

Lindenwood University

Digital Commons@Lindenwood University

Theses

Theses & Dissertations

1993

Strategic Planning: The Long and Short of It

Linda Ann Flynn

Follow this and additional works at: <https://digitalcommons.lindenwood.edu/theses>



Part of the Business Commons

**STRATEGIC PLANNING:
THE LONG AND SHORT OF IT**

Linda Ann Flynn, B.A.

An Abstract Presented to the Faculty of the Graduate School
of Lindenwood College in Partial Fulfillment of the
Requirements for the Degree of
Master of Science

ABSTRACT

This thesis will focus on corporate strategic planning, its stages and the impact that the planning process has on organizations.

Over the years corporate America has deemed it necessary that not-for-profit organizations should include time for planning in their management efforts. Research has shown that the management of any not-for-profit can be at best difficult. With the help of strategic planning, however, even not-for-profits can be better off in the future with time well spent today.

Time taken to understand the planning process and to follow the steps will help top management to solicit the commitment from both board members and staff in order to undertake the creation of a plan.

This research will culminate in an implementable plan for the Development Department of a Missouri Not-for-Profit Nursing Home following the acceptable planning steps outlined.

**STRATEGIC PLANNING:
THE LONG AND SHORT OF IT**

Linda Ann Flynn, B.A.

A Culminating Project Presented to the Faculty of the Graduate School
of Lindenwood College in Partial Fulfillment of the
Requirements for the Degree of
Master of Science

COMMITTEE IN CHARGE OF CANDIDACY

Professor Dr. Michael Castro, Chairperson and Advisor

Betty LeMasters R.N. Ph.D.

Adjunct Professor Carolyn Scott

Dedicated to

Mom, Dad, my husband, Kevin and
my two daughters, Patricia and Megan

For all of their support and understanding
while "family" took a back seat to education.

Thanks to all of you I made it!

Table of Contents

I. INTRODUCTION	1
Strategic planning	1
Formulation	3
External forces	3
Internal forces	4
Not-for-profit organizations	6
Differences	6
Lutheran Altenheim Society	8
Development Office	13
II. LITERATURE REVIEW	15
Direction and actions	16
Mission Statement	16
Strategic Analysis	19
Strategies/Goals	22
Long-Term Objectives	23
Integrated Programs/Actions	25
Financial Projections	28

Executive Summary	29
The Presentation	29
III. METHODS AND EVALUATION	31
History	31
Mission statement	34
Strategic Analysis	38
Opportunities	38
Threats	40
Strengths/Assets	43
Weaknesses/liabilities	46
Critical Issues	49
Strategies/Goals	51
Long-Term Objectives and Action Plans	52
Financial Projections	56
Executive Summary	58
IV. RESULTS (Development Department Strategic Plan)	59

V. DISCUSSION	78
Summary	78
Limitations	80
APPENDIX A	83
APPENDIX B	101
APPENDIX C	120
APPENDIX D	138

Chapter I

INTRODUCTION

Strategic Planning: The Long and Short of it

"Would you tell me, please, which way I ought to go from here?"

"That depends a good deal on where you want to get to," said the Cat.

"I don't much care where," said Alice.

"Then it doesn't matter which way you go," said the Cat.

"So long as I get somewhere," Alice added as an explanation.

"Oh, you're sure to do that," said the Cat, "if you only walk long enough."

Lewis Carroll, *Alice in Wonderland*

Every organization is going somewhere. That goes pretty much without saying. But where it is headed is another matter. Top management staff needs to provide the desired direction. The awareness of this fact can mean life or death for any organization doing business.

Strategic planning has become a catch phrase for today's managers since the 1980s. Planning can be a simple acknowledgement that the organization is headed in the right direction or a complex map for future

decision-making. The failure to plan ahead has been the downfall of many companies.

In companies without a strategic plan, one department could be operating at a profit and doing well while another is struggling. Top management had better take a look into the reasons why the two departments are so different. Once looking at the reasons, developing a plan to bring the second department up to a successful level or the decision to discontinue its product or service, defines a strategy for success. These strategies tied together define a corporate strategic plan.

A strategic plan acts as the map or chart for the direction in which top management, boards, and staff members want to take a company. Planning makes management's efforts much more single-minded and their commitment toward a specific end. Strong commitment from the top management staff and board members is essential if they expect other staff to become involved. A plan which addresses the fundamental questions of identity and integrity, has the greatest opportunity for success if staff at all levels have a voice in the future of the organization.

The terms "strategic planning" and "long-range planning" have over the years been used somewhat interchangeably, but there are some differences. Strategic planning should be focused on reaching specific ends designed to

benefit the organization as a whole. It will most likely be made up of several long-range goals along the way. Strategic planning is a means of charting a course so that other short and long-range goals are more efficiently focused (Espy 2). A long-range plan is the dream.

The entire process of planning will take staff and management from hopes and dreams for the organization's future to the possibilities and situations that will likely be faced. The plan that is developed should not be static, but should be flexible yet practical and straightforward to meet the organization's goals.

The actual formulation of an organization's plan needs to address the influences of external and internal variables. External forces that influence decision making can come from areas in which management really has no control. Economic forces, technological changes, political focuses are all external variables to any organization. But, top management must be aware how changes in these areas may affect how they run their business in the future.

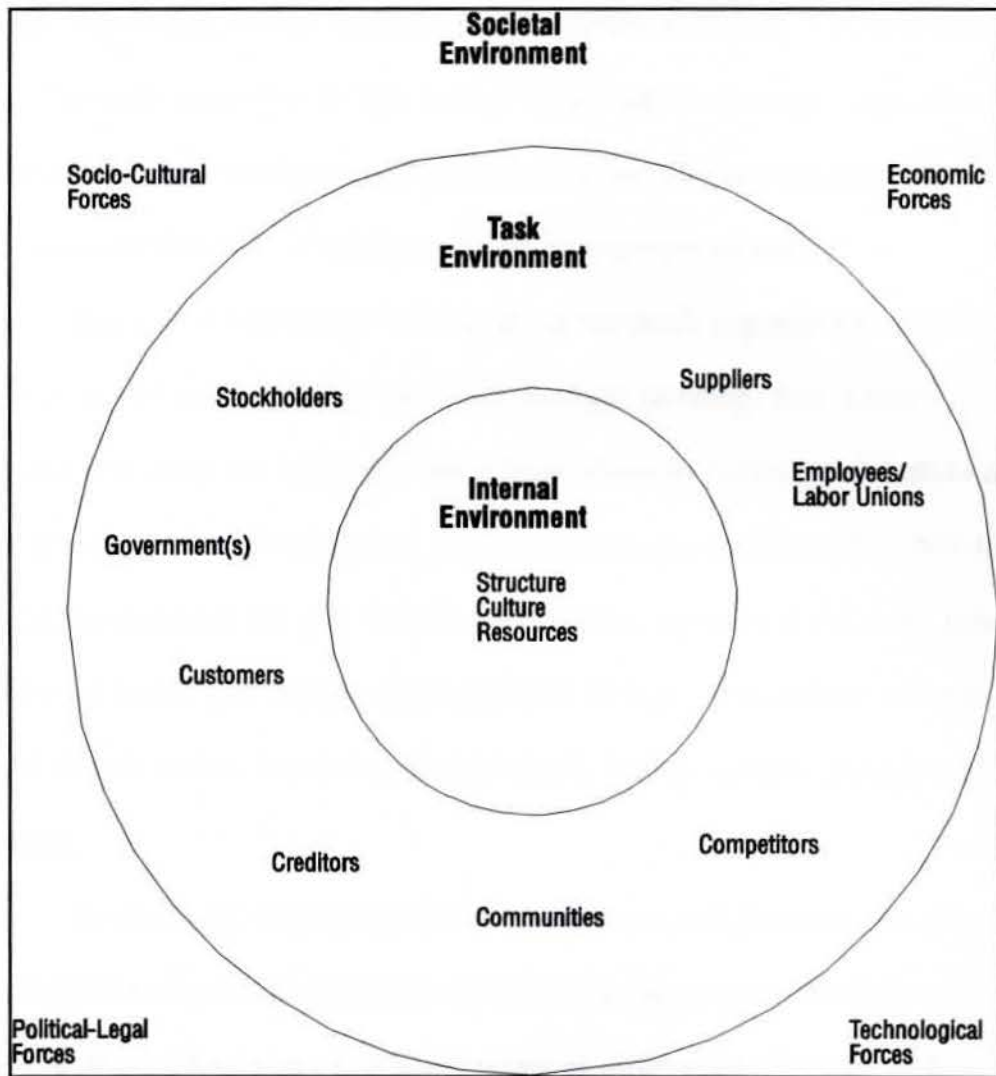
Task environments are also an external type of force which should be considered in planning. Areas such as government regulations, customers, creditors, competitors, suppliers, and even employee or labor union variables will directly affect how management will make decisions. Top management

can not, typically, directly control these factors in and of themselves. Top management can not govern whether or not suppliers will be able to stock specific items, but if given the chance to plan in case of a stock shortage, management can make an intelligent decision if the item remains in production.

Internal forces that top management battle during the planning process include the corporate structure, culture, and available resources. These areas may be under direct control of top management in small companies, but are mainly uncontrollable in larger environments. Structures and cultures are organization specific. Whether decentralized or departmentalized, corporate structure has usually been in place for years and a change could upset all operations (Wheelen & Hunger 8).

Company culture, which can be described as what is right or acceptable within company bounds, is expressed throughout each individual department, division or segment of employees. Top management needs to be aware of how all of this interacts with their decisions and plan. For the most part, internal forces will be considered during planning, but are not directly controlled by management. Figure 1 shows some of the internal and external forces that organizations face (Wheelen & Hunger 7-9).

Figure 1



Environmental variables to be considered when planning (Wheelen & Hunger 9).

A strategic plan will encompass information regarding where an organization wants to be. It does not make future decisions. Decisions can only be made in the present with current conditions (Steiner 15). But what a plan does do is help management prepare to make informed and well-thought out decisions that will ultimately make an organization stronger.

Because of a particular interest in not-for-profit organizations and how the companies are performing their own strategic planning, Jack Koteen reflects that many not-for-profits are at least fifteen to twenty years behind in the development of planning than profit-centered organizations (11). Not-for-profit organizations not only include governmental agencies at the state, federal and local levels, they include such entities as colleges, universities, national or local church bodies, health care organizations, human services and cultural groups.

Accordingly, their structures of management and planning may take a different flavor yet will contain all of the critical paths mentioned earlier. Koteen also acknowledges four main points of differences between not-for-profits and other corporations: "absence of a profit measure; non-client sources of revenue; politics; and a less responsive bureaucracy" (12). These difference may be easily reflected and translated to the idea that most not-for-profits seek to provide a service rather than to make money by selling a

product.

Because the strategic analysis looks at monetary figures relating to profits or losses, not-for-profits are forced into translating their services into dollar amounts. Because of their typically people-centered services, they rely on strong employee motivation and strong customer satisfaction. "One side is improvement in the quality of life for the person receiving the service; the other side is the enormous satisfaction for the person who delivers the service" (Koteen 13).

Another analytical problem which faces many not-for-profit organizations is financial projections which cannot always be projected accurately because they are not tied to levels of sales of products. They rely on government grants, donor solicitations, Foundation support, and other extremely variable sources of income. Because of the nature of the variability many contingencies of the specific objectives are questionable at best. This would relate to the fact that, especially in not-for-profit cases, the strategic plan that is developed has to be flexible enough for contingencies that fall through in funding. Adaptability is extremely important for the not-for-profit management staff to understand.

Politics affect all organizations. But not-for-profit organizations seem to be particularly affected by it. Agencies involved in social services or

specialty areas can find themselves well-funded and well-supported during one election year because of political ties, but should the candidate lose or not be re-elected funding to the agency may be cut. What should management do? How can staff make the organization more stable? This is where strategic planning becomes most effective. The critical issues of political reforms, or funding sources not coming through, are issues that should be confronted during situational analysis and "what if" forecasting.

Businesses that make huge profits often take those profits and offer employees incentive or bonus programs. Not-for-profit organizations on the other hand, sometimes struggle to maintain employee motivation. More often than not, not-for-profits tend to handle employees in a structured manner, with little or no change over the years. Change can happen, but only after much reassurance, hard work, planning, and progressive adaptation in management (Koteen 15).

Experts agree that not-for-profit organizations can be very difficult and demanding to manage. But armed with the tools of strategic planning, even the smallest not-for-profit organization can begin to anticipate the future and deal with it confidently.

The Lutheran Altenheim Society of Missouri is a not-for-profit corporation located in the state of Missouri. The Society has been serving the

needs of the aged and their families since 1906. This is reflected in its past Mission Statement, "The mission of the Lutheran Altenheim Society (LAS) is to provide for the needs of the aged as an expression of the Christian love and concern by the Lutheran community" (see Appendix A).

This statement was reaffirmed by board members for many years. Each decade since the board first laid the ground work for the corporate mission, there has been a growth in the number of the aged. Recently, the staff and board of 1992 reviewed and updated the mission and philosophy as follows:

To meet the needs of the elderly as an expression of the Christian love and concern of the Lutheran community whether the elderly have financial resources or not (see Appendix D).

The addition of the phrase "whether the elderly have financial resources or not" within the mission statement reflects the concern of the corporation over the number of low income elderly and the necessity of being conscious that governmental aid in the form of Medicaid has an effect on the corporation's income. In the case of the Lutheran Altenheim Society, a loss of \$20 per day per resident occurs if the resident receives Medicaid funds toward the cost of care. The cost of care is approximately \$78 per day. The government currently reimburses the nursing home at \$58 per day.

In some instances, nursing homes limit the number of Medicaid residents able to remain in residence and will ask residents to leave the facility because of the loss in revenue that the home would incur. Accepting Medicaid means that the home will tolerate reimbursement to only cover a portion of the resident's actual cost of care. Some homes may require that the family members make up the difference.

The Lutheran Altenheim Society does not require that a resident terminate their stay if they deplete their own financial resources nor do they require that family members pay. This is a financial positioning statement for interested residents and families in the marketing of the Society, but it becomes a nightmare for the fiscal services department at year's end with deficits sometimes hitting \$750,000. It also becomes the challenge for the development office to raise more funding support (Schmidt).

Since about 1980 the Society has had a long-range or strategic plan in place. (A copy is included in its entirety in Appendix A.) With the first written copy dated 1988, the following strategic goals were included:

1. Providing for the needs of the Aged as defined by needs surveys.
2. Growing our Mission [sic] to meet the needs of the Aged.
3. Ensuring that the needs of the families of the Aged are met.

4. Being exemplary financial stewards, thereby ensuring our ability to meet the Mission (Appendix A).

Five main points were stated as action plans in order to obtain the goals specified in the 1980 plan. Those points included: hiring a Director of Development and a Director of Outreach Ministries; adding 80 beds to the nursing home; developing eight satellite centers; and the renovation of the 1929 Altemheim building which serves residential care residents. By 1988 both directors had been hired and the 80-bed addition was completed. However, the other statements needed review.

New or modified additions occurred in 1988 with the sights for the new goals to take the company into the decade of the 1990's. These "new" goals included:

1. The development of a long-range plan for 1990 and beyond.
2. The development of satellite centers:
 - a. The enlargement of Luther Center-Northeast
 - b. The expansion of the Good Neighbor program
 - c. Increasing the Casework staff
 - d. Utilizing government funding for housing
 - e. Determining the potential for expansion of the LAS services into St. Charles County or other areas.

3. The renovation of the 1929 Altemheim building
 - a. Enlarging the Activities program
 - b. Providing additional, professional Nursing staff
4. Expanding the educational programs (Appendix A).

By 1989, review and modification resulted in a new look for the plan. The first page took on the shape of an outline for five major points including the Mission statement; critical targets; situations and/or conditions; objectives; strategies and action plans. (This plan format follows in Appendix B.) Some points that have grown or changed included the joining of two of the goal statements. No longer were the aged and their families separate entities. Objective A became "providing for the needs of the Aged and their families as defined by needs surveys" (Appendix B).

The 1990 plan was, in effect, a revision of the 1989 plan with fewer specified times (dates). The Mission, critical targets, and objectives remained the same (Appendix C). The situation/conditions section changed by splitting the Satellites and the Outreach Ministries. This was a new concept. Initially it was conceived that the satellites were dependent on outreach. This no longer became an assumption. Even though this plan followed the road that the president/CEO wanted to take, the board felt it was too detailed and definitive. They wanted something broader in scope and vision (Schmidt).

The most drastic revision occurred with the plan adopted in September 1991. It is by far the most general of the plans to date. (A copy follows in Appendix D.) Both the board and the President/CEO are excited by this new plan. It allows them flexibility and yet limits them to answer to the mission and philosophy of the corporation. Specific action plans are not completely defined, yet the reader can feel the direction in which decisions will be made in the future.

It was discussed that other departments should develop a strategic plan to handle specific department goals in conjunction with the corporate plan. The first department to be asked to develop in such a role was the Development Office. The president/CEO is not positive when and how other departments will be asked to proceed. (Schmidt)

The Development Office of the Lutheran Altenheim Society is tied closely with the goals related to fund raising and fiscal responsibility. With a two-member staff, the development office raised approximately \$190,000 in general contributions during 1991 and received \$160,000 in legacies or bequests from 25 donors who were solicited previously and who then named the Society in their wills. General contributions were raised through six direct mail campaigns and, for the first time, a telemarketing effort was implemented during the year.

With the financial picture dimming as more residents need Medicaid assistance upon entering the nursing home, the demand for more funding requires that the development office heighten the public's awareness for funding needs. The economic issues will undoubtedly take on many faces in the way of appeals, personal solicitations, and other means of communications with the need for annual planning taking on a much deeper importance for the office than ever before.

This thesis is an attempt to describe the planning process, its effect on corporations, the necessity and benefits of strategic planning for all types of businesses -- small, medium, large, profit-centered, or not-for-profit. Once the planning process is described, it will be applied to the actual development of an original plan. The plan will be presented in the results chapter with a discussion following in chapter 5.

Chapter II

LITERATURE REVIEW

The project of planning can take many forms. Ideally, the project should not be treated lightly and should have a firm foundation in the top management, board of directors, and ultimately with the president/CEO. Dreams of success by these individuals will become realities if adequate time and effort is placed on strategic planning.

There are many authors that have dealt with the subject of strategic planning. This review centered around those who addressed not-for-profit planning, and those writers who concentrated on the process of planning rather than those who delivered strong convictions of the type of planning that should or should not be used. This thesis will address the process of formulation and will culminate in the actual plan to be implemented. It will not try to argue what type of analysis is better than any other, but rather that there are many types of analyses that can be used by management in the formulation of a strategic plan.

The typical strategic plan should cover the direction and actions staff and board members will need to take in order to achieve the organization's desired result. There are several types of methodologies that may be used to arrive at a specific plan, but most plans can be broken down to include seven steps:

- Organization Mission (Philosophy, Value Statements)
- Strategic Analysis
- Strategies (Goals)
- Long-term Objectives (Plans)
- Integrated Programs (Actions)
- Financial Projections (Budgets)
- Executive Summary. (Below, Morrisey & Acomb 19-21).

Mission Statement

In order to begin the process of developing a plan, the organization's mission or philosophy statement should either be reviewed if one is already in place, or developed for the first time. Management and board members should ask themselves several key questions when looking at the organization's

mission. In the research that was completed, these questions appeared in more than one individual work. Variations also appeared, but these were addressed most often:

- What business are we in?
- What is our vision for the future?
- What is our underlying purpose, direction and value?
- What do we do best?
- What is unique about what we do?
- How well are we performing? Do we have top quality performance?
- Why do we exist?
- Who is our target audience (client base)?
- What is our principal product/service, present and future?
- Are we productive in what we do?
- What's different about us now than three to five years ago?
- What will be different about us three to five years from now?
- What issues are important to our organization's future?

(Below, Morrisey & Acomb 22)

These questions are often difficult for managers to answer. Assumptions and hunches should not be relied upon. Decision-making needs to be based on solid evidence derived from financial, production, service and other relevant information. These are the questions to ask as a mission statement is being developed. But the development of a mission should not be the end. The mission should also be designed to grow with the organization and for it to do so may require that it be rewritten after review and discussion (Below, Morrisey & Acomb 40).

A mission can be as broad or as narrow as needed, and whether it is the right or wrong statement can only be seen after the choice has been made and tested (Steiner 157). Useful mission statements become a "rallying point for supporters, a guide for fundraising . . . and a challenge for the personnel" (Fox 16).

Part of having a mission statement is to give direction to all of the staff. As the directional statement, a mission should not be kept in the offices of top management or the board of director's office like a cherished treasure. The rank and file employees are entitled to have a sense of what the mission means to them. What, if anything, should they be doing differently? Does their job directly relate to the mission? Once the mission becomes readily available, employees become personally responsible for it (Walker 13B).

Strategic Analysis

Approaches to the second step in the planning process are as varied as there are analytical methodologies. Case studies, scenario-building, profit-loss analysis, forecasting, and many others exist to help keep top management aware of what is happening and what will happen if a particular item should change.

Critical issues that affect planning need to be labeled as soon as possible. These will include the external and internal forces that companies will face at every turn. George Steiner, sometimes called the grandfather of strategic planning, outlined a method of analysis by using the acronym "WOTS-UP". Standing for Weaknesses, Opportunities, Threats and Strengths, the method of analysis suggests that management take into consideration all of the factors and label whether or not they are a weakness, opportunity, threat or strength (Steiner 142).

Typically, a weakness or strength will be generated from inside the corporation. Strengths will tend to be related to capabilities, contacts and motivations of the organization's staff. Weaknesses will be related to attributes which will tend to decrease an organization's effectiveness in relationship with a competitor or diminish a product or service in quality. Every organization will have a combination of both strengths and weaknesses,

but management is usually more aware of strengths than of weaknesses (Koteen 112).

Opportunities and threats should be treated through an environmental analysis. These factors are combinations of good and bad from an external beginning. Opportunities are combinations that will result in a benefit for an organization if they occur. An opportunity could be a well-thought out expansion into a new product line or service area that performs well. However, if a threat were to occur, it could cause major damage to a corporation. A threat could be linked to a supplier's shortage of stock material. This could mean that a product line may have to be terminated. Opportunities and threats can be a gamble, but if top management takes into consideration the options and their actions, decisions can be successfully reached (Koteen 113).

During the analysis stage many questions have to be raised in order to focus attention on the critical issues involved in preparing the plan. The considerations of these issues need to be supported by hard evidence and not just assumptions or hunches. Management must ask key questions that are measurable like those that follow on the next page:

- What quality of product/service do we provide? (give a level of quality or reliability)
- Which products/services are in most demand? Why?
- Which product/service do we prefer to provide the public? Why?
- Are we planning to offer any new products/services?
- Who are our customers/clients?
- Are the products/services that we are providing available, accessible, and affordable?
- How does our audience know about us?
- Do we need to consider new markets?
- How do we handle complaints? How many have we received?
- What budgetary resources are available? Are they adequate?
- What is the current staffing? Vacancies? Turnover?
- Is current equipment/supplies adequate? What is needed and why?

(Koteen 119)

Once critical issues like these are identified and labeled under the WOTS method, then real analysis of what to do and why can begin. This can

be done rather simply by listing each critical issue at the top of a page. Characterize it as one of the WOTS terms and how staff realizes that the situation exists. Use any evidence that management may collect based on observation or other support documentation. Then list a remedy or action (Koteen 113).

Strategies/Goals

The writing of the strategies or goals can be cumbersome but are the keys to the future direction of the organization. Much of the data gathered during the analysis and many of the conclusions that management will come to regarding the issues will bring the major goals to the forefront (Koteen 120).

Strategies will typically focus on major items such as:

- products/services offered
- market needs
- customer/client needs
- technology
- methods of sale and distribution
- size/growth
- return/profit.

From one of these areas the planning team can set priorities. These priorities in turn set the wheels in motion for the organization to fulfill its mission (Below, Morrisey & Acomb 58).

As the plan begins to take form, many organizations find that many of the strategies will include items for expansion, improvement, innovation or adaptation. For instance, the priorities become: What can be done better? Can the company do more to change the product or service? Can we offer or do something new? Many times, these first level strategies are vaguely stated or overgeneralized. They represent dreams. Management staff can take the lead with the next step - the development of actual plans or objectives (Below, Morrisey & Acomb 60).

Long-Term Objectives

The long-term objectives of the organization are the actual statements of where the organization will be and when. Some examples for long-term objectives are shown in Figure 2 on the following page.

Figure 2

Examples for Making Objective Statements	
<u>Strategic Category</u>	<u>Long-Term Objective</u>
Market Position	To become the dominant supplier of (designated) services to (designated) market segments by (year).
Image	To become recognized as one of the top three companies in our industry in terms of service by (year).
Profitability	To have all mature product lines producing a minimum net profit of (percentage) of sales by (year).

Examples of Long-term Objectives (Acomb, Below & Mayoress 72)

In order to know if objectives are rational, there are some questions that top management staff should consider in the development of specific objectives. Fundamentally, is the objective measurable - will staff know if they have met the goal? Is it actually achievable or is it so unattainable that staff will not be able to meet it? Is it flexible or adaptable? If a slight change is needed in order to achieve the goal, will it still meet the organizational strategy? What about its consistency with the rest of the plan? For most cases, three to six long-term objectives are enough to offer a solid base for each strategy. Once objectives are agreed upon by the planning team,

accountability through the integrated programs needs to begin (Below, Morrisey & Acomb 74).

Integrated Programs/Actions

Integrated programs and/or action plans are the action steps of strategic planning. It is at this point that organizational needs are the focus. If an organization is market-driven, then it would be likely that at least one of the strategies and groups of long-term objectives will be related to product or market development. The type of action or program required will be delegated to marketing, sales, engineering, production, or other divisions if the action will be implemented.

The CEO will be extremely important in the success of integrated programming. Although most of the action plans will be carried out by others, the CEO has the responsibility of monitoring and reviewing the results. Monitoring the results will give top management staff greater assessment of individual skills as well (Below, Morrisey & Acomb 77).

It may be possible to trigger trouble spots in supervisory staff and link evaluations to performance based on measurable results. True MBO styles of management already perform this by coupling planning with result-oriented

review. Strategic planning taken seriously will enable all staff to be able to have a grasp of where the organization has been, where it is now, and where it can go in the future (Espy 121).

Integrated programs can be documented by first identifying the results needed, taking the analysis section and reviewing it by identifying who is responsible for what strategy. Actually, the organization will have all of this information gathered already. If it is a marketing strategy, marketing staff's actions will be identified. The measurable outcomes and which personnel responsible for achieving the outcome will be delegated accordingly. Next, the formulation of what action would be appropriate can be reviewed - can the organization afford the action; are there other alternatives? The department staff responsible for the actions should review their own accountability because whether this plan is successful will depend directly on their cooperation and support of the programs.

This way of distributing the responsibility closely resembles the operational plan. The two plans, strategic and operational, are meant to work in tandem, not as opposites or synonymous but as equals. The operational plan will tend to include the first year of the strategic plan. However by doing the overall strategic plan first, and then developing the operational plan, the programs are more readily adapted to meet the operating requirements. An

example of an accountability chart for a company interested in increasing sales and new product lines follows in Figure 3 (Below, Morrisey & Acomb 81). (This is not a service-oriented example, but shown solely for an example of accountability.)

Figure 3

Results	Timetable	Resources	Accountable	Feedback Mechanism
Complete market research to identify 3 new products	Year 1 Quarter 1	\$30,000	VP Marketing	Market research report
Complete product specifications and engineering design for products A & B	Year 1 Quarter 2	2,000 hours	VP Engineering	Product and Engineering specifications
Initiate manufacture of new products	Year 1 Quarter 3	100 hours	VP Manufacturing	Production Plan
Complete marketing plan for product A	Year 1 Quarter 3	100 hours	VP Marketing	Market Plan

(Below, Morrisey & Acomb 81)

With the knowledge that staff accountability is taken seriously, motivation can be increased in all levels of staff. Tracking the organization's progress toward its goals by constantly reviewing the chart can give management a real idea if they are on track with their initial projections and can serve as an educational tool for future decisions (Below, Morrisey & Acomb 82).

Financial Projections

There are also budgetary considerations to be made with every plan. A separate section for the financial projections exists as a decision-making tool. The information most relevant is not specific line items as in department budgets, but information in a summary form so that executives can make informed decisions based on income or liability figures (Below, Morrisey & Acomb 84).

Contents will, in all probability, include a forecast income statement, a forecast balance sheet, key indicators for financial performance (future) and possibly a financial summary narrative. Not all plans require this much detail, but it is helpful for a variety of reasons. Generally, no new information is generated at this level. Rather, its contribution is to provide support

information to facilitate making future decisions relating to the completion of specific goals and objectives (Below, Morrisey & Acomb 92).

Executive Summary

The executive's summary section is the only section that does not appear in each work researched. When used, according to Below, Morrisey & Acomb, the summary should follow the consistency of the rest of the plan, and is in general terms the executive's written commitment to seeing that the plan is implemented, successfully reviewed and adapted at whatever points are appropriate. This detail is the CEO's communication of his/her vision for the company. It enables the executive staff member to arrange the priorities to be set and conveys management's attitude for implementation and commitment to the overall plan (93).

The Presentation

The final step is the sharing of the plan with board members, other staff members and the rest of the organization. The actual presentation of the plan should be well rehearsed, and the items incorporated in the plan should be

second nature to the planning committee. The CEO is typically involved as another show of the commitment necessary to increase other staff involvement.

The strategic plan is the beginning of the whole organization's future and if it is worth the paper that it is written on, it is worth tracking and evaluating on a regular basis.

The culmination of this thesis will be to follow the steps recommended by the authorities described previously to develop the first departmental strategic plan for the development office. The plan will focus on activities for the period 1993-1998 as a five-year projection for fund raising and development goals. The plan will be implemented during this time period with annual reviews and updates as suggested.

Chapter III

METHODS AND EVALUATION

Strategic planning, as described in the previous chapters, is the process of determining what an organization intends to be in the future and how it will get there. It is finding the right path on which to tread when considering some basic principals. The way in which these principals fit together will figure in how well the plan can be implemented. The mission of the organization, the opportunities and threats which the organization faces, and the strengths and weaknesses that the organization has within itself are shaping factors. To begin the planning process for the development office at the Lutheran Altenheim Society, meetings were held by the appropriate staff: the President/CEO, the Director of Development, and the Public Relations Secretary.

The first planning meeting was held to discuss the history of planning in the organization itself. In that first meeting, Edward E. Schmidt, President/CEO, discussed information contained in the existing form of the "corporate" strategic plans. The former President, E. Willis Piehl compiled the first plan during the 1980s and put it into written form in 1988 (see

appendix A).

As the first plan that the Society had in place, it reiterated the mission of the Society. It gave background information as to the increase in the number of aged people that the Society would be serving in the coming years. In reference to the mission statement the Board of Directors developed a meaning [sic] for the mission:

1. Caring for the Aged, with aged being defined as 65 or older.
2. Maintaining our Christian Lutheran heritage but also providing our services to all Aged in need.
3. Including the Aged infirm as an active part of our ministry.
4. Maintaining the Mission in the Greater St. Louis metropolitan area, including St. Charles County and Southern Illinois.

(Appendix A)

This meaning then laid the groundwork for the development of the rest of the plan.

Any plan written should be reviewed and revised. The organization therefore drafted second plan which retained the original mission statement and the same four points as critical targets (see appendix B). Text found in the new edition of the plan used much of the industry's jargon and the format had changed from a dialogue-style to an outline. This plan was approved by the

Board and implemented.

As the years progressed into the new decade of the nineties, Schmidt said during the interview, the Board of Directors was not happy with this plan in its original format. They felt it was too cumbersome, lengthy and forced the Society into a tight corner. During the reviewing and revising during 1990, the plan really did not evolve in the way that the Board had hoped. (The 1990 plan can be found in appendix C.) The new 1990 plan took the shape of an outline similar to the plan of 1989; however, the 1990 version didn't grow in scope or change the basic actions found in the previous plan. The President also said that the Board was not happy with this plan either but approved it based on its ideas.

These two plans followed the ideas put forth in Strategic Management in Public and Nonprofit Organizations and The Executive's Guide to Strategic Planning for identifying general goals, then more specific strategies, and finally, the action plan to attain the goals. The process of starting broad and funneling down to the specific points allows the plan to be quantitatively reviewed. Management will be able to take the plan, review the action involved, and tell immediately if it was successful or not.

Of the three, the plan put into effect most recently is the briefest in form. This plan developed in 1991 and adopted by the Board for 1992,

contains a change in the mission and philosophy (see appendix D). Because of the financial needs of many of the aged who are approaching the Society for placement, the Board and management staff felt it appropriate to change the mission to reflect the fact that the real ministry will be for all of the aged, even those with limited financial resources.

It has been this change in wording that makes the plan for the development office take on an even greater importance. Because of the commitment of the Board and upper management to those people who are in need of nursing home care and who may not have the resources to pay for that care, the development office needs to have a focus and direction in how it will make up the funds necessary to cover the real costs of care. The corporate plans became the starting point.

In order to start the planning process, the second step taken was a meeting set up between the Director of Development and me to gather the history of the department, and its opportunities and threats. During this process work began to develop a mission statement for the department based on the general corporate mission. For this "assignment" we looked at these items individually. Both the Director and I took a look at the history of the department which helped give insight into the real necessity of having a direction in order to best generate funds. It also pointed out factors that would

influence our basic concepts and ideas.

The first factor that was considered was the Medicaid reimbursement. In 1980 the cost of care averaged \$33/day. Medicaid reimbursement at that time equalled the cost. In 1992, the cost of care averages \$78/day and Medicaid reimbursement stands at \$58/day. During 1991, there were 104 residents each day receiving government subsidy for their care. That correlates to approximately \$759,200 per year in lost revenue for the Society. This difference is made up with United Way assistance and individual/corporate donor gifts or grants.

The second consideration was the fact that the Endowment Fund has not grown as rapidly as the Trustees had in mind. The allocation of bequest and legacy monies directly into the operational budget has meant that the Endowment Fund is not growing at a rate that is comparable to the levels needed for maximum interest. As in any Endowment Fund, the Society does not touch the principal; the income generated is the interest. Over the last five years, the Endowment Fund has averaged giving \$300,000 to the operational budget. This leaves \$300,000 in the Fund consistently to generate interest.

During 1992, the Lutheran Charities Foundation granted the Lutheran Altenheim Society \$1.5 million over the next five years (\$300,000 each year) to help offset the Medicaid shortfall. This grant holds a stipulation that at

least one-half of all bequest and legacy monies will go into the Endowment Fund. This will be monitored by the Foundation.

The third factor for discussion was the Society's location. The Lutheran Altenheim Society is a long-time neighborhood influence in the Baden area. The facilities have been located in this area since 1929 with growth for the community both in services provided and job availability. Even though the neighborhood is experiencing some decline, major renovation work is being planned and other expansion is being considered with corporate offices remaining in this location.

The development office is responsible for all fund raising and public relations work that the Society needs. This fact was our fourth consideration. "The term Development," says David B. Marth, Director of Development, "includes both public relations and fund raising. It's marketing that explains how it will be done." Moves are being made to advertise the services provided more openly and freely in order to stay competitive with a number of other nursing facilities already advertising.

Currently, major direct mail campaigns - twice a year to the entire mailing list of about 9,000 donors, and quarterly to specific active donor groups - are the means by which the department generates contributions. This list needs to be expanded if the department is expected to generate the needed

funds. Solicitations are limited by two separate external organizations. As a member agency of the United Way of Greater St. Louis, we are not allowed to solicit any of our donors during their annual campaign. That means that no donor requests can be sent during the months of September and October. The Metro Lutheran Charities also restricts solicitations of larger Lutheran congregations, if the congregation gives to the fund according to the suggested per capita giving level, which is based on communicant membership, we are not supposed to solicit the Church directly for operational funds. This restricts us from obtaining funds through congregational support.

The last portion of our discussion included the political and economic factors which effect the Society. They include, but are not limited to, postal regulations, not-for-profit tax laws, Medicaid and Medicare payments, foundation or corporate giving levels. During tough economic times, service agencies feel the pinch.

Mission

With a corporate mission already in place, work began to restructure it for the department dependent on the historical overview and the issues that the department wanted to address for the future. Issues that the Director and I wanted to address specifically included fund raising and public relations. The

corporate mission does not include these two points. We felt that department's mission needed them. The working mission has now been developed and reads:

The mission of the development department is to raise the necessary funds and provide the appropriate public relations in order to help the Lutheran Altenheim Society meet the needs of the elderly and their families as an expression of the love and concern of the Lutheran community whether they have financial resources or not.

Strategic Analysis

The next step in the process, after the mission statement was completed, was to begin the strategic analysis - listing the opportunities, threats, strengths, and weaknesses. Gathering this information gave us a heightened awareness of where we each stood in relationship to knowing what the department was all about. Again, we each devised our own lists and discussed the compilation of a single list.

Opportunities

One real opportunity that the development office can expand upon is

the ministry that the Society performs for those residents on Medicaid. Many homes find that Medicaid is not an attractive element and will not accept Medicaid residents. In the case of the Lutheran Altenheim Society, the real ministry began and continues to be that of service, not necessarily profit. This philosophy opens many opportunities to serve those who have been turned away elsewhere and opens doors into a community group that will never be completely eliminated. As more of our competitors remove themselves from serving Medicaid individuals, our ministry can grow and be strengthened.

The community itself is becoming much more aware of the greying of America. The number of people over the age of 65 has increased over the last decade to a higher level than ever before. America is steadily growing older. Because of a heightened awareness, community leaders, politicians, and congregational leaders have given the Society a unique opportunity to provide education to, with and for the older adult. The development of related materials, such as producing in-house videos, and increased media exposure, can help the Society retain its community status as a leader in the gerontological field.

The politicians are becoming much more aware of the problems of the elderly in nursing homes who are relying on Medicaid assistance. In fact, according to recent reports, a \$6/day increase in the Missouri state Medicaid

reimbursement is slated for June 1992. This increase will help in closing the gap between costs of care and current levels of reimbursement. The fact that funding may be increased does not guarantee that the gap will in any way be closed in the near future. Because of economic pressures, quite the opposite is more likely to occur. There will likely be an increase in the number of persons relying on Medicaid for health services, thereby increasing the organization's opportunity for ministry and service.

Threats

After identifying opportunities, threats to the well-being of the department were considered. Several items surfaced for discussion during meetings. David B. Marth, Director of Development, targeted items from a management position and I brought a staff level look into the workings of the two-person department. It was interesting, as discussions from our own individual perspectives surfaced, we viewed things very similarly and even stated the same item. I felt that this demonstrated that we have been working closely together and understand the department's role in the Society.

Several items follow that were discussed and are viewed as threats. The first threat to the department indicated that there has been a decline (or at least a plateau) of the number of donors and the amount of donor dollars that

the department can access during solicitation drives. It will be virtually impossible for the department to be capable of raising the needed funds if the base is not increased. It has also been evident that a general tapering off of foundation support has been occurring, especially during the past year with the economy being in a slump. It should also be noted that many, many more not-for-profits are out in the public realm asking for the same donor dollars. Many people report to us that they receive 10-12 solicitations every month!

Another threat involves churches in the community who are also finding their own ministries needing dollars. It will become harder and harder for congregations to give to other service agencies, even church organizations when they each have their own agenda. The congregations are not in a position to share what they do not have from their parishioners.

The general public's perception of the location can be viewed as a threat which needs to be addressed in the public relations materials. The Lutheran Altenheim is an older facility and its location in north St. Louis city is not the most desirable for some clients. North St. Louis city has a reputation, thanks to the media, for being crime-ridden or dangerous. The Baden area, which is the actual location, is an old-German based community that still has quiet streets and a community who cares. It has been said that, if given the choice and if the person is Lutheran with personal funds, they would

be more likely to choose the Lutheran Convalescent Center (located in south St. Louis county which has a better superficial reputation) for nursing home care. Because of the lack of bright, shiny, new facilities and the lack of an attractive location it will become more and more difficult to persuade Lutheran residents to come to the Altenheim. Other facilities may offer a wider range of services complete with higher costs and often times additional charges for items which the Altenheim includes within the daily charge. The public may or may not be aware that cost differences could mean that the Altenheim is an attractive care provider.

A threat which deals with resident placement is related to the misconception that nursing homes are "bad" places in which to live. There is also the social/economic desire of elderly individuals in the community to remain in their own homes as long as possible. That fact, coupled with the public perception that a nursing home is the "place to die," compels people not to look favorably upon entering a nursing home except as a last resort. This needs to be addressed by an uplifting public relations campaign.

The staff currently includes two people who run the department and raise the necessary funds and perform the expected public relation functions. Even though items get published on deadline, funds are raised in a timely manor, and the operation is smooth, the fact that only two people make up the

staff endangers the efficiency of the department. Several areas of fund raising and public relations duties are denied the attention to make them successful, such as personal solicitation, grant writing, and estate planning are lacking the hours to make them viable operations of the department. Volunteers are used whenever possible to help with major mailings and other time-consuming tasks like alphabetizing or looking up phone numbers; however, the Society is finding it harder to locate individuals to help.

The department faces threats due to technological changes. The need for computerized donor tracking and other computer software that will make the development office better equipped to handle segmentation of mailing lists, donor histories, and other items is more prominent now than ever before. Postal regulations scheduled to become effective in 1993 for businesses who use bulk mail rates will require additional computer support in order for the Society to continue realizing the discounts.

Strengths/Assets

In looking at the strengths and assets of the development department, the first strength was the fact that the Lutheran Altenheim Society has been a long-time community influence for both service and for supplying jobs. The community support became apparent during a contract negotiation with the St.

Louis Housing Authority in 1992. The community leaders in the Baden area joined forces with the administrative staff members of the Society in order to pressure the Housing Authority to renew a contract for management of an elderly housing complex. The Society has been the sole managers of the complex since its construction in the 1970s. The contract has been signed, but the real asset is that the Society has realized how the community and its leaders stand behind the organization.

The services that the Society currently provides include the Lutheran Nursing Home, the Lutheran Altenheim (a Residential Care Facility), the cottage program, and the Good Neighbor Program (an in-home care service), all located on McLaran Avenue in the Baden area. The Society owns and operates a retirement center in north St. Louis county, a 40-unit apartment complex in south St. Louis city, and manages two housing complexes for the elderly for the St. Louis Housing Authority located in the Baden area. All of these programs are supported by loving and caring staff members and volunteers. The commitment of administrative staff as well as board members to the ministry is definitely an advantage.

Because of the commitment, there is a willingness on the part of the Board and staff to address the needs of the elderly. The Society has become a growth-oriented organization. After years of talking, 1992 began the road to

doing. Talks of expansion into St. Charles County or Southern Illinois along with a new project for constructing a limited income housing complex on the McLaran site have become reality. The desire for this growth has been a long time in coming. Growth in these areas has been in the corporate plan since 1988.

In line with the desire for the growth, fiscal responsibility has been a priority over the last few years. During 1992 it seems to be a reality. The budget has been balanced. This means that the "financial house" is in order and should make a clear statement to those funding agencies that the Society can be fiscally responsible.

The main strengths of the organization that effect the workings of the department include being a community leader in the care of the elderly, providing a multi-faceted health care continuum, the staff commitment, and the financial stability. There were other strengths directly within the department itself:

- The two-person team works well together.
- Creativity and ideas flow freely.
- There is a willingness to share information between staff members if there are questions or concerns.

Even though these items might seem to be simply personality or

interpersonal relationships, they are worth mentioning because of the closeness in working together. If there were animosity between the two employees in the department, it would work against success.

Weaknesses/liabilities

This section discusses points that we felt would make it difficult to complete the tasks of public relations and fund-raising. Whether the weakness is in the organization or solely within the department, the feeling was that the weakness has to be confronted and overcome to guarantee success of the goal.

It has been established that the LAS is a force within the community. The jobs made available are part of that force. Being in this position is also a weakness. Because of the location and the not-for-profit status, employees tend to be transient. There is a relatively high turn-over rate. The basic need for a job to provide food, clothing and home for the employees' families is temporarily satisfied. After receiving training and experience, employees tend to quit and go to other facilities where they can make higher salaries. The development department does not face this as a direct threat at this time; however, with future plans to expand the facility, the development department will also need to grow accordingly to handle the increased levels of public relations tasks and fund-raising needs.

The fact that the Society is located in the Baden area is often perceived in the wrong light by the public. The nursing home is not located attractively for private pay residents. This has a direct effect on the revenues of the home. The development department, as part of its public relations, needs to address the issue of making the location more attractive. The Society will not be able to change the location, as the Board has approved to keep the McLaran complex running, but there needs to be a campaign in which we address the fears/concerns of the public in dealing with our location.

Another direct weakness for the department is that the number of donors has hit a plateau, not only in dollars raised during specific campaigns, but also in the donor base. The department will be incapable of raising the needed dollars if the base is not expanded. Those receiving Medicaid assistance, if not supported by outside funds, would not be able to pay for their costs of care. The inadequacy of revenue is a weakness to overcome as soon as possible.

A second direct liability is that the churches are no longer helping to support the ministry as they once did. They have their agendas and needs for the funds that the parishioners donate. This is definitely a weakness that needs to be addressed so that the churches can once again begin their ministries of service to the whole community, not just the young or the active, but to

everyone.

The struggle itself against "making money" or "serving those who need us most" is certainly a consideration for the department. Is the emphasis too heavily on the need for more and more money? How will others perceive the number of solicitations? The perception of the public can be directly influenced by the way in which the department tries to raise the necessary funds.

Technological changes have happened rapidly, and the computer system that was installed in 1983-84 has been overloaded. The needs of the department have grown to where present equipment no longer meets the expectations. It often takes much longer to produce mailing lists, address labels, personalized letters or other donor tracking programs than it is worth. Staff members live with trying their best to generate the requested reports, but are finding it difficult to keep up with current standards or items such as postal regulations for bulk rate mailing customers. During 1993 postal regulations will change again, with rates slated to increase in 1994 for those business clients not conforming with regulations.

Critical Issues

Critical issues, by definition in the previous chapters, are those issues

which will form the basis for the entire plan. Frequently asked as questions, critical issues identify items most relevant to the success of the organization or to the department. In limiting the range to the six to eight questions (issues) that reflect the urgency or important factors, planning takes a new twist for the resolution of the creation of the document.

Because of the previous definition of "development" the critical issues revolve around fund raising and public relations. The following are the issues that we used to consider writing the strategies:

- Should the Lutheran Altenheim Society remain at the McLaran complex?
- Should we decide to remain, how can we best market the complex?
- Can we expand the care for Medicaid residents and increase the number of Medicaid residents in the nursing home?
- Should we put most of our eggs in the expansion basket in order to make money and use that money to support the McLaran nursing home?
- Will the development office be able to raise enough private funds from individuals, congregations, and

which will form the basis for the entire plan. Frequently asked as questions, critical issues identify items most relevant to the success of the organization or to the department. In limiting the range to the six to eight questions (issues) that reflect the urgency or important factors, planning takes a new twist for the resolution of the creation of the document.

Because of the previous definition of "development" the critical issues revolve around fund raising and public relations. The following are the issues that we used to consider writing the strategies:

- Should the Lutheran Altenheim Society remain at the McLaran complex?
- Should we decide to remain, how can we best market the complex?
- Can we expand the care for Medicaid residents and increase the number of Medicaid residents in the nursing home?
- Should we put most of our eggs in the expansion basket in order to make money and use that money to support the McLaran nursing home?
- Will the development office be able to raise enough private funds from individuals, congregations, and

foundations/corporations?

- Given the sociological trends of more aging persons needing more services, will there be so much to do that we'll need to specialize in nursing home care, assisted living care, in-home care rather than the current continuum of care being offered?
- Will there be a need to review the technological advances in computer donor tracking, mailing regulations, or other system requirements that are not currently within our reach?
- Will there be a need to expand the department's staff to handle increased responsibility as the Society expands its services?

The first two steps of the planning process, the development of the mission and the strategic analysis, are complete. The process of meeting and reviewing the issues and ideas is not. Several more planning sessions have taken place to continue down the plan's road to implementation. The next step is to take into consideration the critical issues and develop the main strategies that the department wants to reach during the next five years.

Strategies/Goals

The first thing to do when trying to develop an initial set of goals is to

go back through the critical issues and prioritize -- which of those questions will need to be addressed first, second and so on. In addressing the issue be sure to include both sides of the discussion. Know what would happen if the choice is made to resolve it, but also know what could happen if the choice was made to ignore the problem. These sessions are brainstorming sessions. No one will be able to know exactly what will happen in the future, but some creative thinking and problem-solving can begin to resolve some questionable decisions.

Taking a look at our critical issues, four main areas stand out from the others for generalization of our goals: fund-raising, public relations, technological advances, and staff expansion. The goal statements then took a form with an understood subject such as "the department will" and continued with the formal statement of what is hoped to be achieved.

Goal writing can be seen as the expansion of hopes and dreams -- something one should strive for and never quite reach. In terms of the plan, goals are the most general of the items to achieve. The objectives and actions will define what will be done and how it will be done.

Our four goals, in descending order of importance are:

- Find new ways of raising the necessary funds from individuals,

corporations, churches, and foundations.

- Develop effective means for the public relations of the services of the Society.
- Improve the current technology used in the department to meet future needs in order to continue effectively performing development tasks.
- Expand the development staff in order to more efficiently perform the public relations, fund-raising, and marketing of the Society.

Long-Term Objectives and Action Plans

These objectives will focus in on the four goals and assign a specific level or measurable outcome. It may be simply a percentage increase each year, or a decision to be made by a certain date. These objectives are developed to give management a perspective or timeline for implementation. The action plan or integrated program will then take over and describe exactly what action will be taken in order to reach the specific objective.

Again, the objectives are focal points for the goals. Each objective is more succinct than the goal in its purpose. Each goal may have several objectives. Some of the objectives came from the vision of the Director and

some came out of my vision for the growth of my current position. All of the objectives will be seen in the next chapter, but here is a sample of objectives. Begin each bulleted statement with the words "In the next five years, the development office will. . ."

- expand the donor base.
- increase the level of congregational support for our programs.
- develop marketing strategies.
- promote the Society.
- purchase donor tracking software that will be compatible with the fiscal service accounting programs.
- add additional staff members.

These objectives are the road guides now for the development of the necessary action plans. Each of the objectives will have several actions in order to complete it.

In some areas, there are definitions or assumptions to take into consideration. The words "donor base" found in our particular plan denotes those individuals who have given a gift within the last 24 months. Prospects are those people who find themselves on the donor list but who have not made a commitment to give to the Society. Also, an assumption is made that the

Society is going to expand its services into the Metro-West area of Weldon Spring. Based on these two definitions, the actions will have particular meanings for the work of the department.

The action plans will follow in the next chapter following their specific objective. In order to show an inkling of the discussions held to develop these actions, the following is one action taken from first suggestion to final action:

First Draft: A. Developing marketing strategies for. . .

- (1) nursing home(s)
- (2) limited housing options
- (3) in-home care
- (4) adult day care
- (5) retirement communities

The first draft of the objective and action plan lacked complete definition. The strategies were not specified nor were the actions detailed in order to proceed with the objective. A second draft defining more of the specific details of what would be covered was needed. The second draft follows and shows the transition from the above to the action plan that was adopted in the plan.

Second Draft: 2. Develop marketing strategies for all parts of the continuum of care (nursing home, assisted living, retirement community, low-income housing, in-home care, adult day care, and new projects) by 1993.

- A. Evaluate current and develop new advertising methods for each level of care in the continuum on an annual basis.
- B. Solicit assistance from an outside advertising/marketing agency on a consultant basis.
- C. Make appropriate budgetary increases to include new marketing costs.

As we devised a method in which to attack our planning efforts, we felt comfortable to share ideas on a more frequent less time consuming basis. Meeting for a hour every day or at least every other day, kept the planning sessions enjoyable and more meaningful for both the director and me. We feel that the plan is workable and have come to the conclusion that if everything we discussed and placed in the plan was implemented, we will be very busy in

our department over the next five years and then some!

Financial Projections

The development of the financial projections for this department reached into my knowledge of budgeting and really gave me the opportunity to learn what makes planning so important. The base projections took on a certain ominous fear for me. Budgeting and accounting have never been strong areas for me as a student. I did, however, overcome much of my shyness of number crunching and came up with meaningful projections based on the department's goals and objectives.

I began the process by taking the Society's budget breakdown already utilized by the fiscal service department and only reviewing the expense breakdown of the development office. Once these items were pointed out, on the suggestion of the assistant fiscal services director, I increased each of the line items by four percent (4%) to take into consideration the inflationary factor.

Once that was done and everything had been inflated, the development director and I pinpointed those other items that would be directly affected by specific actions such as the addition of personnel or the increase in the direct mail pieces going out. With the help of the director of human resources I was

able to project the salaries, employee benefits, FICA taxes and workers' compensation expenses. I relied heavily on their expertise and found that I could understand the process much better than I had given myself credit for.

Once the expenses were projected, I began to review the necessary items for revenue projection since two of our goals reflected increasing contributions and the Endowment Fund. The general contributions are increased by ten percent each year. That part was easy. The Endowment Fund was a little trickier.

As with any Endowment Fund, the principal is never used. Interest generated off of the principal is what is used in the figuring of income. If the department assumes that the level of legacies/bequests will remain at the average of the prior years' activities, we will be adding \$100,000 to the principal every year. If that base amount increases by 100,000 each year, the interest rate will also increase by one percent (1%) since our rates are tied to the amount in the fund. The numbers in the projections show the growth of the fund in actual dollars realized, not simply the growth of the principal.

The goal was to project financial information based only on what the department was responsible for. This relationship does not reflect the Society's expenses or the Society's total revenue. The Society has many other revenue-generating operations and the development department is not

responsible for all of those areas. Each department and operating satellite program has its own budgets. Each in turn will have annual reviews and goals outlined, although the development office will be the first to have a written plan.

Executive Summary

The executive summary is a somewhat ambiguous part of the plan. In the research of texts pertaining to planning, only Koteen and the three authors, Acomb, Below & Morrisey, suggest that the summary plays an important role. In talking with other management personnel, they too felt that in the case of the development department, the summary would be merely repetitious. In as much as both the Director and I were involved from the start in developing the plan, I felt it necessary in my hopes of becoming a member of management after completing this project, to complete an example of an executive summary.

The summary that concludes my plan is my commitment to the plan that was developed. It took a lot of cooperative effort on the part of both of the people in the department and the written commitment will confirm that we intend to follow the plan through implementation and annually review its effectiveness. The plan follows in chapter four.

Chapter 4

RESULTS

Development Department Strategic Plan

Five years (1993 - 1997)

The Mission

The mission of the development department is to raise the necessary funds and provide the appropriate public relations in order to help the Lutheran Altenheim Society meet the needs of the elderly and their families as an expression of the love and concern of the Lutheran community whether they have financial resources or not.

Critical Issues

- Fund Raising
- Public Relations
- Technological Advancements
- Staffing Levels

On the following pages are the four major goals, their specific objectives, and the subsequent action plans to be implemented during the period of 1993-1997.

A. Find new ways of raising the necessary funds to meet the needs of the Society.

1. General contributions will increase by 10% annually for the next five years.

a. Add 100 new names to the donor base in each of the next five years.

b. Make proposals to those member congregations not currently supporting the LAS ministry to include us in their budgets or offering plans.

2. The Endowment Fund will grow by \$100,000 plus interest annually for the next five years.

a. Place one-half of all legacies and bequests into the fund.

b. Hold an annual fundraising event or send a mailing to solicit future gifts for the fund.

3. A major grant will be solicited and received from a new foundation or corporation in each of the next five years.
 - a. Consult with local philanthropic agencies which provide appropriate lists of potential contributors.
 - b. Write grant proposals to the potential foundation or corporation most appropriate.

4. A Giving Club will be established for active donors as part of the Adopt-A-Grandparent program.
 - a. Segment donor base to identify those donors who can make this commitment.
 - b. Develop giving package with appropriate levels of response.

B. Develop effective means for the public relations of the services of the Society.

1. Marketing strategies will be developed for all parts of the continuum of care (nursing home, assisted living, retirement community, low-income housing, in-home care, adult day care, and new projects).
 - a. Evaluate current and develop new advertising methods for each level in the continuum of care.
 - b. Solicit the assistance of an outside advertising/marketing firm on a consultant basis.
2. Public awareness of the LAS ministry will be increased through events and contacts with appropriate audiences.
 - a. Hold three annual fellowship/fund raising events each year for the community and donor base.

- b. Visit all 64 member congregations each year.
3. A speaker's bureau will be developed to offer seminars, workshops, and strategy sessions for congregations seeking to offer older adult ministries and meet the needs of the elderly and their families.
- a. Develop topics pertaining to older adult issues and informative to varied audiences.
 - b. Match top and middle management staff members with their topic of expertise and schedule them on a regular basis.

C. Improve the current technology used in the department to meet future needs in order to continue effectively performing development tasks.

1. Computer programming and new equipment will be developed in order to conform to postal regulations for bulk rate postage discounts.
 - a. Utilize the appropriate software and any necessary equipment for barcoding mailing labels.

2. Adequate donor tracking will be defined with necessary communication related to the fiscal services department.
 - a. Purchase additional software as needed for donor tracking and efficient running of fund-raising event planning.

 - b. Work with the fiscal services department for compatibility of the new software for the accounts

receivable posting procedure.

3. Graphic programming and desktop publishing will be developed to meet publication needs.
 - a. Generate a majority of the original art work and/or layout for the Messenger (the quarterly newsletter), brochures, and other public relations materials in-house.
 - b. Create materials compatible with the department's philosophy, the Society's mission and within budgetary constraints.

4. In-house videos will be produced to meet the needs of expanding programming.
 - a. Determine how the department should include video as part of the ministry. (Areas to be addressed - congregational education; staff education; outreach

ministry. It will also be necessary to update existing video products by this time.)

- b. Determine the equipment needs and costs factors between rental and purchase by the time 1993 budgeting is complete.
- c. Purchase or rent needed equipment and begin to develop projects for video production by 1994.
- d. Produce area cable access programming available for community services by 1994.

D. Expand the development staff in order to more efficiently perform the public relations, fund-raising, and marketing of the Society.

1. Additional staff members will join the development team as the department grows.
 - a. Hire an assistant to work under the Society Director in 1993.
 - b. Hire a development secretary as the assistant comes on-line in 1993.
 - c. Add an additional staff member to work under the Director as workload of expansion projects increases in 1995.
2. Volunteer team for major mailings, fund-raising event planning, and community service events will be expanded as programming dictates.

LUTHERAN ALTENHEIM SOCIETY

BUDGET ANALYSIS FOR THE

FISCAL YEAR - 1992

Development Department

DESCRIPTION	1992 BUDGET TOTAL
SALARIES	59,646
EMPLOYEE BENEFITS	8,939
F.I.C.A. TAX	1,382
AUTO EXPENSES	1,500
MISCELLANEOUS EXPENSES	1,500
POSTAGE EXPENSES	7,000
SUB. & PUBLICATIONS	200
DUES	600
PRINTING & P.R.	30,000
MEETING EXPENSES	1,600
WORKERS' COMPENSATION EXPENSE	6,510
COMPUTER PROGRAMMING	500
MEAL EXPENSES	300
FUND RAISING MATERIALS	500
MARKETING	11,000
SPECIAL EVENTS	
ST. LOUIS LUTHERAN	3,000
DEVELOPMENT - TOTAL	134,177

This represents a 2% portion of the total Society's operating expenses.

BUDGET PROJECTIONS FOR DEVELOPMENT EXPENSES
For 1993

DESCRIPTION	1993 BUDGET PROJECTION
-----	-----
SALARIES *	81,472
EMPLOYEE BENEFITS *	10,339
F.I.C.A. TAX *	2,910
AUTO EXPENSES	2,000
MISCELLANEOUS EXPENSES	1,560
POSTAGE EXPENSES	7,280
SUB. & PUBLICATIONS	300
DUES	800
PRINTING & P.R.	32,400
MEETING EXPENSES	2,000
WORKERS' COMPENSATION EXPENSE *	6,770
COMPUTER PROGRAMMING	520
MEAL EXPENSES	312
FUND RAISING MATERIALS	600
MARKETING	12,100
SPECIAL EVENTS	5,000
ST. LOUIS LUTHERAN	3,120
DEVELOPMENT - TOTAL	169,483

* *This reflects the addition of personnel to the department.*

BUDGET PROJECTIONS FOR DEVELOPMENT EXPENSES
For 1994

DESCRIPTION	1994 BUDGET PROJECTION
-----	-----
SALARIES	84,731
EMPLOYEE BENEFITS	14,235
F.I.C.A. TAX	3,026
AUTO EXPENSES	2,080
MISCELLANEOUS EXPENSES	1,622
POSTAGE EXPENSES *	7,717
SUB. & PUBLICATIONS	312
DUES	832
PRINTING & P.R.	33,696
MEETING EXPENSES	2,080
WORKERS' COMPENSATION EXPENSE	7,041
COMPUTER PROGRAMMING	541
MEAL EXPENSES	324
FUND RAISING MATERIALS	700
MARKETING	12,584
SPECIAL EVENTS	5,200
ST. LOUIS LUTHERAN	3,245
 DEVELOPMENT - TOTAL	 179,966

* *Postal rates are expected to be increased during 1994.*

BUDGET PROJECTIONS FOR DEVELOPMENT EXPENSES
For 1995

DESCRIPTION	1995 BUDGET PROJECTION
-----	-----
SALARIES *	114,120
EMPLOYEE BENEFITS *	18,369
F.I.C.A. TAX *	5,132
AUTO EXPENSES	2,163
MISCELLANEOUS EXPENSES	1,687
POSTAGE EXPENSES	8,025
SUB. & PUBLICATIONS	350
DUES	900
PRINTING & P.R.	35,044
MEETING EXPENSES	2,500
WORKERS' COMPENSATION EXPENSE *	7,323
COMPUTER PROGRAMMING	562
MEAL EXPENSES	337
FUND RAISING MATERIALS	800
MARKETING	13,087
SPECIAL EVENTS	5,408
ST. LOUIS LUTHERAN	3,375
DEVELOPMENT - TOTAL	219,183

* *Reflect additional personnel costs.*

BUDGET PROJECTION FOR DEVELOPMENT EXPENSES
For 1996

DESCRIPTION	1996 BUDGET PROJECTION
SALARIES	118,685
EMPLOYEE BENEFITS	25,036
F.I.C.A. TAX	5,327
AUTO EXPENSES	2,250
MISCELLANEOUS EXPENSES	1,755
POSTAGE EXPENSES	8,346
SUB. & PUBLICATIONS	364
DUES	936
PRINTING & P.R.	36,446
MEETING EXPENSES	2,600
WORKERS' COMPENSATION EXPENSE	7,616
COMPUTER PROGRAMMING	585
MEAL EXPENSES	351
FUND RAISING MATERIALS	900
MARKETING	13,611
SPECIAL EVENTS	5,624
ST. LOUIS LUTHERAN	3,510
 DEVELOPMENT - TOTAL	 233,941

BUDGET PROJECTION FOR DEVELOPMENT EXPENSES
For 1997

DESCRIPTION	1997 BUDGET PROJECTION
-----	-----
SALARIES	123,432
EMPLOYEE BENEFITS	29,152
F.I.C.A. TAX	5,565
AUTO EXPENSES	2,340
MISCELLANEOUS EXPENSES	1,825
POSTAGE EXPENSES	8,680
SUB. & PUBLICATIONS	379
DUES	973
PRINTING & P.R.	37,903
MEETING EXPENSES	2,704
WORKERS' COMPENSATION EXPENSE	7,920
COMPUTER PROGRAMMING	608
MEAL EXPENSES	365
FUND RAISING MATERIALS	1,000
MARKETING	14,155
SPECIAL EVENTS	5,849
ST. LOUIS LUTHERAN	3,650
 DEVELOPMENT - TOTAL	 246,502

BUDGET PROJECTION FOR DEVELOPMENT REVENUE
Actual 1991 and 1992 budgeted figures

There are two main revenue-generating accounts that the Development Office is responsible for in consideration of the Society's income.

	1992 <u>BUDGET</u>
GENERAL CONTRIBUTIONS	209,000
ENDOWMENT FUND	117,500

** Monies for the Endowment Fund represent a base of one-half of the projected legacies plus the interest generated by the principal in the fund.*

BUDGET PROJECTION FOR DEVELOPMENT REVENUE
Projections for 1993 and 1994

	1993 <u>BUDGET</u>
GENERAL CONTRIBUTIONS	229,900
ENDOWMENT FUND *	128,050

	1994 <u>BUDGET</u>
GENERAL CONTRIBUTIONS	252,890
ENDOWMENT FUND *	141,689

** Because of a grant from the Lutheran Charities Foundation, one-half of all legacies/bequests must be placed into the Endowment Fund through 1996. Based on prior years' averages, this will amount to approximately \$100,000 per year.*

BUDGET PROJECTION FOR DEVELOPMENT REVENUE
Projections for 1995, 1996, and 1997

	1995 <u>BUDGET</u>
GENERAL CONTRIBUTIONS	278,179
ENDOWMENT FUND	152,561

	1996 <u>BUDGET</u>
GENERAL CONTRIBUTIONS	305,997
ENDOWMENT FUND	173,746

	1997 <u>BUDGET</u>
GENERAL CONTRIBUTIONS	336,597
ENDOWMENT FUND *	201,398

** The requirement of adding one-half of all legacies/bequests will end by 1996, however, the Development Office will probably continue the growth of the fund in this way.*

Executive Summary

Time and effort make a good plan even better. It is the hope of the development office to reach each goal and objective listed in this plan. We developed the goals just outside our immediate reach -- that's what a goal is. A goal is something to reach for and never quite attain. That way you are always reaching up and out.

The effort of planning takes many hours of brainstorming or dreaming about where you and your organization will be within the next years. Whether it is short term (1 or 2 years forward) or long term (3 to 5 years forward), the organization needs to have direction and purpose for its existence. The development department of the Lutheran Altenheim Society has a ministry to the elderly and their families whether or not they have financial resources. The organization will be growing and the department has to grow in its responsibilities as well.

Our plan will be implemented over the next five years with annual reviews to make sure that the department can grow and experience financial progress in relationship to fund raising and marketing capabilities. This plan will open doors to ministries in other areas of metropolitan St. Louis that have not been tapped into before through television possibilities and other marketing strategies. The department will also experience personal growth for its staff.

Chapter 5

DISCUSSION

Summary

By this time, hours have gone into the planning process and an initial plan is finished -- temporarily. Because of the timeliness of specifics in a strategic plan, its lifespan may last months, a year, or possibly five years. The plan will need to change frequently as the needs of the organization fluctuate.

The ability of the plan to be flexible, to be molded to conform to the organizational needs is one of the most important factors in the whole planning process. If the plan becomes rigid or does not grow with the organization, it becomes self-defeating.

An annual review should be scheduled for the planning team. Items listed as goals should be attained and new ones put into their place. If goals have been ignored, proven to be unattainable or are no longer desirable for future growth, second considerations are important for restructuring, rewording, or possibly removing specifics from future plans.

It became apparent while working on this project that there are several ways in which to approach the planning process. This summary will not focus

on specific styles, but will describe the limitations caused by the use of different types within a single organization. Even though common goals were agreed upon by the development staff, the presentation of the plan to the president/CEO did not go as smoothly as hoped. The president's personal opinions and planning concepts were not those of the development staff in the preparation of the plan.

Many not-for-profit organizations may experience this same scenario as most rely upon outside corporate executives to comprise their Board of Directors. These board members will be familiar with the type of planning process from their own individual corporations. If they are to join forces for the common goals of the not-for-profit organization, they must define the process so all of the members are working from the same guidelines.

A formal presentation of the plan and its implementation are the only things left to be performed for the completion of the process for the development office. The first step was the presentation to the president, Edward E. Schmidt. The new plan needed his approval before going to the committee of the board which works with the department. Discussion about the limitations of the plan as it is included in this work and some expectations for revising it were instrumental in defining and compromising the planning style problems.

Limitations

The initial feedback of necessary personnel needed to implement a plan is vital in order to help generate the highest level of commitment. In the presentation to Schmidt, the development staff received the chance to work through some of the personal reservations about the plan that he had.

First, the review of the materials by Schmidt and the development staff highlighted the limitation of the method by which the plan was compiled. As discussed in chapter three the development staff used a process where each of the office team developed the goals and brought the action plan back together after working on it separately. The director focused on the monetary and donor-based goals while the second staff member focused on the process and technical goals. This made it seem as if the plan had two distinct parts running on parallel courses but not being totally connected with each other. This way of developing the plan worked in a two-person office, but it would be very difficult to use this process on a larger scale.

Second, Schmidt asked the development staff to formulate more extensive action plans. He agreed with goals and strategies set up in the plan, but he also wanted to know specific actions. As an example, Schmidt read the goal of increasing giving levels and the suggested strategy of adding 100 new names to the donor base. What Schmidt was curious about was how the staff intended to

generate the 100 names; would we buy a list, would we go about adding friends' names of board members, or what was our action going to be.

This situation led to the third limitation. The development director felt that the role of planning did not include items which would be done routinely or on a regular basis. This would include items which the present staff recognize as historical such as the scheduling of six direct mail campaigns each year. Performing annual reviews of budgets, staffing requirements or equipment needs would also fall under this category of routine actions. Schmidt recognized that the current staff would perform these functions; however, what would someone viewing the plan be missing if it did not contain these actions. Could these actions be neglected or passed over by future staff members if not detailed in the basic plan? The subject of routine actions being a part of the plan was resolved in the way in which the department is viewing the plan contained in the project as its working plan needing some revision to accommodate the reservations discussed.

The president also expressed some reservations surrounding the increase of staffing levels that were discussed in the plan. One reservation followed from the fact that current actions didn't seem to substantiate the need for more staff. Schmidt wanted precise information based on expectations for expansion of staff duties. To simply state that the department needed additional staff didn't offer

enough explanation for him to justify the additional personnel. This issue was secondary; however, to bottom line problems that Schmidt had with cost ratios.

Additional staff costs increased the cost to dollars raised ratio. When involved in not-for-profit business, many times donors will ask how much of their donor dollars are going to provide administrative money. Schmidt took the levels of costs per dollar raised and felt that the donors were being asked to accept too high a level for this ratio. The development director said that most not-for-profit organizations do not include staff salaries or other staff costs in figuring this ratio. Discussion followed regarding this issue for the Lutheran Altenhiem Society and was left unresolved. Currently, the Society does not make this ratio a factor in marketing or strategy formulation. It does; however, recognize that the potential for donors to ask about this is possible. It is recommended that other not-for-profit organizations be aware that donors are becoming much more cognizant of where their money is going and may request this type of information.

With the additional information shared in the meeting, the project has resulted in a working plan. Written to contain the hopes, dreams, and a possible future direction for the next five years, the plan will certainly undertake revision, growth, change, and will become a useful tool for the development department. Already some of the comments made by the president have been taken into

account and the plan has changed to accommodate his concerns.

The whole intent of this project was to formulate what a strategic plan is, how to develop a plan, and the completion of a working plan for the development department. Change should be expected and desirable, not dreaded or avoided. Planning is an on-going process that is never totally finished. After many hours, this plan is complete. . .for now, anyway. It is time to celebrate!

APPENDIX A

Corporate Long-Range Plan

Lutheran Altenheim Society of Missouri

1988

The mission of the Lutheran Altenheim Society of Missouri (LAS) is: "To provide for the needs of the aged as an expression of Christian love and concern by the Lutheran community." This Mission Statement was adopted many years ago. It has been approved and reaffirmed by successive Board of Directors who have continued to work toward this Mission for the Lutheran community and the St. Louis community at large.

Each decade since the inception of this Mission Statement has seen tremendous growth in the numbers of the aged. Today, we talk of the "greying of America" because of the continued, extraordinary increase of those over 65 expected by the year 2010.

However, no matter what the numbers tell us, the needs of the aged will continue to exist. The 1988 Board of Directors recognize this and understand

the Mission Statement to mean:

1. Caring for the aged, with aged being defined as 65 or older.
2. Maintaining our Christian Lutheran heritage but also providing our services to all Aged in need.
3. Including the Aged infirm as an active part of our ministry.
4. Maintaining the Mission in the Greater St. Louis Metropolitan area, including St. Charles County and Southern Illinois.

STRATEGIC GOALS

1. Providing for the needs of the Aged as defined by needs surveys.
2. Growing our Mission to meet the needs of the Aged.
3. Ensuring that the needs of the families of the Aged are met.
4. Being exemplary financial stewards, thereby ensuring our ability to meet the Mission.

These strategic goals remain the core of our work toward meeting the needs of the Aged, both today and in the years to come. More importantly, the LAS must constantly re-dedicate itself to its Mission to and for the Aged.

TACTICS TO MEET THE DEFINITIONS AND STRATEGIC GOALS

In 1980, a ten year Strategic Plan was developed from our Mission Statement.

This plan was adopted by the Board of Directors and implemented. Five of its main points were:

1. The hiring of a Director of Development
2. The hiring of a Director of Outreach Ministries
3. Adding 80 beds to the Nursing Home
4. Developing eight (8) satellite centers
5. The renovation of the Altenheim (1929) building.

To date, the first three goals have been met. Both Directors were added to staff. They have increased the efforts, developmental plans and goals of the LAS substantially.

In 1984, the 80-bed addition to the Nursing Home was completed. These beds have been utilized since being added.

The satellite centers have continued as on-going projects of the LAS. These centers have been defined as retirement centers; congregate housing; caseworkers providing service at locations away from the main campus;

expanding the offices of the Good Neighbor program in the St. Louis area; additional nursing home facilities and joint projects with other Aging Agencies in the St. Louis area.

As of 1988, we have built Luther Center-Northeast, as a retirement or congregate housing center in North St. Louis County. We have opened a Good Neighbor office in Kirkwood, Missouri. Our Casework program has been expanded to include Concordia House in Kirkwood and the apartment buildings managed by LAS. Other locations and types of satellite centers are currently under consideration.

The renovation of the 1929 Altenheim building, which has been a priority during the 1980s, is a top priority in 1988. Our plan is to acquire financing through a grant and complete the project by 1990.

However, studies recently completed at our direction, revealed a need to modify our Strategic Plan for the last three years of this decade. Several of these points are continuations of the earlier 1980 plan. Some have become more specific as they respond to the results of the studies.

The new or modified additions to our 1980 plans are as follows:

1. The development of a Long-Range plan for 1990 and beyond.
2. The development of satellite centers:
 - a. The enlargement of Luther Center-Northeast.
 - b. The expansion of the Good Neighbor program.
 - c. Increasing the Casework staff.
 - d. Utilizing government funding for housing.
 - e. Determining the potential for expansion of the LAS's services into St. Charles County or other areas.
3. The renovation of the Altenheim building.
 - a. Enlarging the Activities program.
 - b. Providing additional, professional Nursing staff.
4. Expanding the educational programs.

As we look at our new goals for our Strategic Plan through 1990, it is obvious that we have adhered to our Mission Statement. However, we must get a new Strategic Plan in place, which will provide the plans and goals for the next decade and beyond. We must also continue to address the definitions as set forth in our Long-Range Plan, monitoring their appropriateness to our Mission Statement.

One of the means we have available to ensure that the directions we plan reasonably match the needs of the Aged is through studies. We were granted a research grant by the Lutheran Charities Foundation to jointly (with Lutheran Health Care and Concordia House of Kirkwood) study the trends prevalent in the Greater Metropolitan St. Louis area and St. Charles Country Aging community. This study will set the tone of the plan we need to develop for 1990 and beyond.

The LAS will continue to exist and continue to serve the Aged in the St. Louis community at large. We will continue to meet the needs of the Aged and provide those services which they require and look for as they enter their golden years. Only by planning and preparing ourselves can we be ready for the "Greying of America."

SUPPORT INFORMATION FOR THE NEW GOALS

1. The development of a Strategic Plan

The scope of our strategic plan will be based on the various levels of care provided by the LAS. We have a comprehensive structure of care:

1. In-home services - Good Neighbor Program.

2. Government subsidized housing - management of Badenhaus and the Badenfest Elderly Apartments.
3. Apartment Complex - Lutheran Apartments for the Elderly.
4. Retirement Center - Luther Center-Northeast.
5. Independent living units surrounding the main campus - the cottage program.
6. Residential Care - Lutheran Altenheim (78 beds)
7. Intermediate Care - 68 beds.
8. Skilled Nursing Care - 140 beds.
9. Caseworkers that work in the community.

The population projections indicate that we are entering a new "aging phenomena" in the aging of the aged, those 85 plus and over now becoming one of the larger aging segments. The need for services to and for the elderly is also growing at a rapid rate. It is our desire to continue to provide quality care for as many elderly as possible, whether they reside in the community or in our facilities. We have visionary leadership, a supportive Board, an experienced staff and a firm dedication to serve the elderly and their families.

We feel that a strategic plan will allow us to enlarge and help us meet the

needs of the elderly in the Greater St. Louis Metropolitan area.

2. The development of Satellite Centers

In order for us to meet the changing needs of the elderly, it is important for us to get out into the community. The development of additional satellite centers will assist us as we expand our program. The following are on-going and expanding programs:

a. The Enlargement of Luther Center-Northeast (LC-NE)

Our retirement center, located on Redman Road in North St. Louis county, presently contains 56 units and a community building. Although the facility is not fully occupied, we are beginning to study plans for the possible expansion of the community building and the addition of more units. Altman-Charter, our builder for LC-NE, is currently studying the cost factors. A decision will be made in 1988 as to when we will expand the complex. It has already been determined that to operate the project efficiently requires more units than there are today.

b. The Expansion of the Good Neighbor Program

The Good Neighbor Program has been an effective service to

assist older people in remaining in their own homes as long as possible. This program of companionship and light housekeeping has met a specific need for individuals and is highly recognized in the health care community.

Presently, we have three full-time employees. One works at LAS, one at Concordia/Kirkwood and one splits his/her time between both locations.

The Good Neighbor Program needs to develop a better educational program for workers and preliminary work has begun. We have over 300 workers serving over 360 clients, so education becomes more critical as we expand. It has been anticipated that during the next three years we will grow by 100 workers and service an additional 100 clients. Expansion to West St. Louis County and St. Charles County is being studied.

c. Increasing the Casework Staff

In the fall of 1987, we added one caseworker to our existing staff. We now have four caseworkers in addition to our Director of Casework. By 1989 or early 1990, we believe it

will be necessary to add another caseworker. There are several reasons as to why this will be necessary.

Those reasons are:

- We are now providing more casework service to Badenhaus (100 units) and Badenfest Elderly Apartments (21 units) which we manage for the St. Louis Housing Authority.

- We need to provide more casework service for our Lutheran Apartments for the Elderly in South St. Louis (40 units).

- We are also providing casework service for Luther Center-Northeast (56 units) and some casework services for Concordia House of Kirkwood (76 units).

Some revenue will be generated from these various communities to offset our costs.

In addition, we have found that through our Good Neighbor Program people are able to stay in their own homes longer and are grateful that such care is available. However, when they

finally come to the point of no longer being able to maintain themselves in their homes, it become an emergency situation and they immediately need help to find more supportive services.

We also know that hospitals are not keeping people as long as they used to since frequently, families call to say that the hospital is going to discharge the patient. In many situations, they need a nursing home immediately. Our caseworkers are constantly working with these emergency situations in trying to provide help for these elderly people and their families. It appears that in the future, this service will be needed even more and the additional workload will justify additional caseworkers. Due to these observations, we are anticipating this additional cost in our strategic planning.

d. Utilizing Government Funds for Housing

Government funds for housing are very limited. It is our desire, however, to answer a very specific need which has been expressed by the elderly. That need is for low rental housing. Another complex, possibly located on the near South Side of St.

Louis, could enhance our facilities at the Lutheran Apartments for the Elderly and also give us much needed visibility in the South Side community. We have made preliminary contacts with a qualified firm, Altman-Charter who has experience in securing such contracts and loans through the Federal and State funding agencies.

e. Determining the Potential for Expansion in St. Charles or Other Areas

According to several studies, the population in the St. Louis area is moving out toward West County and St. Charles. Since this movement also includes the elderly, we need to study the demographics and needs which will need to be met in the near future. Currently, a study is being completed jointly with Lutheran Health Care and Concordia House which will indicate how we can best meet the needs of the elderly in these areas.

3. The Renovation of the Altenheim Building and Programs:

a. The Renovation of the Altenheim Building

The Altenheim, built in 1929, and now licensed as a Residential Care II Facility, has been experiencing occupancy problems.

The building does not fully meet the handicapped accessibility code. Utilizing a grant from the Lutheran Charities Foundation, we decided to deal with the matter using a two-fold approach.

First, we engaged Father William Hutchinson of St. Louis University to complete a study of the needs of the aging population in St. Louis. Secondly, we hired the architectural firm of Kromm Rikimaru & Johansen, Inc. (KRJ) to study ways of making the best use of the building to meet the needs found by Fr. Hutchinson.

Father Hutchinson's conclusions were:

1. The need for more care than we now provide in Residential Care, thus one floor to be changed to Intermediate Care.
2. The need to consider special usage such as an Alzheimer's care unit.
3. The need to provide better storage and service areas for receiving merchandise and the warehousing of supplies.
4. Renovate the chapel to better accommodate wheelchair

residents as well as those with walking limitations.

KRJ determined the following actions as apparent and included them in the architectural recommendations:

1. A way of providing for handicapped accessibility and maintaining the beauty of the architecture of the building.
2. Expanding the chapel which will enable many of the residents to go to the chapel unassisted.
3. The development of an Alzheimer's Care Unit on the second floor with special emphasis on their specific needs.
4. The development of a remodeled Residential Care Facility II section on the First Floor.

The LAS Board and Staff are in the process of determining alternative methods of raising capital funds to accomplish this goal.

b. Enlarging the Activities Program

We feel that this area needs greater concentrations with our Nursing Home and Residential Care residents. We hired an

Activities Director in the fall of 1987 to begin developing this program. The reason for this action is that we were finally able to afford an Activities Director, and the State and Federal regulations now required an Activities Director. It became imperative to find a way to fund this position and ensure our compliance with the Agencies.

It is anticipated that by mid-1988 we will need an additional full-time Activities Aide and add a second aide in 1989. One of the hopes of this program was pointed out by one of our consultants as better utilizing the volunteer base of the 62 Lutheran Churches in our Society and the community at large. These volunteers could assist in working with small groups and individual residents. Our activities program will enable them to share their specific expertise and gain a sense of continued selfwork and accomplishment.

c. Providing Additional Professional Nursing Staff

In providing care to the elderly in our nursing home, it is more and more apparent that since people are remaining in their

homes longer, they enter a nursing home in needs of more medical care than previously. Our plan is that we need to employ more Registered Nurses (RN's) and Licensed Practical Nurses (LPN's) to provide quality care for these individuals who have increased medical problems. Our recruitment program is already in operation and adding personnel, even though there is a drastic shortage of qualified RN's and LPN's.

4. Expanding the Educational Program

We have been cognizant of the need for educational programs among professionals and families. Previously, we provided programs such as a workshop for Lutheran professional church workers, as well as educational meetings for families who placed a resident in our nursing home. In response to the need of families of some of our residents as well as the community, we have sponsored an Alzheimer's support group. The monthly meetings have been meaningful to the participants and they have invited others to attend these gatherings.

There is a critical need in the churches and the community to educate people concerning the resources available to the older adult and their families. Our

caseworkers serve many people with an Information and Referral Service and we plan to increase this activity. We propose to have a closer working relationship with congregations by visiting churches and their organizations. Additionally, we plan to expand this relationship to the community at large. Through our weekly radio broadcast over KFUE-AM, 850, we will also continue to educate the public regarding problems of the aging and inform them of the services available to the care-giver as well as the care-receiver.

Adopted by the Board of Directors - July 18, 1988

APPENDIX B

Long-Range Plan

Lutheran Altenheim Society

1989

I. MISSION STATEMENT

The mission of the Lutheran Altenheim Society of Missouri (LAS) is:
"To provide for the needs of the aged as an expression of Christian love and concern by the Lutheran community."

II. CRITICAL TARGETS

1. Caring for the aged, with aged being defined as 65 or older.
2. Maintaining our Christian Lutheran heritage but also providing our services to all Aged in need.
3. Including the Aged infirm as an active part of our ministry.
4. Maintaining the Mission in the Greater St. Louis Metropolitan area, including St. Charles County and Southern Illinois.

III. SITUATION AND/OR CONDITIONS

A. Fiscal -

- Unbalanced Operating Budget.

- Medicaid Shortfall.
- Unpredictable funding of the Capital Budget.
- Insufficient principal in the Endowment Fund.
- Lack of a policy on use of Bequests.

B. Main Campus -

- Inadequate 1929 building.
- Low utilization of cottages.
- Security questions in the entire facility.
- Lack of handicapped accessibility.
- Adequacy of Nursing Home - long-term.

C. Satellites -

- Uncompleted expansion of The Gables at LC-NE.
- Unmet needs of the elderly in the Greater Metropolitan St. Louis area.
- Unmet needs of Lutheran Congregations in the Metro St. Louis area that can be addressed by LAS.

IV. **OBJECTIVES**

1. Providing for the needs of the Aged as defined by needs surveys.
2. Growing our Mission to meet the defined needs.

3. Being exemplary financial stewards, thereby ensuring our ability to meet the Mission.

V. STRATEGY

- A. Decide to do something with the 1929 building.
- B. Develop greater fiscal responsibility.
- C. Deal with the Medicaid shortfall.
- D. Develop new methods of fund-raising.
- E. Maximize the current approach to and develop new methods for generating additional revenue.
- F. Explore the expansion into other geographic areas (St. Louis City, St. Louis County, Metro-East).
- G. Expand into St. Charles
- H. Assess and improve levels of services in the Society (includes levels of care).
- I. Intensify our public relations program to the Lutheran community, professional organizations, and the general public.
- J. Expand the educational programs (internal and external).
- K. Establish closer working relationships with professional health care groups.
- L. Establish closer working relationships with Lutheran Health

Care.

STRATEGIES AND ACTIVITIES

A. Decide to do something with the 1929 building

1. Do an internal needs assessment by 1-24-89 (see the following).
2. Do an external needs assessment by 1-24-89 (see the following).
3. Make a decision based on #1 & #2 about what we want included by 2/27/89 (see the following).
4. Request the Board authorization of funds for the engagement of an architect on 3/20/89.
5. Contract with the architect by 3/21/89.
6. Receive plans from the architect by 4/21/89 for review by the LAS administration and fiscal service department staff.
7. Upon review of the architect's plans, the financial forecast, and all considered alternatives, recommend action to the Board at the 6/19/89 Board meeting.
8. Request the Board's decision regarding the recommendation on 6/19/89.
9. Submit a supplemental proposal to the Lutheran Charities Foundation by June 20, 1989 for their delegates' meeting in

October 1989.

INTERNAL AND EXTERNAL NEEDS ASSESSMENT DATA

Resources for the **internal** needs assessment include administrative staff, department heads, and in-house experts.

Resources for the **external** needs assessments include: "Feasibility Study for the Expansion of Care at the Lutheran Altenheim" prepared by Father William Hutchinson, PhD, Gerontological Consultant and Dean, School of Social Service, St. Louis University; "The Joint Study Committee Conclusions and Recommendations" conducted by Real Estate Analysts, St. Louis, MO; and suggestions from Kromm, Rikimaru and Johansen, Inc. St. Louis, MO.

INTERNAL

RCF beds

Chapel

Storage

Activity Space

Physical Therapy

Parking

More resident areas

EXTERNAL

RCF - modernize, expand living spaces for residents

Chapel (shared space/KRJ)

Storage/Receiving/Maintenance area

Activity Area

Parking

More socializing spaces for residents

Respite Care

Apartments

Staff Lounge

Office Space

Remodeled offices

Beauty Shop

Beauty Shop

Volunteers

Resident's Corridor

Activities from other areas

Handicapped Accessibility

Security

Alzheimer's Unit

Child Day Care

Recent data on ICF beds

Adult Day Care

ACTION #3: PROGRAMS & FACILITIES TO BE INCLUDED

The following list is a composite of information from the internal and external needs assessment. It has been reviewed by the administrative staff and is to be used by the architects in their planning for the renovation of the 1929 building or for the development of a new building for that site.

RCF II - 30 beds (convertible to ICF)

RCF I - 15 beds (convertible to efficiency apartments)

resident's lounge areas

Chapel

Storage/Receiving area

Physical therapy (modern)
Activity space
Parking
Staff Lounge
Offices
Beauty Shop
Volunteers
Classroom/Learning lab
Doctor's workroom
Security System
Handicapped accessibility for all areas
Day care (15 children, 10 adults)
Main Dining Room redesign
McLaran Entrance redesign

B. Develop greater fiscal responsibility

1. Develop department and program ownership of the operating and capital budget by having the supervisory staff participate in the development of the proposed budget for each fiscal year.
2. Achieve greater internal control of the approved operating

budget through the monthly distribution of department fiscal reports to the President, Vice-Presidents, and Department Heads for their individual review and discussion of variances which may have occurred.

3. Continue to use LB & E as the capital fund.
4. Continue to fund LB & E with undesignated wills and undesignated donations.
5. Have the fiscal services committee recommend to the Board on a quarterly basis whether any LB & E funds should be allocated or redirected to any other areas -- with a high priority being given to increasing the Endowment Fund.
6. Project the operating budget, income, and expenditures for each year of the 5-year plan (1990-1995) with the goal of achieving a balanced operating budget and amend the projections on an annual basis.
7. Over the 5-year plan, grow the reserve account of LB & E as determined by the fiscal services committee on a quarterly basis.
8. Over the 5-year plan, grow the Endowment Fund by \$50,000 annually.
9. Investigate the budgeting process and the true cost of

services/programs for each segment of the Society and for the Society as a whole by 12/31/90.

C. Deal with the Medicaid shortfall

1. Annually seek grants from foundations and corporations to reduce the Medicaid shortfall (write-offs against operational budget).
2. Solicit funds several times a year from individuals and churches to be designated for the Medicaid shortfall.
3. Continue administration's (President and Vice-Presidents) evaluation of the financial assets of all applicants who plan to enter our facility.
4. Annually work with the Department of Social Services and professional organizations to increase the amount of our Medicaid allocation.
5. The Administrative staff is to develop for OPP a semi-annual report to evaluate the impact limiting the percentage of residents on Medicaid is having on the image of the LAS, the occupancy rate, the relationship with the state agencies, and other variables.

6. Set up a specific fund - the proceeds of which will be used to fund the Medicaid shortfall. (Long-Term Solution)

D. Develop new methods of fund-raising

1. Work in partnership with the Department of Stewardship and financial development of LCMS concerning wills and bequests beginning by 4/1/89.
2. Request major dollars from foundations and corporations for funding on an annual basis.
3. Investigate by 12/31/89 the establishment of an annual special event for fellowship, LAS promotion, and fund-raising.
4. Institute a major giving club of contributors who gave over \$500 annually by 12/31/89.
5. Beginning in the fall of 1989 work to increase giving commitments from the staff, the Board of Directors, and the Endowment Fund trustees.
6. Develop dinner meetings for specific giving groups beginning in January 1990.
7. Investigate new methods of increasing the donor list.
8. Update computer programs and/or purchase new specialized

fund-raising equipment by 1991.

E. Maximize the current approach to and develop new methods for generating additional revenue

1. Generate new revenue through acquisition of apartment units for the elderly with the first unit to be secured by June, 1991.
2. Develop innovative ways to increase the cottage occupancy rate to 75% or higher by December 31, 1989.
3. Pursue the sale of the bank building by December 31, 1989.
4. Investigate reactivating our participation in the Medicare program (SNF) and receiving dollars from that program by June 30, 1990.
5. Continue to investigate opportunities to manage additional public housing for the elderly
6. Annually evaluate the rate structure at LAE to balance the provision of adequate, affordable housing for our target populations with revenue generation.
7. Monitor the TWI management agreement for The Gables at LC-NE to balance service provision with revenue generation.
8. In 1990, seek the renewal of our 3-year management contract

with St. Louis Housing Authority at the most favorable terms

9. Pursue the implementation of new revenue-producing services at multiple sites
10. By December 31, 1989 investigate implementing an on-going program for retired Lutheran pastors, teachers, and their spouses who need our services.

F. Explore the expansion into other geographic areas (St. Louis City, St. Louis County, Metro-East)

Annually:

1. Review the Joint Study and other information on the needs of the elderly in the Metro area.
2. Prioritized the areas in which the LAS will receive the most support and respond to the greatest need.
3. Make decisions about appropriate programs and their implementation once feasibility study findings are reviewed.

G. Expand into St. Charles

1. Strengthen the working relationships with congregations, existing Church organizations, and the St. Charles community.

2. Determine the needs of the elderly in St. Charles through surveys.
3. Begin the Good Neighbor Program in St. Charles (February 1989) and develop other programs with high visibility and low cost that are service oriented.
4. Conduct and use the findings of the feasibility studies to further determine the direction of LAS involvement by 1/1/90.
5. Consider most favorable locations to erect a facility and if the feasibility study indicates such a need, be prepared to purchase property by 3/1/90.

H. Assess and improve levels of services of the Society (includes levels of care.)

1. Continue to monitor the levels of services provided by our competitors.
2. Continue to monitor the requests/needs for services expressed by our constituency.
3. Continue to monitor trends in gerontological services in the state and across the nation.
4. Develop a quality assurance framework that will measure the

satisfaction of residents and their families with levels of services offered and will indicate areas where improvement must occur by 9/30/89.

5. Determine if another activity aide should be added by 12/31/89.
6. Determine by July 1989 if another caseworker should be added in 1990.
7. Recruit more RNs and LPNs to increase the professional nursing staff to assure quality care and supervision
8. In May of 1990, evaluate the chaplaincy program to determine whether it meets the needs of the Society.
9. Evaluate advances in technology which might improve the services of the Society.
10. Review all contracts for service annually to ensure the best service for the dollar.

I. Intensify our public relations program to the Lutheran community, professional organizations, and the general public.

1. Beginning in June 1990, develop a three-year program whereby staff will attempt to personally relate the LAS story to each member congregation.

2. Continue to provide the KFUE-AM listening audience with information about LAS and the aging process.
3. Annually evaluate the PR program to determine its effectiveness in communicating to our public.
4. Develop a program whereby LAS can study the effective use of volunteers and, if feasible, begin to implement these concepts by July 1990.
5. Enlist through active efforts five (5) new Red Cross Volunteers each year.
6. Enlist 5 new congregations each year to be involved in the LAS activities program.
7. Establish more effective communication system with our delegates by June 1990.
8. Begin a program to promote close Board Member-Delegate cooperation from the same congregation to communicate the LAS mission to that congregation by September 1989.
9. Host more meetings and gatherings with professionals in gerontology and related fields.
10. Encourage professional employees to be actively involved in their professional groups.

11. Participate in United Way rallies and activities.
12. Consider the publication of an annual report by July of each year.
13. Encourage our clergy-staff to preach in at least six different congregations each year.
14. Annually contact congregations which have access to the producing of TV programs and encourage them to use our staff resources in programming pertaining to ministry to the aging and their families.
15. By November, 1989 work with the Auxiliary to investigate present and future means of sharing the work of the LAS with their congregation.
16. Immediately develop marketing efforts toward private pay individuals.
17. Continue to utilize print media (St. Louis Lutheran, etc.) to provide information about the LAS and the aging process.

J. Expand the educational programs (internal and external)

1. By 11/31/89 - establish the nurses' scholarship fund, a policy for its use and a plan for increasing the fund.

2. By June of 1990 develop an expanded communication system to provide information to all employees concerning current programs and new ventures of the Society.
3. Improve the reimbursement program for supervisory (or professional) employees to continue their education in their specific field of employment beginning January 1990.
4. Assess the educational needs of staff and develop specific programs of education to upgrade staff skills (initial - 1/1/90 and expanded 1/1/92).
5. Provide educational programs on aging for congregation usage by December 1990.
6. By July 1989, encourage staff to develop subjects of interest to be presented at Missouri District Circuit gatherings in 1990 and at other events.
7. Evaluate the need for and the funding methods for a full-time employee who will coordinate and be responsible for the internal and external educational programs by July 1990.
8. During 1990, consider the expansion of the pilot health awareness program at The Gables at LC-NE to our other housing facilities and begin the initiation of programs in

congregations.

9. Beginning in June 1990, have a program developed whereby all employees will have the opportunity on an annual basis to attend at least one program about aging.
10. Increase the number of educational programs available to the public at our facilities by December 1990.
11. Continue and expand in-house programs for currently employed Certified Nurse Aides by building on the implementation of the new guidelines of 1/1/89.
12. Beginning in January 1990 explore the opportunity to develop a "Silver Arch" program as outlined in the Joint Study.

K. Establish closer working relationships with professional health care groups.

1. Increase networking with professional health care groups through greater staff participation in internship programs and similar endeavors.
2. Annually reinforce our relationships with professional staff at health care agencies and facilities.
3. Explore the resources available to the LAS at Christian Hospital

NE/NW, Lutheran Medical Center, and other area facilities.

4. Maintain and improve the active involvement of the LAS in professional organizations, gerontological professional organizations, governmental agencies, and religious groups at the local, state, national and international levels.

L. Establish a closer working relationship with Lutheran Health Care.

1. Continue dialogue with the committees appointed by LAS and Lutheran Health Care Board of Directors to develop a closer working relationship which will benefit older people and their families and review the joint study and attempt to implement the joint programs suggested as funds become available.
2. Build informal collegial relationships with the staff at Lutheran Health Care.
3. Review the findings of the Council of Lutheran Churches proposed study of Lutheran organizations.

Accepted and Approved by Board of Directors - 5/23/89

APPENDIX C

Long-Range Plan

Lutheran Altenheim Society

July 1990

I. MISSION STATEMENT

The mission of the Lutheran Altenheim Society of Missouri (LAS) is to provide for the needs of the aged as an expression of Christian love and concern by the Lutheran community.

II. CRITICAL TARGETS

1. Caring for the aged, with aged being defined as 65 or older.
2. Maintaining our Christian Lutheran heritage but also providing our services to all Aged in need.
3. Including the Aged infirm as an active part of our ministry.
4. Maintaining the Mission in the Greater St. Louis Metropolitan area, including St. Charles County and Southern Illinois.

III. SITUATION AND/OR CONDITIONS

A. Fiscal -

- Unbalanced Operating Budget.
- Medicaid allowance.

- Funding of the capital budget.
 - Principal in the Endowment Fund.
 - Reporting the financial status.
- B. Main Campus -
- Low occupancy on second floor of the Altenheim building.
 - Utilization of cottages.
 - Security of facility.
 - Handicapped accessibility.
 - Scope of services.
- C. Satellites -
- Utilization of the property at The Gables at Luther Center-Northeast.
 - Commitment to the St. Charles area.
 - Existing and new housing alternatives.
- D. Outreach Ministries -
- Need to communicate the programs and services of the the Lutheran Altenheim Society.
 - Increased number of elderly in the greater metropolitan St. Louis area.

IV. OBJECTIVES

1. Providing for the needs of the Aged as defined by needs surveys.
2. Growing our Mission to meet the defined needs.
3. Being exemplary financial stewards, thereby ensuring our ability to meet the Mission.

V. STRATEGIES

1. Develop greater fiscal responsibility.
2. Establish and implement additional procedures for tracking and monitoring financial data.
3. Develop and implement a fund-raising plan.
4. Maximize the current approach to and develop new methods for generating additional revenue.
5. Maintain and improve the physical conditions at the McLaran complex.
6. Assess and improve programs and levels of services offered at the McLaran complex.
7. Implement the McLaran Complex Renewal Plan.
8. Determine the utilization of the property at The Gables at Luther

Center-Northeast.

9. Determine the level of involvement in the St. Charles area.
10. Explore the existing and new housing alternatives in the greater metropolitan area.
11. Intensify our public relations program to the Lutheran community, professional organizations and the general public.
12. Expand the educational programs (internal and external).
13. Establish closer working relationships with professional health care groups, especially with Lutheran Health Care.

VI. ACTIONS

A. **Develop greater fiscal responsibility**

1. Continue to have the supervisory staff participate in the development of the proposed budget for each fiscal year.
(Annually in August and September)
2. Achieve greater internal control of the approved operating budget through the monthly distribution of department fiscal reports to the President, Vice-Presidents, and Department Heads for their individual review and discussion of variances which may have

- occurred. (Monthly)
3. Continue to use LB & E as the capital fund (annually in October).
 4. Evaluate and determine a procedure for deciding where undesignated contributions, legacies, and bequests are to be credited. (October 1990)
 5. Continue to use LB & E as the holder of our reserve accounts. (Annually in October)
 6. Have the fiscal services committee recommend to the Board on a quarterly basis whether any LB & E funds should be allocated or redirected to any other areas.
(Quarterly: January, April, July and October)
 7. Project the operating budget, income, and expenditures for each year of the 3-year plan (1991 - 1993) with the goal of achieving a balanced operating budget (annually in August).
 8. Amend the projections for the operating budget on an annual basis to determine the actual budget for each year (annually in August).
 9. Increase the Endowment Fund as outlined in the fund-

raising plan (see Strategy C: develop and implement a fund-raising plan) by December 1993.

10. Determine the true cost of services and programs for each segment of the Society and for the Society as a whole by 7/31/91.

B. Establish and implement additional procedures for tracking and monitoring financial data.

1. Create a simpler form to report the financial condition of the Society to the staff and the Board of Directors (January 1991).
2. Develop a reporting system which will identify all contributions given and the uses made thereof. (January 1991)
3. Convey to the public in an understandable way the financial condition of the Society (March 1991).

C. Develop and implement a fund-raising plan

1. Seek grants from foundations and corporations to bridge the gap between the Medicaid allowance and the cost of

- care. (annually)
2. Solicit funds several times a year from individuals and churches with direct mail campaigns and personal visits to be designated for bridging the gap between the Medicaid allowance and the cost of care. (Minimum of four annually)
 3. Conduct an Endowment Fund campaign over a three-year period with a goal of raising \$250,000 (December 1993).
 4. Work in partnership with the Department of Stewardship and Financial Resources of LCMS in the area of wills and estate planning (on-going).
 5. Continue and expand the programs of gifts through life insurance such as "Endowing Tomorrow" (Lutheran Brotherhood) (on-going).
 6. Institute a major giving club of contributors (June 1991)
 7. Conduct one or more special events each year for fellowship, LAS promotion and fund-raising (1991, 1992, 1993).
 8. Develop programs to work with the staff, the Board of Directors and the Endowment Fund Trustees to increase

- their giving commitment levels. (June 1991)
9. Investigate computer programs to better utilize and increase our donor list. (October 1990)
 10. Continue to submit grant requests to the Lutheran Charities Foundation as appropriate needs arise (on-going).
 11. Conduct special campaigns for the 85th anniversaries of the LAS and the Lutheran Altenheim Auxiliary (1992).
 12. Participate in the capital campaign for the McLaran Complex as designed by Resource Services Incorporated (Aug 1990) - See Strategy G: Implement the McLaran Complex Renewal Plan.

D. Maximize the current approach to and develop new methods for generating additional revenue.

1. Develop a plan to generate new revenue through acquisition of apartment units for the elderly (February 1992).
2. Continue to pursue the sale of the bank building (October 1990).

3. Continue to investigate opportunities to manage additional public housing for the elderly (on-going).
4. Continue to evaluate the rate structure at LAE to balance the provision of adequate, affordable housing for our target population with revenue generation (annually in August).
5. Seek the renewal of our 3-year management contract with St. Louis Housing Authority at the most favorable terms (September 1990 and September 1993).
6. Monitor the TWI management agreement for The Gables at Luther Center-Northeast to balance service provision with revenue generation (on-going).

E. Maintain and improve the physical conditions at the McLaran Complex.

1. Develop a phased plan for improvements in and around the Altenheim Building. (October 1990)
2. Develop a phased plan for internal improvements in the Nursing Home Building (April 1991).
3. Develop a phased plan for improvements in the Cottage

(June 1991).

4. Establish a series of maintenance schedules to include both routine and preventive maintenance activities.

(October 1990)

F. Assess and improve programs and levels of services offered at the McLaran Complex.

1. Continue to monitor the levels of services provided by our competitors in the Greater Metropolitan St. Louis area. (on-going)
2. Create a simple system of tracking the origin of our requests for services, the kinds of services requested, and other variables relating to assessing our constituency's demands on us (quarterly summaries: January, April, August and October).
3. Continue to monitor trends in gerontological services in the state and across the nation (on-going).
4. Utilize data from the Quality Assurance Program (on-going).
5. Determine if the part-time activity aide should be full

- time (August 1, 1990 and annually thereafter).
6. Determine if a 5th Caseworker should be added in 1991. (August 1, 1990 and annually thereafter.)
 7. Determine if an assistant for the chaplain should be added in 1991. (August 1, 1990 and annually thereafter.)
 8. Develop programs to recruit and retain RN & LPN staff.
 9. Evaluate advances in technology (annually).
 10. Review all contracts for services to ensure the best service for the dollar (annually in August).
 11. Discuss additional levels of care and additional service programs that could be developed at the McLaran complex (annually).
 12. Evaluate the recruitment and the use of volunteers (annually).
 13. Develop ways to further involve the Auxiliary at the McLaran Complex (February 1991).
 14. Evaluate and encourage the involvement of congregations in the Activities program (February 1991).

G. Implement the McLaran Complex Renewal Plan

1. Implement the capital campaign for the McLaran complex as designed by Resource Services Inc. (August 1990).
2. Establish and implement a timetable for financing and construction. (February 1991)

H. Determine the utilization of the property at The Gables at Luther Center-Northeast

1. Consider utilization of the property at The Gables at Luther Center-Northeast after 75% of the living units in Phase II are occupied (November 1990).

I. Determine the level of involvement in the St. Charles area

1. Determine the needs of the elderly in St. Charles by means of surveys (November 1990).
2. Develop a course of action to meet the needs identified through surveys. (July 1991)
3. Strengthen the working relationships with congregations, existing Church organizations, and the St. Charles

community. (on-going)

4. Work closely with representatives of Lutheran High School of St. Charles to develop some form of intergenerational ministry. (on-going)
5. Strengthen the Good Neighbor Program in St. Charles (on-going).

J. Explore the existing and new housing alternatives in the greater metropolitan area.

1. Seek the renewal of our 3-year management contract with St. Louis Housing Authority at the most favorable terms (September 1990 and September 1993).
2. Maintain and improve the physical condition and programs at Lutheran Apartments for the Elderly (on-going).
3. Maintain and improve the physical condition and programs at Phases I and II of The Gables at LCNE (on-going).
4. Investigate the possibility of management or acquisition of additional housing facilities for the elderly (June

1991).

K. Intensify our public relations program to the Lutheran community.

1. Develop a three-year program whereby staff will attempt to personally relate the LAS story to each member congregation (January 1991).
2. Continue to provide the KFUE-AM radio listening audience with information about LAS and the aging process (on-going).
3. Evaluate the PR program to determine its effectiveness in communicating to our public (annually).
4. Enhance the program to promote closer Board Member-Delegate cooperation to communicate the LAS mission.
5. Encourage professional employees to be actively involved in their professional groups and to host meetings and gatherings at LAS.
6. Participate in United Way rallies and activities.
7. Publish an annual report (annually in March).
8. Plan the celebration of the 85th Anniversary of the LAS

in 1991 (October 1990).

9. Contact congregations which have access to the producing of TV programs and encourage them to use our staff resources in programming pertaining to ministry to the aging and their families (annually).
10. Continue to utilize print media (St. Louis Lutheran, etc.) to provide information about the LAS and the aging process (monthly).
11. Facilitate the Auxiliary's plans for their 85th Anniversary in 1992 (October 1991).

L. Expand the educational programs (internal and external)

1. Plan a fund-raising campaign for the nurses' scholarship every 2 years (odd-numbered years) February 1991
2. Develop an expanded communication system to provide information to all employees concerning current programs and new ventures of the Society (January 1991).
3. Evaluate the need for and the funding methods for a full time employee who will coordinate and be responsible

for the internal and external educational programs
(August 1991).

4. Investigate the possibility of three-year funding from Lutheran Charities Foundation for the expansion of the pilot health awareness program at The Gables at LCNE to our other housing facilities and to congregations (April 1991).
5. Evaluate the possibility of conducting the CNA training course on-site at the LAS (April 1991).
6. Continue to provide educational programs available to the public at our facilities (November 1991).
7. Continue to provide clinical facilities for students from professional nursing programs (annually).
8. Continue to provide clinical facilities for students from Concordia Seminary (annually).
9. Assist congregations to develop on-going programs to enhance their ministry to, with, and for older people (November 1990).
10. Cooperate with Synods, Districts and Social Ministry Agencies to assist the ministry to the elderly and their

families (on-going).

M. Establish closer working relationships with professional health care groups, especially with Lutheran Health Care.

1. Build informal collegial relationships with the staff at Lutheran Health Care by planning joint events. (November 1990, April 1991 and twice a year thereafter.)
2. Continue the dialogue with the committees appointed by LAS and Lutheran Health Care Board of Directors to develop a closer working relationship which will benefit older people and their families and review the joint study and attempt to implement the joint programs suggested as funds become available (on-going).
3. Increase networking with professional health care groups through greater staff participation in internship programs and similar endeavors (review annually in February).
4. Reinforce our relationships with professional staff at health care agencies and facilities (review annually in May).

5. Explore the resources available to the LAS at Christian Hospital/NE-NW, Lutheran Medical Center, and other area facilities (review annually in August).
6. Maintain and improve the active involvement of the LAS in professional organizations, gerontological professional organizations, governmental agencies, and religious groups at the local, state, national and international levels (review annually in December).

Approved and accepted by Board of Directors 7/23/90

APPENDIX D

Lutheran Altenheim Society of Missouri

Long Range Plan

September 1991

I. MISSION AND PHILOSOPHY

To meet the needs of the elderly as an expression of the Christian love and concern of the Lutheran community whether the elderly have financial resources or not.

II. GOALS

1. Balanced Budget

This goal will be achieved in 1992 when an annual source of funding for the Medicaid-eligible Lutheran residents is secured. Funding of the other Medicaid-eligible residents (non-Lutheran) will come from other revenues.

It will be a break-even cash plan.

Bequests will be routed into the Endowment Fund with the interest to be used for the Medicaid residents.

2. Expansion

The Lutheran Altenheim Society will expand its operations into one of the following areas in 2 to 3 years. The expansion will be funded by a major loan using the McLaran Complex as collateral.

Areas to be considered for expansion:

- (a) St. Charles County
- (b) Southern Illinois
- (c) North St. Louis County

3. McLaran Complex

(A) Cottages -

To be converted to a rental program as the current residents of the Cottage program move out of the cottages. (Approximate time for conversion: 3-5 years.)

To demolish Cottage 5 by October 1992.

To purchase the remaining privately owned cottage on Annetta (10-A) when it comes on the market.

(B) Residential Care Facility (1929 Building)

To close the Second Floor by June 1992 and to later close the first floor by December 1992.

(C) Nursing Home

(1) Chapel/Multipurpose Room

To begin the fund-raising campaign by 6/92

To begin construction by Easter 93.

(2) Medicaid Occupancy

To gradually increase the percentage of Medicaid residents as the need exists and as the financial resources for the shortfall are available.

(3) Casemix

To develop differentiated service levels in order to more exactly define the costs of care (for determining reimbursement).

To address in the differentiated service levels specialized care units (market niches) in order to promote client and staff recruitment and the overall perception of the facility as a quality institution.

(4) Bank Building

To continue efforts to sell this property.

4. The Gables

To be a profit center in 1992.

5. Lutheran Apartments for the Elderly

To continue to operate this ministry as a profit center.

6. Badenhaus/Badenfest

To continue this ministry by negotiating a profitable contract with the St. Louis Housing Authority.

7. The Good Neighbor Program

To initiate operations in Southern Illinois by Spring 1993.

Approved 1/18/92 by the Board of Directors

Works Cited

- Below, Patrick, George Morrisey and Betty Acomb. The Executive Guide to Strategic Planning. New York: Jossey Boss Publishers, 1987.
- Espy, Siri N. Handbook of Strategic Planning for Non-Profit Organizations. New York: Praeger Publishers, 1986.
- Fox, Harold W. "Planning: The Key to Nonprofit Success." Non-Profit World Report. Jan-Feb 1984, 15-16.
- Marth, David B. personal interviews. Apr. May 1992.
- Schmidt, Edward E. personal interview. 23 Mar. 1992.
- Steiner, George A. Strategic Planning: What Every Manager Must Know - a step by step guide. New York: The Free Press, 1979.
- Walker, Lynn. "Building a mission gives organization a purpose." St. Louis Business Journal. 4-10 Apr 1988: 13B.
- Wheelen, Thomas and J. David Hunger. Strategic Management. Massachusetts: Addison-Wesley Publishing Co, Inc. 1984.