada Highlights)*, http://www.cmhc-schl.gc.ca/odpub/esub/64667/64667_2012_B02.pdf?fr=1369365037173, <http://www.cmhc-schl.gc.ca/en/corp/nero/nere/2009/2009-12-16-0815.cfm>, <http://www.cmhc-schl.gc.ca/en/corp/nero/nere/2010/2010-06-15-0815.cfm>, accessed May 24, 2013.

⁵See Carmichael Outreach, *Bridging the Gap: Regina Landlords and Renters on Social Assistance*, video, available at http://carmichaeloutreach.org/index.php?pageid=BlogDetail&blog_id=60, accessed March 24, 2013.

the assistance of an outside consultant. Through this process, eight broad objectives were established:

1. Long-term sustainable funding
2. Comprehensive staffing plan
3. Building the board to achieve capacity and continuity
4. Effective public brand and reputation
5. Expanding network of partnerships
6. Larger staff and facility expansion
7. Major public voice influencing public and private sectors on behalf of clients
8. Expanding services

Although progress had been made in each of these areas, questions remained about the nature and scope of Carmichael's role in the community. The key question was whether Carmichael should maintain its current size and program offerings, grow its current activities or expand into a new area.

Carmichael's guiding philosophy was to adapt to address issues in the community; at this time, the most pressing issue facing its clients was the acute shortage of safe and affordable housing. Expansion was most frequently discussed in terms of the "Housing First" model.

Developed in the United States, the Housing First model focused on helping clients find and stay in permanent housing. From this perspective, securing housing was considered to be the critical first step in assisting clients with treatment for drug addiction, mental health issues, and other health and social issues. According to the rationale, community support

organizations cannot provide treatment and support to individuals in a cost-effective manner when clients lack basic shelter. Housing First had been shown to be effective in some U.S. locations, and evidence suggested that such an approach might be cost effective in Canada. A 2005 study found that providing housing with support was the lowest cost approach:

- Institutional responses (prison/detention and psychiatric hospitals): \$66,000 to \$120,000;
- Emergency shelters (cross section of youth, men's women's, family and victims of violence): \$13,000 to \$42,000;
- Supportive and transitional housing: \$13,000 to \$18,000; and
- Affordable housing without supports (singles and family): \$5,000 to \$8,000.⁶

Currently, the Housing First model was the subject of a large-scale evaluation study, involving up to 1,300 clients in five Canadian cities.⁷ Final results from the At Home project, as it was known, would not be known until late 2013; however, the initial findings were promising.

Several fee-for-service housing support programming approaches were possible at Carmichael. First, Carmichael could bid on government contracts and offer a custom housing support program to help settle clients into rental accommodation. Carmichael could also develop the program using its knowledge from working with clients to select those people who were most likely to stay in housing and provide them support and training (e.g., cooking and laundry skills). Similarly, Carmichael could develop a partnership model with landlords to support at-risk clients to stay in permanent housing. In essence, Carmichael would act as a broker

⁶Pomeroy, 2005, The Cost of Homelessness: Analysis of Alternate Responses in Four Canadian Cities cited in http://www.homelesshub.ca/ResourceFiles/Cost_of_Homelessness_Pomeroy_English.pdf, accessed May 23, 2013.

⁷Mental Health Commission of Canada, "Issue: Housing and Homelessness," <http://www.mentalhealthcommission.ca/English/Pages/homelessness.aspx>, accessed March 24, 2013.

between clients and private landlords. Third, Carmichael could develop partnerships with other organizations and acquire and manage affordable housing while also offering support services. One possibility would be to own and manage co-operative housing. Finally, the most capital-intensive and vertically integrated option would involve Carmichael building and managing housing.

In all of these options, Carmichael would face financial, staffing and other internal challenges. First, the costs of providing housing support services were difficult to estimate, given the unique needs of clients and the lack of experience in costing such activities. Second, Carmichael lacked the knowledge, expertise and personnel to act in a property management capacity. Assisting and advocating on behalf of a tenant was one thing, but it was another thing to act as a property manager. In fact, these roles could be incompatible. Carmichael was also limited by the size of its building, which was currently at capacity. To offer housing support services would require a physical expansion or the acquisition of a new building. Both options would necessitate a capital campaign that could take resources away from core programs and disrupt the operation of those programs.

A key consideration was how to fund growth. Recently, stable funding from the United Way Regina was declined because Carmichael would have been required to discontinue its successful unsolicited Christmas fundraising campaign. In the past, the board had discussed additional sources of earned revenue, for example, by charging a nominal price for meals and clothing. The consensus had been that charging for these services would be inconsistent with Carmichael's mission.

More generally, many had voiced concerns that physical and operational expansion would cause Carmichael to become bureaucratic and lose sight of its core mission. There was apprehension that growth would change the organization's culture and lead it to become impersonal to clients, volunteers and staff. A benefit of

remaining small and maintaining its current state was that the organization would continue to be able to respond quickly to the needs of clients. Others worried that Carmichael would grow simply for the sake of growth. One staff member described the dilemma facing Carmichael this way: "Our current location is good and the current building attracts people but people expect us to grow."

In addition to deciding whether, and how, Carmichael would expand, was the question of whether to revisit the strategic planning and organizational goals given Fraser's departure. By all accounts, he had much influence on both the board and staff. In particular, Fraser had driven the discussion of Carmichael expanding into housing support.



Goulden's Background ↗

Goulden's educational and work experience had prepared her for managing many of the short- and long-term challenges facing Carmichael Outreach. Prior to joining Carmichael, she had been a volunteer coordinator, and before that, she had spent more than two years working as a resident manager and counsellor at My Aunt's Place, a shelter for women and children funded by the Regina YMCA. In these roles, Goulden had supervised staff, developed strategy and policies, managed budgets, offered housing and employment support to clients, and engaged in advocacy. She had also held a research assistant position related to studying homelessness in Regina.

Goulden believed that Carmichael was an invaluable agency in the community for addressing service gaps. In particular, Goulden believed that Carmichael could act as a catalyst for taking action on homelessness in Regina. Prior to taking the executive director's role, she believed that Carmichael was at its next crossroads, and the position was an opportunity to take the organization farther by expanding programming, developing new partnerships and implementing plans for a new building.

Conclusion

Problem
Goulden and Carmichael faced several immediate challenges. She needed to reconcile Carmichael's culture of openness and dedication to serving those in the most need without prejudice with her responsibility for ensuring the safety of Carmichael's staff and clients. Goulden knew that policies were needed to protect everyone. She also considered that some clients, such as single moms, would not feel secure visiting Carmichael if other clients were seriously impaired by drugs or alcohol. However, some staff had expressed concerns that Carmichael would become less accessible to clients if boundaries and rules were put in place. They worried that no one would come to Carmichael.
Solution

In addition, Goulden needed to lead Carmichael's staff and engage with the board in several discussions on the Housing First model.

Safety Issues
Housing Issues
Problem
Housing Crisis
Should Carmichael pursue the Housing First model, or should it concentrate instead on its current programs and services? If Carmichael did move ahead on a housing initiative, what form should it take? Who should lead the initiative? Should it be led by Goulden, someone else within Carmichael or would she need to hire someone? What timeframe was she looking at? How much money would be needed? Where would the money come from?

Goulden appreciated that under Fraser's leadership Carmichael Outreach had improved dramatically in many areas. Having said that, Carmichael was now her responsibility and she knew that Carmichael's clients, volunteers, staff and board members would be looking to her to develop and express her longer-term vision for Carmichael, in addition to managing the day-to-day operations, which included ensuring the safety of clients and staff.