

Establishing and Managing Fees-for-Service in Centers for Independent Living

SELF-STUDY MANUAL

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**A Publication of CIL-NET, a Part of the IL-NET
National Training and Technical Assistance Project**

IL-NET

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© September 2015
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This self-study manual is presented by the CIL-NET, a part of the IL-NET national training and technical assistance project for centers for independent living (CIL-NET) and statewide independent living councils (SILC-NET). The IL-NET is operated by the Independent Living Research Utilization (ILRU) Program at TIRR Memorial Hermann in partnership with the National Council on Independent Living (NCIL), the Association of Programs for Rural Independent Living (APRIL), and the Center for Persons with Disabilities at Utah State University.

Support for development of this publication was provided by the Department of Health and Human Services, Administration for Community Living, under grant numbers 90TT0001-01-00 and 90RR5006-01-00. No official endorsement of the Department of Health and Human Services should be inferred. Permission is granted for duplication of any portion of this manual, providing that the following credit is given to the project: ***Developed as part of the CIL-NET, a program of the IL-NET, an ILRU/NCIL/APRIL National Training and Technical Assistance Project.***

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Acknowledgements

We gratefully acknowledge the training content and resources provided by specialists in fees-for-service and marketing at several IL-NET and New Community Opportunities Center training events that led to the creation of this manual. Many of the presenters' ideas, strategies, and program descriptions are incorporated here. Our deepest thanks go to the following:

- Dennis Fitzgibbons – Alpha One
- Kathie Knoble-Iverson – Independent Living Resources
- Cara Steidel – Lehigh Valley Center for Independent Living
- Carol Voss – IndependenceFirst

How to Use This Manual

This manual is designed for small group discussion or self-study. Work at your own pace. The authors recommend that you schedule a block of time that works within your organization, during which you will read the manual and complete the exercises. Plan to spend an hour or so on each chapter. Some chapters will take less time, others a little longer.

Center for Independent Living (CIL) boards of directors, management, and staffs may benefit by working through relevant chapters as a group or individually. Included in each chapter are discussion questions that work equally well in either format. Use these questions for self-assessment of current knowledge and identification of areas needing further study. Group discussion will be enhanced by having a facilitator who has read the entire manual beforehand and drafted a discussion agenda that will best serve the group.

Create a notebook for your answers and keep it with this manual for future reference. Your level of learning will depend on the amount of effort and time you apply to the material and on your willingness to do all the tasks necessary to respond to the exercises. You may need to interview disability leaders, public officials, and even staff of your own organization in order to answer some of the questions. Keep track of individual and group progress and make a plan for next steps to take toward accomplishing the CIL's desired outcomes.

The authors encourage you to “dig deep.” If you get stuck, don't hesitate to contact ILRU. The IL-NET can help answer your questions and put you in contact with others addressing fee-for-service issues. If you find self-study challenging, ask about the online training that ILRU offers. For some, the reinforcement of a class setting makes learning much more pleasurable.

You are encouraged to watch the video of the April 2014 on-location IL-NET training, “Establishing and Managing Fees for Service in CILs” available on-demand at:

<http://www.ilru.org/training/establishing-and-managing-fees-for-service-cils>

The PowerPoint presentations, captioned video recordings, and transcripts can be watched/read selectively or altogether as you work your way through this manual.

Purpose

This manual is designed to give Centers for Independent Living an overview of establishing and managing fees-for-service in a CIL. Topics include foundational principles; transitioning to an entrepreneurial mindset; assessing a community's needs and markets for evaluating your CIL's capacity; analyzing costs and setting rates; and funding, planning, implementing and marketing fee-for-service programs.

Learning Objectives

Those who complete this manual and work through the exercises will learn:

- How to make a reasoned decision about whether fee-based services are an appropriate revenue stream for their CIL.
- Characteristics of a successful business environment and how they relate to a not-for-profit CIL.
- Important community linkages and how to assess the marketplace.
- Effective marketing strategy for communicating expertise and creating and distributing relevant marketing content to attract, acquire and engage a defined targeted audience.
- Steps in planning, implementing, and evaluating fee-based services.

This material is suggested for rural and urban CIL executive directors, accountants, program managers, board members and others interested in expanding CIL capacity through fees-for-service. This self-study manual will be of most benefit for small to moderate centers that are poised to expand their CILs' capacity through fees-for-service and contracts. It will also be of benefit to more experienced centers who want to explore a diversity of ideas for expansion and marketing.

Chapter One: Background and Introduction

Many centers for independent living (CILs) have observed that to have the freedom and flexibility to service their customers more fully and to do the advocacy they need to do to change systems and their communities, they must broaden their funding base to include more than grants from federal and state government. As a result, quite a few centers have entered the realm of earned income, offering services that can be paid for by a third party such as Medicaid, state agencies, county government/boards, and businesses, or individuals.

It wasn't an easy decision for some. After all, those of us in the IL Movement are so mission-driven that when the subject of making money comes up we can get uncomfortable. We get concerned about centers losing their philosophical focus. Our civil rights and control of our own lives were hard won and we're not eager to do anything that could risk losing them.

More and more centers are proving that it is possible to institute effective fee-based services that are consistent with the independent living philosophy and that maintain the integrity of the core services defined in standards for CILs. These centers report that their entrepreneurial activities have raised their profile in the community, given them greater flexibility to conduct advocacy and systems change activities, and enhanced the positive outcomes for people with disabilities. That's not to say that everything centers have tried has been successful. A number of centers are open about their failures. Some are learning that being entrepreneurial is a bit of an art as well as a science.

CIL Fee-for-Service Statistics

In 2014 Independent Living Research Utilization (ILRU) conducted a survey of CILs to find out what centers are doing in the fee-for-service arena. Ninety-six centers replied to the survey. A good majority (85.4%) stated that their CIL currently receives fees-for-service (or for products). The most commonly purchased services are Americans with Disabilities Act (ADA) Consultations (36.5%), Nursing Home Transition Services (34.4%), and Employment Services (33.3%).

Here are the services/products that the responding centers currently offer:

Access Design	19.8%
ADA Consultations	36.5%
Adapted Driver Evaluation/Training	0.0%
Assistive Technology Assessments	12.5%
Benefits Counseling	22.9%
Case Management	21.9%
Durable Medical Equipment Sales or Service	15.6%

Employment Services	33.3%
Financial Management Services	8.3%
Home Modifications	18.8%
Mental Health Peer Specialist	4.2%
Nursing home Transition Services	34.4%
Personal Care Services	28.1%
Skills Training	22.9%
Wellness Training	8.3%
Youth Transition Services	13.5%
Other	24.0%

“Other” services included waiver supports coordination, sign language interpreter referral, ASL interpreting services, travel training, Braille production, fitness classes, assistive technology training, Ticket to Work program, Section 504 surveys, veterans services, ADA classes, day habilitation and in-home personal care and respite, telecommunication access equipment distribution, financial accounting for another non-profit, transportation, options counseling, personal assistant training, adult day services, adaptive equipment sales, mobility training, personal adjustment training, technical assistance on disability rights and programs, sensitivity awareness training, management consulting, leadership training, peer mentoring, utility assistance, selling school curriculum, amplified phone program, and vehicle modification.

These centers’ fee-based programs and services are purchased by a wide variety of agencies, businesses, and individuals, including:

Businesses	32.3%
Community Development Block Grant program	11.5%
County government	25.0%
Dept. of Economic & Community Development (state)	3.1%
Dept. of Education (state)	4.2%
Dept. of Health (state)	19.8%
Dept. of Labor (state)	7.3%
Dept. of Mental Health (state)	6.3%
Disability insurance company	1.0%
Housing agency (state)	7.3%
Individuals	28.1%
Local government	19.8%
Managed Care Organizations	16.7%
Maternal and Child Health Services	4.2%
Medicaid	33.3%
School districts	12.5%
Social Security	11.5%
Veterans Affairs	13.5%
Vocational Rehabilitation	46.9%
Other	18.8%

“Other” includes hospitals, colleges, Developmental Disabilities regional center, State CHOICE Program, higher education institutions and programs, State Board of Elections, Housing Authority, Area Agency on Aging, State DD agency, Service Employees International Union, ADA Center, private pay, Department of Health & Senior Services, foundations purchasing equipment for patients, State Department of Transportation, other start-up nonprofits, and State Telecommunications Access Corporation.

Application

1. Describe what you hope to gain from working with this manual.
2. List any fee-for-service programs the CIL currently offers, or any current plans for doing so.
3. How will the addition or expansion of fee-for-service programs affect the CIL?

Resources

- *Selling Social Change Without Selling Out*, Andy Robinson, ed. Kim Klein, 2002. Jossey-Bass, San Francisco, CA. www.josseybass.com. A step-by-step resource on how to initiate and sustain successful earned income ventures that advance an organization’s mission.
- *7 Nonprofit Income Streams: Open the Floodgates to Sustainability!* Karen Eber Davis, 2014. CharityChannel Press, Rancho Santa Margarita, CA. This book discusses seven nonprofit income streams, which include mission earned income and non-mission earned income. This book shows you options.
- *Nonprofit Sustainability: Making Strategic Decisions for Financial Viability*, Jeanne Bell, Jan Masaoka, and Steve Zimmerman, 2010. Jossey-Bass, San Francisco, CA. www.josseybass.com. This text helps you to evaluate existing income streams to determine when it’s time let go or step it up.

Chapter Two: Challenges and Advantages of FFS Faced By CILs

In the context of Centers for Independent Living (CILs), developing a fee-for-service revenue stream is a complex area that presents both practical and philosophical challenges. However, the reality is that the future for continued, expanding government funding (at the federal and state level) might be problematic. We have all seen the cutbacks, rescissions, and the dissolution of certain funding programs and streams. We live in uncertain times and relying on what has historically worked for your center may not be realistic in the near future.

From a philosophical viewpoint, some CILs may have a distrust of providing direct services. Although many CILs successfully manage direct service programs and also have strong system advocacy, it does present dilemmas for some CILs. One way to consider the idea is that the concept of self-reliance is hardwired into IL philosophy. And fees-for-service can add, in a significant way, to the ability of the CIL to chart its own course and not be totally dependent on government funding programs which can and do shift over time.

Government funding is important and critical to a CIL's work, but it can also be immensely helpful to have other funds to further the core services and more effectively reach the many individuals with disabilities who cannot access the limited services currently provided by CILs. In order to ensure that any business (and CILs are a business) can sustain and achieve their mission, new revenue sources and new service opportunities must be carefully and thoughtfully explored and developed. Successful strategies and practical solutions will be addressed in this guide as well as some basic assumptions about integrating this business model into the ongoing operations of a CIL.

An option for CILs to explore is fees-for-service (FFS). Simply, fees-for-service are earned income received for services delivered that can provide revenue to the CIL over a long term. Fee-based services can increase CIL financial sustainability, confirm the value of services, and make financial and programmatic planning easier. Even more importantly, income derived from the FFS can be legitimately used to further the CIL's mission. Of course, the CIL needs to cover the costs of providing the service, but the profit from FFS can be used for operating expenses, cash reserve, capital outlays, etc. within the limits of regulations.

However, there are several challenges to FFS:

- FFS cannot be simply layered on to the existing financial management structure. FFS is a different fiscal animal that involves some additional budgeting, accounting, and billing policies and procedures.
- FFS also requires special diligence regarding regulations and requirements of some of your existing funders to ensure that the expanded responsibilities of FFS are not a barrier to maintaining core services and objectives.

- While Title VII regulations¹ require resource development, the use of grant funds to start a new project then restricts the income to the same goals and scope in time of the grant project. (For example, the funds could not cover non-allowable costs like lobbying.) Consider a business model that does not require the use of grant funds for the staff time and other costs to get the program started.
- The CIL is working for the purchasers of service or goods and must play by their rules, which means that the staff involved must be oriented and trained on what those rules are and how to apply them.
- FFS also requires developing and implementing targeted marketing strategies that are beyond what most CILs typically employ to have a presence in the community.

Foundational Principles

In any fee-for-service environment, there are some foundational principles that are relevant for CILs to consider:

- Title VII of the Rehabilitation Act requires that CILs conduct resource development.
- Making money is not a bad thing for a nonprofit if done ethically and legally, with the proceeds reinvested to support the community. If there is no margin (profit), the CIL can't meet its mission effectively. An expanded revenue stream means more opportunities for services to constituents.
- All funds earned must remain in the nonprofit to further its mission. All shared or indirect costs must be tracked and shared across the new programs in addition to the old.
- If someone is going to make revenue providing goods or services to people with disabilities, why shouldn't it be a CIL? Who knows the needs of individuals with disabilities better than a CIL? The mission of a CIL and its core services require knowing disabilities from multiple perspectives. The CIL's staff members are walking the walk and have proven expertise that buyers need.
- Any successful business utilizes its capacity to acquire new services. CILs can use what it knows and employ the lessons of living with a disability.

¹ CFR Sec. 74.24 Program Income. Please note that citations may change once regulations under the Workforce Innovation and Opportunity Act (WIOA) are codified.

Application

1. What unique or unusual values do CILs bring to the marketplace? Where do CILs stand head and shoulders apart from competitors?

2. What do you envision as the greatest challenges and rewards when considering fees-for-service programs at your CIL?

Resources

- The *New Century CIL Blog* sponsored by the New Community Opportunities Center at ILRU offers centers for independent living resources and tips for expanding and strengthening capacity, including interviews with some CIL directors who have launched successful fee-for-service businesses—
www.newcenturycil.org.

Chapter Three: CILs as a Successful Business Enterprise

A successful business is predicated on knowing the market and meeting the needs of the market. Remember, all markets are cyclical—even the best products won't last forever. How long did new Coke last? What about floppy disks and manual typewriters? The CIL needs to position itself to compete where the organization has the most and best opportunities as well as the greatest strengths to offer.

Some factors in the business environment are beyond the control of the CIL. The recent recession (2008-on) was beyond the control of any small business. (Although, experts have long advised that starting a business during a recession has distinct benefits.) Military actions, natural disasters, and epidemics are examples of broad (national or state) occurrences that adversely impact the general market and overall economic conditions. In addition, changes may occur in governmental policies or the third-party payer may change their reimbursement rates or expectations for the fees-for-service providers. Since the market is always changing, it is reasonable to anticipate that competitors will innovate and you will want to innovate especially when you encounter opportunities to improve your outcomes or create results with less labor. Technology is a big differentiator. In an open marketplace, remaining the same will generally result in a loss of business revenues or closing the business.

When deciding to enter the fee-for-service arena, seek opportunities based on recurring revenue—these are the strongest. For instance, think shampoo—almost everyone needs it and then, marketers told us to rinse and repeat, so we buy even more. Single opportunities may be useful but basing fee-for-service activities on randomly occurring opportunities is not generally a good way to grow a CIL—although you might find a one-time trial an excellent approach for piloting a product or service.

Some businesses are small scale, don't charge the lowest possible price, and won't compromise the service to save a few dollars. These types of services offer a quality product and the unique skills and experience of the provider rather than the lowest price. A limousine service is an example of this type of business. A limo service targets different consumers than Yellow Cab services do. Another type of business is larger in scale, produces more predictable recurring revenues and expense, and is used by more people. Wal-Mart is an example of this type of service.

Before entering the fee-for-service world, the organization needs to take a longer view. The CIL needs to get in when the time is right and have an exit strategy to get out when the time is right. Sometimes this is years in the future and will involve a new board, new staff, and experiences we can't even imagine now. In other cases, the exit will come shortly after launch, when staff learns that customers can't be found or that the product or service can't be sold for a price that justifies the expenses involved. Often, the ability to formulate entry and exit strategies is based on experience. Administrators and staff will need to consider the strategies from their initial efforts, but also acknowledge that the CIL will get better as it becomes more experienced.

A cardinal rule for fee-for-service businesses is to never invest more than the organization can afford to lose. One way to minimize risk is to start with a small pilot as a learning test. Ask: How can we quickly and inexpensively test this idea? The board of directors must take leadership in this decision and clearly understand the risks and possible rewards that are associated with offering fee-based services. A good discussion for the board to have is how the CIL can capitalize on fee-for-service opportunities by using under-utilized existing capacity—especially human capacity. Many staff members have multiple skills that are not being fully utilized and could substantively contribute to the emerging fee-for-service businesses.

Application

1. What about operating like a business gives you concern? Hope? Other?
2. In what ways, when it comes to fees-for-services, do you feel CILs are like businesses?
3. In what ways, fee-for-service or not, will CILs always differ from businesses?

Resources

- *Should Nonprofits Operate More Like For-profit Enterprises?* A collection of comments about the topic collected and curated by the Bridgespan Group. <http://www.bridgespan.org/Publications-and-Tools/Transition-Nonprofit/Considering-a-Transition/FeaturedPublications2/Should-Nonprofits-Operate-More-Like-For-Profits.aspx#.VRq3WkYb6Bo>

Chapter Four: CILs as Both Advocates and Service Providers

The fee-for-service arena is not an easy one for a CIL to enter. One of the most challenging issues is the potential for fee-for-service contracts to create conflicts of interest. A CIL has extensive expertise in both systems and individual advocacy, but as a provider of fee-based services, managers, line staff, and the board of directors have an additional layer of consideration. They must pay attention to how the objective of earning money affects their role as agents of systems change. For instance, the CIL receives fees for providing peer support to individuals with psychiatric disabilities and at the same time is advocating for massive policy changes to the mental health system.

Does the contract with the mental health agency affect the judgment of those involved in the advocacy?

Can the CIL effectively be an advocacy organization and also be a direct service organization?

As a direct service provider, those closest to the mission or cause may question the CIL's commitment to systems change. With the roots of the CIL firmly planted in the civil rights movement, having its philosophical foundation questioned can be damaging, scary, and emotional. Some may perceive the CIL as a service provider organization only—not as an advocacy organization. Perception may be different than reality, but for all practical purposes, perception is reality. If the CIL is providing fee-based services, the organization may need to consider that it is not always possible to change other people's perceptions, but will have to be comfortable with being both a service provider and an advocate and doing both well—and many CILs do. On the other hand, if a CIL has not been widely known as an active advocate, its fee-for-service customers might learn about its advocacy through receiving services. Reaching them through fees-for-services is an opportunity to serve and educate.

Managing fees-for-service takes dedicated time and energy for a CIL to initiate and maintain. Such demands can divert important organizational energy away from the ever-present challenges facing a CIL and the disability community. The organization doesn't want "mission drift." In order to monitor this, solicit systematic input from the board of directors, staff, and consumers to keep the mission on track. An atmosphere of questioning and getting multidimensional input is always healthy. Besides listening and discussing, you might consider developing a policy for your fee-for-service work. Your policy can include criteria to help you decide if a service fits your CIL.

Depending on the services being provided under a fee-for-service arrangement, the CIL may need to have different staff skills. The CIL may need to hire professionals with specific licenses and/or certifications such as nurses, therapists, etc. Adding new staff may impact the percentage of employees with disabilities that CILs are required to have. It is not that health care professionals don't have disabilities, it is just that health care professionals with disabilities are more difficult to recruit and employ due to their limited numbers.

Another consideration is having adequate insurance. The catch phrase is, “Indemnify, indemnify, indemnify.” The CIL needs to have insurance protections for the board of directors and for any licensed or certified professionals delivering services under their licensing. The organization needs workers compensation for the CIL staff as well as for direct service workers. The center should consult with an insurance specialist and attorney early on because its liability will significantly increase. You will also want to price services/products with insurance premiums in mind.

Application

1. Can you cite examples of CILs who had challenges with FFS? If so, how were they resolved? What are the lessons learned?
2. What services would you NEVER provide? What if any services would fall into a gray area, i.e. in some circumstance you would and others would not provide? Why?
3. In what ways might you design your fee-based services to enhance your advocacy role? What form might this take?

Resources

- BoardSource’s *The Nonprofit Policy Sampler*, Third Edition (PDF) includes over 300 sample policies. While the table of contents does not address fee-for-service issues, thumbing through the text will give you examples of policies and how they help boards decide logically and consistently. www.boardsource.org

Chapter Five: Getting Started—Planning for Fees-for-Service

Planning is the key to successful fee-for-service activities. For a CIL that is considering adding an FFS revenue stream, planning is the foundation for the organizational shift. Planning fee-based services is best accomplished as part of the organizational strategic planning process which is a responsibility of the board of directors. Larger organizations with lots of staff and other volunteers can ease the burden of scheduling the meeting(s), arranging facilities, hiring a facilitator, conducting needs assessments, and preparing the final document. However, in the final analysis the board of directors has to assure that the planning gets done.² Typically strategic planning takes place in three-year increments. Consider including activities described below in the planning process as the CIL plans for fees-for-service.

Engaging the Board and Staff

The CIL needs to get genuine buy-in from the board of directors and staff. There is no one correct way of doing this. It is dependent on the organization's culture. Look at how changes are typically made. Consider how information routinely gets shared, and identify the aspects of the hierarchy and structure of the CIL. Develop strategies to include the board and staff in the entire process. You might for instance, invite everyone to respond to an online survey that asks for his or her thoughts and ideas. Or, engage them in brainstorming, planning activities, as members of committees, workgroups, and teams; and provide frequent informational meetings.

An important aspect of including the board and staff is to be clear about how final decisions are made. Is the decision to be made a policy one that the board is responsible for or an administrative one that the executive director or administrative team is responsible for? Clarity is critical to ensure that everyone knows the process for being heard and believes their input will be taken seriously.

Include staff as active participants in the change process because they can be both a barrier and a facilitator of change. Their knowledge acquired from providing services to individuals with disabilities and personal experiences with disability is important data to be considered in the deliberations. If they disagree with the direction the center is going, they may resist or even derail the efforts. That's not to say that all staff must agree with every decision that's made, but that they should have an opportunity to give input into the key elements of the new direction. A CIL should involve all staff in generating ideas for change and educating staff about the differences between grant-funded services and fee-based services including requirements for staff qualifications, staff training and new job opportunities, consumer results, and changes required in the CIL infrastructure.

To actively involve staff in the preparations for the addition of FFS, form committees or workgroups to address quality assurance issues, space changes, technology

² Michaels, B., McElwee, P. E., Jones, D. L., and Petty, R. E. Getting on Board: Training for Boards of Directors in Independent Living: Course, Independent Living Research Utilization, Houston, Texas, 2015.

requirements, new job descriptions and interview questions, policies and procedures, and recruitment of new staff.

Make sure that the board and staff support the venture even when things get tough—this is when having a process to design and monitor a plan can be especially valuable. Such a process can guide difficult decisions such as when to cut your losses with certain ventures. Identify staff members that are willing and capable of designing such a process, and monitor services and program outcomes often.

External Input

Most effective strategic planning invites input from both internal and external sources. In addition to involving the board and staff, it is very important that external input is actively solicited, analyzed, and utilized. This can include things like formally requesting feedback from other service providers and holding listening sessions for consumers in regions within the CIL's catchment area, especially more remote regions where access to the CIL is more challenging. Other specific resources can add to the thoroughness of the strategic plan. Auditors bring fiscal insight and other CILs who are successfully operating FFS programs can provide both management and programmatic insight. In addition, other nonprofits can provide useful, practical mentoring to the CIL leaders.

As the planning becomes more targeted, the CIL needs to establish priorities with accompanying goals, objectives, activities, timelines, and who's responsible. Do your homework before you start anything. This includes assessing your organization by asking the following questions:

- Do we have a viable idea that will produce income?
- Do we have an infrastructure that works?
- Do we have direct service staff that can do what is needed?
- Do we have the potential for recruitment of new staff?
- Do we have an ability to market a service, both directly and indirectly?
- What level of risk are we willing to take?

If the fee-for-service will involve a contract, the plan should identify the contract(s) that the CIL will be pursuing and the process required to acquire each contract. The best teacher is experience and when beginning an FFS contract, the CIL needs to learn as much as possible about the reality of such a contract. Learning from an experienced contractor is helpful. If the CIL does not have strong relationships with contractors in its area, seek out and contact contractors providing the same service in other areas. Key information that will help guide the CIL's FFS bid includes: how to develop a competitive rate, staff training requirements, the quality of services provided, the consumer outcomes, relevant state/county requirements, identifying a reasonable service area, and possibilities for making a profit.

As part of the plan include the following elements:

- Specify each step in the acquisition of the contract, and the contract expectations.
- Identify how the plan will be monitored and adjust as needed.
- Detail how the steps for the FFS will be reviewed and specify a timetable such as at least monthly, if not more often. This helps to keep the plan active.
- Specify when and how the staff and board will be updated.

Lessons Learned During the Planning Process: One CIL's Experience

“During the planning process, insights were gained that helped us form and reform the way our CIL functioned. One of the challenges that we faced over and over was the fact that as grants end, we would have to terminate staff. Then we would hire when we acquired new grants. We wanted to end this nonproductive cycle. We used a traditional Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis to accomplish this.

“The CIL identified its strengths. These included:

- well trained, adaptable, and committed staff;
- organization commitment to IL philosophy;
- awareness of and responsiveness to local need;
- inclusion of people we serve, staff, and board members in planning and decision making
- people with disabilities directing their IL services;
- collection of good data; and
- very low administrative costs.

“Perhaps even more importantly, the CIL also identified what we were not doing well. These offered directions for strengthening our capacity:

- The CIL did not partner with other agencies that weren't CILs. We realized we were ‘philosophical snobs’ who thought we were better than other agencies.
- We did not share our passion and talents with other agencies and funders. We missed opportunities to join community groups and did not participate in any professional groups.
- The CIL did not think and operate in a more businesslike way. We had to put a value on what we do and decide that it is ok to make money.
- The CIL did not share our successes, stories, and great outcomes. We had a newsletter, but we weren't sharing our great stories.

“In addition to what the CIL did well and areas to improve, we also carefully examined the opportunities that existed in the fees-for-service contracts. These included:

- The Medicaid-billed Personal Care Service was picking up 65% of administration expenses.
- There was an abundance of well-trained staff available from an employment grant that was just ending.
- There were lots of potential partners in our service region.
- We had collected good data and solid documentation.
- As we did the strategic plan, we also realized that we had great outcomes.
- The CILs' strong statewide association could offer support and mentoring.
- The IL philosophy and mission were easy to share and resonate with other agencies and providers that could open new doors of opportunity.

“The threats that existed were also significant. The threats included:

- Complacency
- Many staff members not very connected to the community
- Danger of losing sight of the mission
- Risk of failure
- Staff resistance
- Board resistance
- Strong competition
- The CIL couldn't afford to lose money
- Where would staff find the time? The staff was already very busy and spread thin with multiple assignments.

”By identifying the strengths, weaknesses, opportunities, and threats, our CIL felt better prepared to move into the fees-for-service ventures. The process also facilitated the communication among administration and staff and helped us clarify our mission and vision and also see the connection between the FFS potential and expanding our capacity to serve and support.”

Application

1. When did you last develop a formal plan? How has it been helpful? Unhelpful? What might you do as you plan for fees-for-services that would build upon past success?

2. What actions that were planned were not executed? Why? What actions were executed? Why?

3. What actions will you take now, before you take action on FFS, to gain buy-in from your staff and board of directors for moving forward with FFS?

4. What do you need to know before you start planning to make your planning successful? What information can you gather from experienced fee-for-service providers that will enhance your knowledge and decisions?

Resources

- *Strategic Planning for Nonprofit Organizations*, Michael Allison and Jude Kaye, 2003. John Wiley & Sons, Inc., Hoboken, NJ. A very complete resource if you elect to do a traditional strategic planning process.
- *Beyond Strategic Vision*, Michael Cowley and Ellen Domb, 1997. Routledge, New York, NY. A different way to look at strategy planning based on a method developed in Japan. Excellent resource, if you seek something besides SWOT analysis.

Chapter Six: Identifying Unmet Needs and Analyzing the Market

A CIL is in an excellent position to know what the needs of individuals with disabilities are and what needs are unmet. As the CIL continues to pursue FFS opportunities, brainstorm with staff and board members about unmet needs. Examples of unmet needs in the community/service area may include:

- Work-related Social Security issues
- Accessibility assessments
- Home modifications
- Assistive technology assessments and equipment purchases
- Mental health services (comprehensive community services, quality assurance of mental health services, drop-in centers)
- Peer run respite
- Employment
- Social Security Representative Payee
- Self-Directed Services
- Children's Services
- Youth Transition Services
- Successful outcome requirements
- Peer Specialist Services
- High quality services
- Homelessness
- Co-occurring Substance Abuse Services
- Housing shortage

Remember that a lot of other folks are doing surveys about unmet needs including the United Way, universities, health consortiums, political parties, newspapers, state and national advocacy organizations, etc. Data collected from these surveys can be used to identify and prioritize unmet needs that the FFS could address.

In addition to surveys, talk with your current customers and other service providers with whom you partner, read the local and statewide newspapers, and watch the news. Stories about employment, homelessness, affordable housing, transportation, mental illness, and numerous other topics are also ways of identifying unmet needs.

Review the CIL's information and referral data. It could be very revealing to analyze how many callers were looking for housing, repair of durable medical equipment, architectural barrier removal, or transportation, for example. Any needs that the CIL has

not been able to assist with are not just barriers for customers; they may also be opportunities for the CIL's expansion into new service offerings.

Don't forget to check with your state CIL association, if you have one, and the Statewide Independent Living Council (SILC).

The CIL can also conduct its own surveys using computer-based programs (e.g. Survey Monkey, Qualtrics) or use the CIL website to solicit input. A press release with the agency's website address may increase responses. Use focus groups to see who knows about the center and what they know. Identify and pursue opportunities to get involved and have a higher visibility in the community.

Analyze the Potential Customer Base and Process for Referrals

In analyzing the potential customer base or market, solicit advice and input from the board of directors, the administrative team, line staff, and external consultants. Not realistically understanding the actual market for the services will derail the best FFS plans. Determine the size of the potential market not only who might buy, but also *who will* buy. For instance, you may know that 10,000 people in your market area can use your service. Some of them, when they learn about you, will ask for information. A smaller number will actually buy at some point in time. And, still fewer will buy today. Market size is only the first step. The potential market may differ significantly from the likely market. What market share will the FFS attract? The likely market will be shaped by who the competition is as well as your ability to communicate with them about the service. If the competition is well established and has a positive reputation, the likely market may shrink considerably. For example, if you serve people who are recluses, who never read the paper or watch TV or use social media, it will be very hard to reach them to even inform them about your FFS.

If the FFS venture is time sensitive, the market analysis needs to include getting people figuratively "through the door." It is important to understand, and analyze, the referral process. Will the CIL need to recruit the customers or will they be referred? The time between the decision that an individual qualifies for a service and the actual referral to the CIL's FFS will also affect cash flow. Handling the referrals may require new internal procedures.

The center needs to honestly address what the worst case scenario is and how the CIL would respond to it. Could the FFS damage the CIL's reputation or even cause significant financial problems? A new FFS venture needs to be carefully considered and the CIL should prepare to survive even if the FFS does not.

Getting to Know the Service Area

The CIL has made the decision to move ahead and now a number of practical challenges must be faced. The first is to really know the service area. Although the CIL may be acquainted with the service area, and probably already knows the disability-

related service providers, the environment needs to be examined from the perspective of a new FFS provider.

- Are there potential competitors, and if so, does it matter that there might be competition?
- Are there other potential partners that have a like-minded philosophy and a common interest?
- Do some of the other businesses have a resource or capacity that the CIL needs or values?
- Has any other nearby entity tried to provide the same or similar service and succeeded or failed?
- Are there win-win possibilities for shared space or staff with other organizations such as the Boys and Girls Clubs? Be particularly cognizant of businesses that have a strong positive reputation or are noted for achieving positive results and outcomes.
- Look at familiar territory with a new set of glasses. Look for partners that can support the organization's values and FFS initiative.

Application

1. What unmet needs, from your work, do you expect? Biases are real. How will you test your assumptions so that you don't unduly prejudice what you learn about other unmet needs?
2. You will likely discover many more opportunities than you can even tackle. How will you decide which populations to prioritize? Which opportunities to select first? Will you consider several pilots to select the best?
3. Complete the comparison tool in Appendix B of the course manual to assess FFS products or services for your CIL.

Resources

- *8 Ways to Identify Unmet Customer Needs.*
<http://www.measuringu.com/blog/unmet-needs.php>
- *9 Proven Ways to Find Unmet Customer Needs.*
<http://www.guidedinnovation.com/si/2011/01/17/9-proven-ways-to-find-unmet-customer-needs/>

Chapter Seven: Assess Capacity to Move beyond Grant Funding to Fees-for-Service

As the CIL moves closer to the transition from grant funding to other income including FFS, the CIL team should consider what substantive changes need to be made to account for the FFS requirements. These changes are not cosmetic and will require careful attention.

The primary barriers to making changes include time, funding, staff skill set, and fear of change and the unknown. These are not unexpected barriers, but what are strategies to effectively address them? Many consider changing culture the toughest nut to crack—often because we don't know that its invisible hand impacts us. For example, most of us look down when we ride a filled elevator. This is a small cultural value. Try riding looking at people in the eye next time; it will probably make you and those around you uncomfortable. Your organization might have multiple cultural barriers, or even a reward system for your staff that make taking risks dangerous.

First, an internal assessment can be useful. This can result in the development of a more in-depth strategic plan. Often the initial strategy developed to move a CIL from grant funding to FFS lacks specificity. As additional information is gathered, and more questions emerge that require answers, the strategic plan will assume additional dimensions and clarity. Assessing the resources of the CIL is better accomplished using a detailed checklist than relying only on informal impressions and opinions. (See Appendix A.)

As the plans become more detailed, continue to survey the staff and board to further identify skills and hidden talents that they have to share. Grant writing skills to obtain start-up funds, expertise in technology, and personal connections to business are valuable assets.

Identify Employee Capacity for Business Ventures

One of the most important ways a CIL can decide whether it is ready to initiate a fee-based arrangement for one of its services is to determine if existing staff will be able to move into the role of staffing that service and (a) provide effective and relevant services for consumers, (b) meet the requirements of the purchaser, and (c) accurately and effectively manage the recordkeeping, accounting, billing, and reporting tasks that may come with the arrangement. From a personnel standpoint, the organization will need staff that may have different skill sets to provide the services, and additional supervisory staff is often needed. To prepare, the CIL can carefully examine the requirements of the service for FFS. This is a complicated area and can mean the difference between success and failure. In determining the skill set needed, consider—

- the outcomes to be achieved by the consumers of the service
- the flexibility of the staff to transition from FFS to other IL work

- the level and form of documentation required and what process is used for documentation monitoring
- ongoing training requirements
- amount of travel and mobility required
- infrastructure changes to support the FFS

The CIL may need to deliberately invest in staff including recruiting staff with a range of skills and experience from the for-profit world, the nonprofit world, and academia. For example, one nonprofit hired an expert at creating entrepreneurial opportunities and found the return on its investment far exceeded the salary and benefits paid. Most for-profits expect their employees to provide four times the value of their benefit package—a useful guideline for a CIL to consider. It is important to pay a living wage and provide benefits. The center will be expecting a lot from the employees, so meaningful training opportunities should be offered as well as ladders for advancement.

One useful and simple way of assessing skills of existing or potential staff is to lay out the tasks involved in a service as you might in an employee performance appraisal. Down one column you can list the skills or tasks and across the top you can put various levels of skill that you want to assess.

Here’s an example for a CIL that is considering offering Architectural Barrier Consultation for purchase:

Skills of employee	Advanced	Intermediate	Beginner	No skills
Knowledge of ADA Title III				
Knowledge of State and local building codes				
Relationships with suppliers of accessible building products				
Ability to assess barriers				
Ability to recommend appropriate remediation				
Ability to establish rapport and trust with customers				
Ability to market the idea to an audience with resources to buy				
Recordkeeping and reporting skills				
Etc.				

You and your team would decide what’s essential and make up your own template, but this gives you the idea. If Architectural Barrier Consultation is a service you already

provide under your grant funding, you should have enough data about your employee's performance to undertake a reliable assessment. You can also add a section about goals and training needs since many employees may have the potential to easily move into the required level of performance if their training needs are identified and goals are set.

Assessing your employees' performance on a regular basis is a good idea anyway, because it's an essential component of developing and maintaining high quality services. But it may become even more critical as your center moves into more of a business relationship with customers. If services don't meet the expectation of a paying customer, you not only may lose revenue, you can lose your valuable reputation.

Additional Assessment

- As the CIL moves even further into the planning process, it is often useful to have a formal external review. This means more than a walkthrough and a casual conversation. An in-depth review by CILs who have experience in FFS is one option. Another is a business survey by a business volunteer or an organization such as SCORE (www.score.org) for mentoring and advice for small businesses. An external review tends to be less biased than self-assessment tools and checklists and provides more realistic feedback.

The elephant in the room is often how the CIL is going to fund the needed changes. Some contracts may provide start-up money, but many do not. Perhaps a small grant from a local community or other foundation could be used for start-up funds. For instance the Gulf Coast Community Foundation in Venice, Florida, which serves the community near it, is very interested in nonprofits earning revenue. They offer grants for less than \$10,000 that might be used for start-up. Check with your community foundation to learn if they support capacity building. The CIL will need to decide if, after a careful review of the current budget, the FFS can be initiated during the current fiscal year or will need to be built into the next budget cycle.

Application

1. Assess the resources of your CIL using the detailed checklist in Appendix A and then answer the following questions.

2. Staffing-wise, what needs to happen before your project can be test marketed?

3. What plans have you made for an unexpected success or extremely slow start? How will you increase the tide or slow it down, if needed?

4. What is the smallest increment of labor that you need to begin this effort? What volume of business will you need to increase staff?

Resources

- *Community Foundation Locator*. <http://www.cof.org/community-foundation-locator>
- For other income options: *20 Frequently Missed Revenue Opportunities*
<http://www.kedconsult.com/20-often-missed-nonprofit-revenue-opportunities/>

Chapter Eight: Identify Potential Purchasers of Services

Now that the CIL has planned, re-tooled the organization, and made programmatic and fiscal changes to support an FFS venture, the next step is to locate entities that would want to purchase services from or establish contracts with the CIL. Establishing a process for seeking opportunities is essential. The process needs to be implemented in a systematic manner and includes at a minimum searching Internet sites, newspapers, government sites, Federal Register, etc. that are used to notify the public about requests for proposals (RFPs) and other solicitations for service. Active networking is an even more effective strategy to identify needs for service that fit with the CIL's capacity and mission. Ask individual entities what their process is for publishing solicitations and be open to developing projects that are never advertised, but designed with your CIL in mind.

There are numerous potential purchasers, some of whom the CIL may be more familiar with than others. Vocational Rehabilitation, Workforce Services, Human Services (children and adults), Medicaid, Social Security, Managed Care Organizations, communities tied to rural development loans, insurance companies, villages, cities, townships, and business are all possibilities. The CIL will need to market its FFS services and meet new potential customers who could benefit from the services being offered. This isn't a passive process. The CIL will need to be proactive and seek potential purchasers.

A purchaser is someone who has the budget, accountability, and willingness to invest that budget to get better results—really easy on paper, but quite challenging to find. One way to get easily sidetracked in finding a buyer is that you have this great idea; you share it with someone who agrees with you and invites you to write a proposal; you send it in, and they say, "This is really great, but I have to check with so-and-so." You then understand that you have been having conversations with someone who has no authority to make the decision.

So who is not a buyer? Most people are not buyers. Many of them think they are buyers but in reality they are not. However, non-buyers can help you by giving you information and feedback, and helping you to build connections to the decision maker.

Unfortunately, these same non-buyers can exert influence that can bring things to a halt. To circumvent a non-productive non-buyer loop, ask good questions such as—

- If we agree to proceed, what is the process?
- How do you (the buyer) make decisions?
- Who has the authority to sign the contract?
- Who could be a champion for this effort?
- Whose budget does this impact in the buyer's organization?
- Who else do we need to include in our conversation to move forward?

When all else fails, aim for a face-to-face meeting with someone at the executive level in the organization. They may refer you elsewhere—“this is just the project for so-and-so in X department.” Respond positively by saying, “I will check back after a meeting with them to make sure I’m on target with what you want and what you’re thinking, and what we just agreed to here.” Always try to go back up to the buyer and keep them in the loop.

Sometimes getting to the buyer means going around your contacts. After several attempts to work through your contact by suggesting a meeting with his or her boss with no success, approach the boss directly with, “I’ve been in conversation with X and she said I might have some interesting ideas, and there are some things I want to share with you. How does that sound?” Stepping around your contacts can be uncomfortable but also sometimes necessary. Why? Because you believe in what you’re doing and want to serve the people you want to serve, you have a good idea, and you want it to work!

How to Get a Potential Purchaser of Services to Value the Product/Service

In order to get a potential purchaser (buyer) to value the products (services), the CIL will need to figure out what the purchaser values. The CIL needs to be able to sell what someone else values. Hopefully, the potential purchaser values quality service and strong outcomes. Cost effectiveness is always valued but some may just want cheap services. If just cheap services are what a purchaser seeks, the CIL will probably want to keep looking. Some purchasers want to purchase services and have a guarantee that there will be no problems. If this entity purchases services from the CIL, the CIL will need to stay on top of any potential problems and address problematic areas very proactively. Other potential purchasers like to maintain a positive relationship with providers, value good communication and documentation, and consumer satisfaction. Knowing what the potential purchaser values will help the CIL gain insight into how to market its services. A bad pre-business relationship predicts a bad in-business relationship. (Not all business is good business.) Most potential purchasers value multiple aspects of a product or service, and because of their uniqueness, CILs have the capacity to be a value-added product.

As the CIL drills down to the actual product or service level, it is important to identify how the product or service is compatible with the CIL’s capacity. During the development phase, the center must consider its own strengths and what the purchaser values. Only promise what the organization can actually deliver. If the service is a significant stretch for the CIL to provide, then it might be best to consider another service where the CIL has more experience and capacity.

In seeking to identify a potential purchaser, be persistent and consistent. Gradually highlight the CIL’s values and share consumer stories to highlight relevant outcomes. If feasible, do a comparison with the competition to emphasize what the CIL brings to the table.

Once the CIL has identified a purchaser, you can use center events to build a relationship with the purchaser. Ask the purchaser to be a guest speaker at a board

meeting or highlight their business in a newsletter article. Inviting them to social events is also useful and cross training staff can really cement the working relationship. Remember this is a business and the CIL needs to nurture its relationships with funders or buyers.

Application

1. Share an example from your experience of someone (individual or agency) who seemed interested in a project proposal from your center, and later revealed they had no authority to make a decision.
2. Share an example of someone who provides your CIL with business or funding that succeeded even if there were some roadblocks in the process.
3. In hindsight, what difference do you notice between the two experiences?

Resources

- *Delivering Value to Customers*
http://www.mckinsey.com/insights/strategy/delivering_value_to_customers
- *Customer Satisfaction is Worthless, Customer Loyalty is Priceless: How to Make Customers Love You, Keep Them Coming Back and Tell Everyone They Know*, Jeffrey Gitomer, 1998. Bard Press, Austin, TX.

Chapter Nine: Analyzing Costs and Setting Rates

Fixed Cost

To analyze the cost of doing business, the CIL must consider the fixed costs, unit costs, and contingencies. A *fixed cost* is a cost that does not change with an increase or decrease in the amount of goods or services produced. Fixed costs are expenses that have to be paid by a company, independent of any business activity. It is one of the two components of the total cost of a good or service, along with variable cost. Fixed costs remain relatively constant no matter the business volume (within reason). Fixed costs often include office space rental, utilities, salaries, etc.

Unit Cost

The *unit cost* is the cost incurred by a company to produce, store, and sell one unit of a particular product. Unit costs include all fixed costs and all variable costs involved in production. Unit costs will fluctuate with the volume of business activities and there will almost always be new costs when you add a new fee-for-service. For example, a book will have printing and mailing costs to deliver it to customers. You may pass these costs on to customers, but you will want to plan for them.

When estimating the cost for a project, product, or other item or investment, there is always uncertainty. This includes the precise content of all items in the estimate, how work will be performed, what work conditions will be like when the project is executed and so on. *Contingencies costs* include variable costs such as fuel for a transportation program or workers' compensation costs for home-based care workers.

Always build in contingency costs—they will always occur. These often mean the difference between a profitable FFS and an unprofitable one. For example, if the CIL is providing personal assistance services, the cost for the service per unit rate should include salary, benefits, and workers compensation for the personal assistant; training provided using relevant documentation, policies, and procedures; cost of payroll; and administrative costs including desks, computers, travel costs, etc.

Setting Rates for Services

Setting rates is a complex process. It's important to approach this as a collaborative effort between the executive, program, and finance directors. It cannot be done unilaterally or quickly. To set an appropriate rate for the service, the center needs to research and become aware of similar programs in the community and identify the prevalent rate for the "service" in the community. There may be a range of rates. As you estimate prices, identify any unique features of your proposed product or service. Define what the center can brag about and what will make your product stand out. A reasonable rate and a great service make an unbeatable combination. Alternatively, if your service or product is new, you may need to reach out to other communities across North America to find ranges. Or, you may need to simply give it your best guess

comparing it to similar products or services in different fields. If the center is entering the FFS world to sustain activities now funded by a time-limited grant, the administrators and staff will want to start planning for this transition from day one of the grant or even as soon as you're notified of funding. FFS takes time. Waiting until 90 days before the grant ends is not usually a constructive approach.

Step One: Make projections for an FFS Budget.

Numbers matter. But, the numbers need to reflect reality. Convert your plans, ideas, and assumptions to numbers as an early step. A helpful approach is to examine existing grant budgets as a starting point. This can provide key information about salaries, benefits, administrative costs, travel, etc. If the service or product will be the continuation of a grant, the center will need to plan the FFS based on expenses, not projections. Make intelligent assumptions about the cost of providing FFS. Think carefully and critically—don't just plug in numbers. Develop a strong rationale for your estimates. After you've been in grant operations for several months, you will want to adjust your estimates.

Below is a sample line item comparison of a time-limited grant budget to an FFS budget.

Use grant budget as starting point:

	Grant Budget	FFS Budget
Direct Program Costs:		
Program Director	40,000	40,000
Program Staff	120,000	150,000
Program Staff Benefits	48,000	57,000
Rent	10,000	10,000
Workers Comp Insurance	5,000	5,000
Liability Insurance	2,000	2,000
Start Up Costs	4,000	1,000
Utilities	6,000	6,000
Supplies	3,000	3,000
Travel	9,000	15,000
Total Direct Program Costs	247,000	289,000
Program Support Costs:		
Support Staff and Benefits	50,000	50,000
Other	25,000	25,000
Total Program Support Costs	75,000	75,000
Total Program Costs	322,000	364,000

If the CIL is adding an FFS enterprise, start with the grant budget then identify how many additional staff will be needed in the FFS environment. In this case, the additional costs of staff will bring the budget from \$120,000 to \$150,000. The benefits must be

adjusted accordingly. Previous experience and research in the community about prevailing rates will help determine the number of staff that will be needed. Also keep in mind that the number of people served through the FFS will drive the number of staff. Whether a staff member can serve five people or 25 people will make a difference in the assumptions. Or, to look at it another way, if the center expects it will only be able to serve 25 people for the first year, does this mean that the center will serve 25 for the entire year (all enrolled at once) or 25 throughout the year—with only 10 served at any given time? Assumptions drive the budget. Make good ones. And make notes to document them so you can return to adjust as necessary and evaluate the quality of your planning—in case you want to start another FFS in the future. FFS is not open-ended; the center will not receive more money than the rate agreed upon and will have to absorb any losses.

Another area requiring close attention is travel. The travel needed for delivery of the fee-based service may exceed what is generally budgeted in grants, especially if you will cover a larger geographic area. To make good assumptions in setting rates, the center will need to have good internal data from the programs and services that the center is already managing. Without good data, it is difficult to determine what reasonable budget lines may be. Your first step may be to stop and measure what you do now.

Step Two: Determine the minimum costs for the FFS.

First, the CIL will need to determine the minimum costs of its current programs. Then determine the estimated costs for the FFS. For example, the center may want more space, but for the present, keeping staff (if the center is not adding too many) in the same space may be the better solution. Or the center may decide not to add a full-time coordinator, or not to buy more paper, or to limit the number of copies to make the budget balance and the start-up feasible.

The center may decide to negotiate to be paid for actual travel time rather than add it into the rate. Run the numbers to decide if personal (staff) car costs are more reasonable than using the organization's vehicles. If more than one staff is providing the service, do an average cost. Be sure to take into consideration the fact that cancellations can and do occur. Documentation of time is also a factor.

Remember, if the center has a cost allocation plan (CAP), all costs related to FFS will need to be included in the new project's costs. Follow the formula in your CAP to make sure indirect costs like the rent, utilities, supplies, copier, administrative time, etc. are charged to your fee-for-service program appropriately.³

³ CFR Sec. 74.21 Standards for Financial Management Systems requires proper allocation, defined in CFR §200.4 Allocation. Allocation means the process of assigning a cost, or a group of costs, to one or more cost objective(s), in reasonable proportion to the benefit provided or other equitable relationship. The process may entail assigning cost(s) directly to a final cost objective or through one or more intermediate cost objectives. Centers will be transitioning from Cost Allocation Plans to Indirect Cost Rates under Health and Human Service rules in 2016.

As the minimum costs were decided, the adjusted budget now looks like this:

	FFS Budget	FFS Minimum Costs
Direct Program Costs:		
Program Director	40,000	40,000
Program Staff	150,000	150,000
Program Staff Benefits	57,000	57,000
Rent	10,000	10,000
Workers Comp Insurance	5,000	5,000
Liability Insurance	2,000	2,000
Start Up Costs	1,000	1,000
Utilities	6,000	3,000
Supplies	3,000	1,500
Travel	15,000	15,000
Total Direct Program Costs	289,000	279,500
Program Support Costs:		
Support Staff and Benefits	50,000	
Other	25,000	
Total Program Support Costs	75,000	0
Total Program Costs	364,000	279,500

Step Three: Calculate billable hours

In terms of billable amounts, the center will need to bill enough to cover the cost now incurred by the CIL to operate the FFS. Start this process by deciding how many billable hours a staff member can work in one year. Billable hours will be fewer than the number of hours that a staff member works. Every single hour that a staff member works is not billable. Staff will need to attend trainings and meetings, and appointments will cancel at the last minute. Sometimes you'll have the staff expenses but no income to offset them.

For example, let's look at what one person could theoretically do in one year. A full-time person will work 7.5 hours per day and 37.5 hours per week. Since there are 52 weeks in a year, the maximum number of hours that a staff member can work is 1,950. Now, to be realistic, subtract holidays (let's assume 11 per year) and sick time (10 days per year). Annual leave is 15 days per year.

Since the CIL can't change its rate on a weekly or monthly basis, the center will need to consider how the hours available are used throughout the year.

Billable Hours Calculation

Total Available Hours Calculation-per staff member	Hours
Hours per day	7.5
Hours per week	37.5
Number of weeks per year	52
Total Hours (maximum)	1,950

Less Benefit Time

	Hours
Holidays	82.5
Sick Leave	75.0
Vacation	112.5
Total Benefit Time	270.0
Total Hours available to program – per staff member	1,680

Step Four: Calculate the rate.

In order to calculate the rate, we need not only the total number of staff hours available and the number of staff, but also a determination of the total number of **billable** hours per staff member. The center cannot bill for every hour a staff member works—even for a staff member who is providing fees-for-service on a full time basis. Let’s assume, for purposes of this illustration, that the staff will be able to bill for 70% of their hours. The program director will bill for 50% of his/her time. This may be a high estimate since most FFS cannot document this level of billable time for an administrator who oversees several programs.

Total Hours available to the program for each staff member	1,680
Number of program staff	5.0
% of time available to bill	70%
Number of hours for program staff	5,880
Program Director	1.0
% of time available to bill	50%
Number of hours for program staff	840
Total Hours available to bill	6,720

Once the number of hours available to bill is calculated, divide that into the minimum cost of the FFS. The answer is the hourly billable rate for the proposal. This is also described as the price point.

Calculate the Program Billable Rate

Total Program Costs	\$364,000
Divided by Billable Hours	6,720
Program Rate	\$54.16

Step Five: Determine Price Points.

Price points are the suggested retail price of a product or service, determined in such a way as to compete with prices of other products or services. A product/service may be introduced with a specific price point, but that price may be altered depending on current demand and competition. To determine a price for a product/service in the fee-for-service program, the CIL needs to be clear about expectations. Expectations include deciding who assumes market risk. Are there assurances that the contractor will not hold you liable or responsible for unmet service delivery? For example, knowing the number of units or number of consumers you need to serve in order to fulfill expectations should be spelled out in the RFPs. The contract should also specify who has the recruitment/enrollment responsibilities. After a thorough review of all these issues, set the preliminary price points. If you are not required to set the price point at breakeven, add a margin for profit. The profit will remain with the nonprofit to meet its mission. You're taking a business risk by offering new FFS and the reward for success is a profit.

Challenges occur when the center's rate is higher than the competitors. What is the value added? Suppose the center's rate is \$2 higher than the competitors. Of course the center provides higher quality, but that may be difficult to quantify. Other strategies include cutting down on some projected expenses—maybe less travel, not hiring another staff person, and stretching what some staff are already doing. Know the competition and see how the center can get to a competitive rate. Seek ways to provide the service more effectively; you're the expert in IL. For instance, you might provide a service in five visits with one phone call instead of six onsite visits.

Step Six: Calculate Required Minimum Billable Hours.

Minimum Program Costs	\$279,500
Divided by Program Rate	\$54.16
Minimum Billable Hours	5,160

Using the billable rate of \$54.16/hour, the CIL can meet the minimum FFS budget of \$279,500 by billing at least 5,160 hours. Or, the CIL will need to bill 6,720 hours to meet the full FFS budget of \$364,000.

Application

1. What costs have surprised you in the past by being either higher or lower than expected? How have you adjusted your budget projections to compensate?
2. Which budget items are trickiest to predict? Do you have any guidelines you use that you can share?
3. How do you feel about making a profit with your FFS? If you can provide a better service for less, are you obligated to reduce your fee? Why or why not?

Resources

- *20 Expense Items to Consider When Creating a Budget*
<http://www.kedconsult.com/articles-resources/expense-items-to-consider/>
- *Budget Categories to Help with Grant Requests*
<http://www.kedconsult.com/articles-resources/help-with-grant-requests/>

Chapter Ten: Preparing to Become a Vendor or Contractor of Services

Initiating and sustaining business relationships is another skill for the CIL to consider. Business relationships are shaped by the enterprise design (product) and initiation (how the relationship is created.)

Some of the avenues that CILs can use to establish relationships with funders or purchasers of service include—

- response to a request for a proposal (RFP) or grant opportunity with a government, nonprofit, or for-profit entity;
- contract with a public or private entity to provide services;
- partnership with another entity; and
- business start-up or acquisition.

Each of these relationships is a fee-for-service opportunity, but each will have a distinct form based on the type of business relationships and is described in more detail below.

Request for proposal/grant sourced fees-for-service enterprises

The request for proposal/grant sourced fees-for-service enterprise typically has non-negotiable financial and programmatic requirements as specified in the original RFP. When applying for and accepting the award, the CIL is committed to these requirements. In applying through an RFP process, the CIL needs to measure the reporting requirements against capacity of the CIL to determine if additional staff, technology, or outside support will be required to meet the requirements as detailed. These are real costs of doing business and must be included in budgeting and program operations.

In a contract with a public or private entity to provide services, the CIL may be able to negotiate the terms for both financial and programmatic reporting. If payments for services are based on a performance metric (units sold, units of service delivered), it is essential to ensure organizational capacity to link performance and billing. This requires a careful look at the process time and transfer details between the service performed and the finance department billing it out. These are the real costs of doing business and must be included in budgeting and program operations.

Partnership with another entity

Partnership-based fee-for-service programs should be highly negotiable in terms of both performance expectations and financial and programmatic reporting, depending upon the ownership terms of the partnership. Either your organization or theirs will have to access the resources that are paying for services, so you must come into agreement on who's managing what aspect of the program. Make sure to understand what the buyer's

expectations are of your organization, but also what they expect from your partner. Performance, payment, risk allocation, and benefit distribution should all be included in a partnership agreement as well as the timing of such payments. One small nonprofit was severely damaged when its bigger nonprofit partner made payments very slowly. Cash flow is critical. Partnerships are most effective when they are based on clearly articulated agreements of roles, responsibilities, risk, and benefits.

Business start-up or acquisition

In these types of enterprises, the organization is in control of its fate, as performance expectations and financial and programmatic reporting are internally driven and provide the measurements that will shape strategies and decisions. Internal business metrics must drive business decisions. Is it costing too much? Is the organization making money? An enterprise should be modeled in order to provide benchmarks, then as the enterprise is implemented, it is measured against those benchmarks. An exit strategy, in case things don't work out, would be part of the initial enterprise design.

Application

1. How are big decisions made in your nonprofit? What questions will you ask to identify decision makers in other entities? Practice role-playing finding the decision maker.

2. Once you find a decision maker, how will you learn what they seek from the relationship?

Resources

- *The Only Grant Writing Book You'll Ever Need*, Ellen Karsh and Arlen Sue Fox, 2014. Basic Books, New York, NY.
- *Million Dollar Networking: The Sure Way to Find, Grow, and Keep Your Business*, Andrea Nierenberg, 2005. Capital Books, Inc., Herndon, VA.

Chapter Eleven: Barriers in the FFS Process and Solutions

It is important to anticipate the possible barriers in the FFS process early and brainstorm possible solutions. For instance, if the purchaser is difficult to deal with, the CIL can maintain a high level of communication, or if the contract has not been executed, choose another opportunity. You have many. Saying no to bad opportunities can save you money in the long run and it may enhance your reputation. One small business owner turned down an opportunity to respond to an RFP. Later she learned that her competitor accepted it, and then deeply regretted it.

If the purchaser doesn't want to pay what it costs to provide the service, provide facts about your costs, other fees, etc. (not just opinions) and tie the service or product to what the purchaser values. For example, "we can do this for less if you provide transportation." Remove a component of the proposal instead of providing price concessions. If the purchaser differs from the CIL in values and philosophy, the CIL must thoughtfully decide how much difference can be tolerated. If the gap is too great, find another purchaser.

If the purchaser's requirements are too difficult, try to negotiate on what is most essential. If there is too much competition, evaluate if it's worth the effort. If start-up funds are a problem, write a small start-up grant proposal, investigate a business loan, or if the project is a sure thing, dip into the center's fund balance.

To successfully launch the FFS venture the CIL must:

- Be painfully realistic.
- Seek a thorough external analysis, and a second one if the center is still not comfortable.
- Protect proprietary elements of the operations plan.
- Expect competition.
- Use its strategic plan.
- Be flexible, knowing that things can and will change.
- Expect it to take longer and cost more, but be more worthwhile than expected.
- Talk to a lot of people to find customers and ideas.

How to Stay True to the Mission and Philosophy of the CIL

Advocacy is the key to the center's overall philosophy and mission. Maintain high expectations of the staff to always be advocates for individuals with disabilities. The center will also need to be upfront with funders that advocacy is part of the IL package. Include everyone in the organization and consumers in this discussion. Revisit it regularly.

During discussions, identify what the staff and consumers value and will not compromise. Often these are consumer control, self-direction, positive outcomes, and individual advocacy. Often your customers will want the product or service and not necessarily the CIL components. Share why these are *musts* for the FFS to be successful.

Schedule time to create opportunities for systems advocacy and conduct a peer review or a self-review at least twice during the FFS development to ensure that mission drift is not occurring. Ask: Is there something we might do to strengthen our philosophical identity?

Application

1. What resources, including time and money, can you tap when you encounter unexpected barriers? Do you need to do any prep work now to have them at the ready?
2. What experts have you called in the past? How did you find them? How will you find your next experts?
3. What procedures does your CIL have in place to ensure staff, board, and volunteers stay true to mission and IL philosophy?
4. What else can you do to reduce the risks the CIL faces? Many risks can't be avoided, but they can be managed.

Resources

- *18 Ways to Fill Your Pipeline* and other articles and materials by business consultant Colleen Francis. <http://saleshq.monster.com/training/articles/3137-18-ways-to-fill-your-pipeline>
- *Evangelist Marketing: What Apple, Amazon, and Netflix Understand about their Customers (That Your Company Probably Doesn't)*, Alex Goldfayn, 2012. BenBella Books, Inc., Dallas, TX.

Chapter Twelve: Implementing Fees-for-Service

CILs that are successful in implementing FFS activities come in many shapes and sizes. CILs generally think like a nonprofit organization and the shift to incorporate for-profit thinking is challenging. It does not happen overnight nor will it happen spontaneously. But underlying each successful CIL is the ability to operate like a business plus a nonprofit. To accomplish this, as noted earlier, the CIL may need to build the board capacity from the ground up by recruiting board members who bring different skills to the CIL and make other personnel changes.

CIL Infrastructure Considerations

Specific components of the CIL's infrastructure to consider include—

- Recruiting board members who are successful business people, community leaders, professionals, entrepreneurs, and people who can connect the CIL with larger networks.⁴ Be clear about the roles and responsibilities of the board.
- Assessing staff's capacity to support the fees-for-service ventures as outlined in Chapter Seven. From a personnel standpoint, the organization may need different staff with different skills to provide the services. Additional supervisory staff is often needed. The CIL will need to carefully examine the requirements of FFS. This is a complicated area that can mean the difference between success and failure. To determine the skills needed, consider—
 - the outcomes to be achieved
 - the flexibility of the staff to transition from FFS to other IL work
 - the level and form of documentation required and documentation monitoring
 - ongoing training requirements
 - amount of travel and mobility required
 - if the skills can be easily learned or require extensive education
- Determining whether the present systems support fee-for-service ventures from several perspectives including the technology required, rewards systems, and the financial and administrative needs. From a programmatic and fiscal management perspective, the CIL will need to analyze its capacity to maintain electronic files, an effective data collection system, and more sophisticated accounting systems. Be aware that RFPs sometimes require software purchases that far exceed project projections. Often new computers and laptops are needed as well as new intake forms and procedures. Up-to-date technology can support all aspects of the FFS, but the center may need to invest to make this happen efficiently.
- Determining if the CIL has adequate resources in-house or through contractors to meet the FFS requirements for legal counsel, accounting services, technology,

⁴ Remember that more than 50% of the board of a CIL must be persons with significant disabilities. This requirement does not change with the Workforce Innovation and Opportunity Act of 2014.

engineering, and marketing. The CIL may or may not have had experience with consultants, but to succeed in fees-for-service, the organization will need a team of outside experts who become familiar with the organization, its operations, and aspirations. Members of this team should include lawyers, accountants, and business consultants. Yes, it costs money, but it is necessary as the center moves into a new way of thinking, doing business and earning money to support its mission. For example:

- Ensure that the center has strong banking relationships.
- Establish sound relationships with an insurance agency or risk management agency.
- Maintain working relationships with allied or similar agencies and organizations.

In addition to the detailed planning process, it is important to specify what success looks like. For example, the CIL should maintain the contract(s) for the entire timeline; meet the outcomes tied to the contract; have little turnover of staff tied to the contract; maintain financial stability; and have a funder very satisfied with the results.

Integrate FFS into the CIL's Operations

Fully integrating FFS into the CIL's operations requires time, energy, and careful thought. The organization's structure will need to be evaluated. To do this, develop a current, detailed organizational chart and determine where the FFS fits. The decision where to place the FFS will be driven by the service and the center's current structure. A new FFS does not necessarily warrant a new department.

An equally important step is to thoughtfully develop and implement organizational policies and procedures so staff will know what to do as FFS comes online. The financial areas may require significant changes addressing billing, collection, reporting, and advances. Handling referrals is not the same as the core service of Information and Referral, and the mandatory documentation and reports required will generally be more stringent. For example, staff time may need to be tracked in small increments (15 minutes), documentation of the outcome of inquiry calls may require more than who the caller was referred to, etc. The impact of contract cancellations on the CIL needs to be addressed in policies as do the boundaries established between the functions of FFS and the core services. Staff members that are paid from FFS as well as grant funds will need to have specific and time and effort documentation, i.e. time sheets and personnel activity reports.

The policies and procedures addressed above should not be developed in isolation, but rather with a team and shared for review and input with the staff so everyone is on the same page and participates in the changes.

Cash flow presents a problem for many agencies that are in the start-up phase of fees-for-service. In anticipation of a cash flow problem, plan for additional expenses (a given), billing timelines (how often can the center bill), and delays in reimbursement.

Potential ways of addressing these realistic barriers include using a line of credit, transferring funds from the organization's savings or investments for the short term, acquiring start-up funds, or ideally getting payment up front. The airlines use this model and provide "discounts" for early purchases.

Job descriptions also need careful attention. The CIL will need to determine if the staff is already engaged in other roles and the new activities are just added to their current job description. Or job descriptions may need to be modified to reflect time constraints. To do this effectively, get input from staff and workgroups. All IL staff should be trained in the new personnel procedures.

If the fundamentals are in place and the organizational capacity issues are resolved then the center may be ready to initiate contracts or agreements as described in the next chapter.

Application

1. What board skills do you believe would be most helpful to launching a FFS? Why?
2. After identifying the right idea and changing the culture, staffing has been identified as the hardest part of FFS success; what skills have you seen used by for-profits that gave you confidence to buy a product or service? Share specific examples from your buying life.
3. Who is your ideal customer for your FFS? Give them a name and share some of their attributes. What influences them? What do they read? Imagine in as much detail as possible.

Resources

- *The Four Disciplines of Execution* (audiobook), Chris McChesney, 2014. Franklin Covey on Brilliance Audio. Assists leaders, teams, and front line employees to prioritize goals and maximize time and effort.
- *Save 30 Days a Year: Overcome Time Challenges & Improve Your Nonprofit*, Karen Eber Davis <http://www.kedconsult.com/articles-resources/save-thirty-days-per-year-overcome-time-challenges-to-improve-your-nonprofit/>

Chapter Thirteen: Initiating Agreements and Collecting Payment

Contracts or agreements are finalized in several formats. In the instance of a proposal response resulting in a grant award, the Grantor generally finalizes the award with a Standard Contract. A contract with a public or private entity to provide services will vary from the rigorous Standard Contract to a less formal Memorandum of Understanding (MOU). When the contract is to formalize a partnership with another entity, it should be negotiated between the parties. For a CIL undertaking a business start-up or acquisition, internal benchmarks are used to formalize the process. If at all possible the CIL should draft the contract. Even if it's not intentional, contracts favor the writer's perspective.

Typical terms for contracts/agreements include:

- Funding amount or reimbursement rate
- Definition of unit of service or service to be provided
- Reporting requirements (make these as realistic as possible)
- Staff training requirements
- Background check requirements
- Notice of service termination
- Confidentiality
- Communication contacts
- Billing process/mistake/rebilling process
- Timeframe
- Budget, if applicable
- Detailed responsibilities

Government contracts typically contain additional information that must be attested to including anti-terrorism, lobbying, and litigation. Civil Rights compliance is very lengthy; so consider submitting this documentation to the state civil rights compliance organization for a letter assuring compliance, which can then be submitted with contracts/agreements. Buyers will frequently ask for copies of Equal Opportunity statements and copies of the organization's grievance process for consumers. The CIL must read contracts carefully, and seek legal advice before signing.

Billing

Make sure staff and the accountant understand billing procedures and provide them with adequate oversight and monitoring.

Billing processes will vary and could include the following:

- Payment upfront.
- Simple invoice at the end of the month with hours, rate, and total.
- Documentation to accompany billing—learn why the buyer wants it and then find a way to do it simply.
- Billing directly to a 3rd party—understand the process; this can get complicated.
- Billing directly to Medicaid.
- Billing after successful outcomes. Assume you will not receive all of the income.

Barriers to Consider

There are several barriers that may impede smooth billing operations.

- Untimely contracts, i.e., those that begin months after the official start date.
- Complications in billing that require internal processes to get resolved, i.e. newly required information was not gathered. Legal counsel will need to review.
- Staff turnover—make sure to provide cross-training for depth and continuity of operations. One CIL experienced this firsthand when the only staff trained to bill Medicaid abruptly left due to a terminal illness.
- Having too many or not enough customers creates different problems at each extreme.
- Poor communication by contractors who don't respond to emails and phone calls. Locate a second contact as a backup to discuss important issues. Never be afraid to go higher up after you have made multiple contacts. This is a professional relationship.

Be as proactive as possible to avoid potential barriers.

- Assign new responsibilities resulting from new contracts and make sure staff members have the ability to assume these in a timely manner.
- Establish and maintain an accounting system that allows for accurate recording of costs related to any new contracts, both direct and indirect.
- Organize a method for triggering the fulfillment of filing and/or reporting requirements resulting from new contracts in a timely manner.
- Fulfill responsibility of any in-kind contribution offered during the contracting process and to establish a monetary value for in-kind contributions.
- Establish a method for monitoring total spending against contract funding to avoid any over or under spending.
- Evaluate your ability to meet cash flow while awaiting reimbursement when the contract is reimbursement-based.
- Retain records and support costs for fee-based units charged to contracts.

Monitor Cash Flow and Collections

Cash Flow Considerations

The CIL should consider obtaining a sufficient line of credit to ensure that there are no major cash flow problems and that payroll can be met. Customer needs are another consideration. Will the customers pay at the time of service or will they need to be billed? If the customer is an agency, the time between billing and reimbursement may be 90 days or more.

How will you handle payments?

The sooner a customer pays, the sooner you can pay your bills and fund your mission. The following is a time line that indicates seven points in time with a customer. Use it to design a process to ask your customer for payment and your follow-up process to ensure their timely receipt.



[Image description: This timeline chart progresses left to right from initial contact to service provided to 30 days to 60 days to 90 days to 120 days to bill collector or bad debt.]

Collections

Fees-for-services are worthless if they are not paid or collected. This is a new perspective for many CILs. Collection strategies are not generally part of a CIL management plan. To stay on top of collections, receivables should be tracked, and aging receivables must be included in any accounting. It helps to know the payers. Some may be chronically slow (certain programs) and some may be liable to periodic interruptions (state budget battles). Collection issues must be factored into budgets and cash flow projections. You will need to pick up the telephone and notify the other party if the contract is not being met as soon as possible. If you let it go, you lose legal standing.

Bad debts are almost inevitable in FFS. No CIL will ever be able to collect all the money owed it by customers (whether the customers are individuals or agencies.) Again, bad debt may be a new concept to a CIL that is a careful steward of its fiscal resources; but in FFS it is a reality, especially if you do not collect payment or at least a deposit before providing the service or product. The key is both to pursue collections and also determine the amount of bad debt that the organization can tolerate. Too much bad debt will negate the careful planning that went into the development of the FFS and can compromise its projected success and close down the FFS.

Upgrade Financial and Accounting Procedures

Before determining the type and amount of upgrades required, assess the current situation in terms of the number of staff (part/full time), skills of staff (bookkeeper vs. accountant), effective use of software, audit results, and the depth of the current program data collections system. Obtain an outside opinion to confirm the center's findings, such as from your CPA.

Based on the baseline findings, identify what will need to change to have the foundations for the new FFS requirements. Estimate the number of monthly bills to be sent and the tracking costs. Generate monthly reports for internal use and establish a separate timesheet for staff. In addition, besides current needs, think about what will be needed in one to two years. Make changes with the future in mind.

Your reporting capacity may also need upgrading. Follow the same pattern used when evaluating the financial capacity. Evaluate the current financial and programmatic reporting capacity and the linkage between the two systems. An area that often requires attention is tracking costs to specific contracts and analyzing general and administrative costs. This process will assist in determining if such enhancements are worth the cost of the upgrades.

Look at the Budget over Time—Analyze Cash Flow

With cash flow it is important to remember that not everything happens at once. Some costs are front-loaded such as soft costs (legal and accounting), technology investments, human resource costs (recruitment/training), and other overhead costs.

Unit costs track volume growth over time. The rate of market penetration impacts revenues and costs. For example, a greater market penetration may result in increased costs (hiring more staff) but be offset by a larger amount that can be billed.

Identify any lags in revenues versus expenditures. If the lag time is too great, the service may not be feasible.

Identify long and short-term cash needs (financing and/or a line of credit.) Include cost of capital into budget projections.

Integrate Programs and Manage Staff Changes Resulting from New FFS Enterprises

For successful integration, business planning must measure core competence and staff capacity against requirements for any new enterprises. Fee-for-service enterprises should be integrated into the organization's financials as a new cost center that tracks both direct and indirect costs. Cost allocation methods are applied to new contracts in a manner consistent with established contracts.

Resources

- *The Art of the Start*, Guy Kawasaki. <http://guykawasaki.com/books/the-art-of-the-start>
- *Accounting for the Numberphobic: A Survival Guide for Small Business Owners*, Dawn Fotopulos, 2014. American Management Association, New York, NY.
- Your CPA

Chapter Fourteen: Outreach and Marketing the Enterprise

As the CIL moves toward a decision, determine how to best publicize its intentions. Part of being a successful business is marketing and knowing the markets. It is critical to effectively communicate who you are and what you do.

Start with a plan that identifies the marketing steps the CIL will take. Just as you plan the overall strategy for initiating fee-based services, analyze the markets available in your area for getting the word out. Are there media opportunities that the center isn't using and how current and useful is the center's website? Marketing may involve a new enhanced set of skills for a CIL, but it will benefit not just the fee-based services but also the CIL overall.

Content Marketing

Content marketing integrates traditional marketing and digital marketing—Web and social media strategies with traditional marketing. It's not just a nonprofit strategy or an IL strategy. It's a corporate strategy. It's taking what works in the corporate environment and putting it to use in the nonprofit environment.

Content marketing is the marketing and business process for creating and distributing relevant and valuable content to attract, acquire, and engage a clearly defined and understood target audience with the objective of driving profitable customer action.⁵

That's a mouthful, so let's break it down. You may be asking how this is different from what you do now. It is an attempt to fill in the gaps with your traditional marketing practices and create a synergy to all that you do, while also engaging employees. Content marketing is working thoughtfully and strategically to enhance your current marketing efforts, while at the same time adding visibility to your Center for Independent Living's work and its advocacy efforts. It creates a positive sentiment while demonstrating value to the audiences that are paying attention to what the CIL is doing and getting the attention of new audiences as well.

To successfully develop a content marketing plan, you must be able to answer specific questions that provide the basis for not only content marketing strategy, but also strategic planning, and the overall branding effort at the CIL.

- Big picture: What is the CIL good at or the best at? Why does the CIL do what it does? Who are the competitors? What does the CIL advocate for?
- Internal: Who within the organization knows the most about these specific topics? What makes these people experts?

⁵ <http://contentmarketinginstitute.com/what-is-content-marketing/>

- External: Who are target audiences? How does the CIL communicate? Compete?

Marketing Plan

Creating a marketing plan requires you to look at existing marketing goals. What do you want to accomplish through your marketing? An example of one CIL's goal is "to be the top organization in our area for accessibility"—they want to be the first place people think about when they think about disability in their area.

Content marketing is a tactic and a mindset that's going to help you to achieve your marketing goals. Tactics are all the different things that you do to accomplish your goals, through specific activities.

What is the "Content" in Content Marketing?

The content in content marketing is anything you're currently doing—it can be defined as a visual, text, or video. It's all the different content that forms your marketing message and your outreach to different target audiences. Examples include:

- Newsletter articles—print or electronic
- Letters to the editor at your local newspaper or your online news service
- Printed flyers you are already doing to promote activities at your Center
- Fact sheets you have put together on different topics or different issues
- White papers or position papers
- Lists of things that you create
- Video storytelling
- Social media posts—links sharing, news, and updates
- Advocacy efforts
- Events that you create and how you talk about your events, photos from those events, or photos from your actions that you create
- Your own website resources, statistics, and much more

In creating and distributing relevant and valuable content, important questions to consider include the following. If we build it, will they come to see it? Who will create this content? How can we make this easy from an operational standpoint? Are we a leader on this topic? Are we adding value to our target audiences who may be paying attention

to us in receiving our newsletter, in seeing our social media posts, in visiting our websites, in looking at our flyers? How are we being viewed? Is the content we currently possess adding value?

Put yourself in the audience's shoes. The audience is looking at you from their own perspective. Does the sponsor believe you're the expert? Does the community-elected official want to invite you to participate in the decision-making when they're going to construct some new project in your downtown area? Are they thinking about the things that you want them to think about? How do you communicate best to those different audiences? Which content will resonate best with each of those target audiences?

Attracting, Acquiring and Engaging your Target Audience

When content marketing is done appropriately it connects with target audiences well and gains attention. Content sets a certain tone that will resonate with the audience, such as using humor and visuals to provide information. Mix up the content and see what works. For example, if you have a Facebook page, test it out and see what works better—photos, videos, or factoids? What gets shared the most? What gets the most engagement—number of comments, likes, etc.? Those are indicative of what adds value. You can also use content to ask questions and to get some additional direction for your organization. When creating your State Plan for Independent Living, asking opinions shows an effort to connect with consumers and identify their priorities.

Create a personality for your CIL. How do you want to be seen? What is the personality that will allow people to feel positively about your organization? Content can be used to create positive feelings about the organization, including opinions on inclusion, acceptance, and disability rights issues. Share quality content, and help shape opinions for the varied target audiences related to your advocacy initiative. This will bring about awareness and engagement in your organization. The content that is most resonant will create the image that the CIL is an expert, an organization that is to be respected, and a valued resource to the community. People will want to take action to assist you, whether it's writing a check, volunteering their time, using your services, inviting you to be part of a community decision-making, or sponsoring your events.

The How-To's of Content Marketing

Here are five approaches to content marketing:

1. Create – new articles, video, photos, unique thoughts
 - a. Your own original thinking and your own original items
 - b. Blog example: Identify experts at your Center who contribute on a variety of topics such as assistive technology, employment issues, accessibility and ADA issues, housing accessibility, wheelchair sports, and long-term care in the community. Rotate assignments on a weekly basis. This can be a no-cost solution for organizations that occurs weekly and is shared equally across the

- organization between staffers who are not marketing staffers but know what they know and do what they do on a regular basis.
2. Curate – carefully choose from your best existing content
 - a. Tap into the multiple news sources that you subscribe to. Share links within your target audience area, because not everybody reads the publications you do. You're helping people in the community to find the content that they ordinarily wouldn't see, which is really the key to content marketing—bringing issues to their attention.
 - b. Follow other disability organizations on social media platforms and repurpose their content. Give them credit, tag them, share their content, but share the best content.
 3. Aggregate – gather existing content in one place and share it
 - a. Pull in resource lists on your website and aggregate them in one place and share the one page.
 - b. Paper.li – identifies topics that you set up in this free cloud-based system. It follows and scours the Internet, and provides articles in one place similar to a newsletter every day or every week, and automatically shares it for you.
 - c. Scoop.it – This is similar to a Web page that you set up. It looks through whatever sources you indicate under topics that you specifically identify with key words. It searches across the Internet and identifies articles. You decide if you want to put the article on your page and share the page.
 4. Regurgitate – a combination of curation or aggregation in a new way
 - a. Develop top five lists of topical resources in one place online and share that link.
 - b. Share posts across platforms. With Facebook, for example, you can set it up to feed into your Twitter account.
 5. Cross-pollinate – distribute same piece of information across different platforms
 - a. Change language slightly and repost the same content at varying times of the day. On Twitter, post more than once because the feed goes very quickly.
 - b. E newsletter – share E newsletter link on multiple platforms, send out the E newsletter, and post it onto your website page. This distributes it to various places with varying target audiences with slightly modified language. It reuses the content and cross-pollinates across multiple channels.

Why is Content Marketing a Good Idea for Centers?

There are many advantages to the content marketing approach:

- It's low cost and scalable—you can do something once a week or multiple times a day.
- It establishes brand and familiarity with your center.
- It establishes expertise you already have that nobody knows about and you can build on that and create a broader impact and more media relations that will get you even more brand awareness.
- It's easier to provide solutions and be at the table if people are much more aware of you.
- There are free activities and tools available on the Internet that can connect your existing content to repurpose in a variety of ways. Once you're aware of these and begin to use them, they become very easy to incorporate.
- It strengthens your advocacy position if you choose to share topics and opinions that educate the community.
- It is a next generation expectation. People who are digital natives use the Internet on a regular basis and the next generation expects you to provide valuable content that will resonate with them in a variety of ways. It's something to plan for even if right now the CIL doesn't have the needed technology.

Content marketing is strategic and proactive. It anticipates future needs for the CIL to grow and creates the perception that you want to create as you move forward. It establishes and gains public trust that you want and need when you are doing advocacy and system change work. It can increase consumer referral and establish better relationships with existing referral sources, consumers, volunteers, and donors.

Whatever marketing strategies the CIL chooses to employ, remember that there's no substitute for personal contact. Establish a personal relationship with someone in every organization or business you are or potentially could be working with so neither you or your customer is dealing with a faceless entity. Problems are much easier to address when a positive relationship has been established. Encourage staff to get involved in the community through committees, workgroups, boards of directors, and advisory councils, and accept speaking and training opportunities. Contact civic groups such as Lion's Club and Kiwanis and request a few minutes on their agenda. In rural areas, firehouses and churches are particularly helpful channels for connecting with potential customers.

Application

1. How might you tie any publicity, marketing, or information you're already sharing into your new effort? Provide specific examples.
2. In the past two years, what have been your best methods to get the word out about services or products? How might you improve on these successes?
3. Using the five How-To's of Content Marketing, list specific examples of each and how you can implement them in your center.

Resources

- *Kivi Miller's Nonprofit Communication Blog*
<http://www.nonprofitmarketingguide.com/blog/>
- Network for Good <http://www.fundraising123.org/>
- <http://www.ilru.org/topics/social-media>

Chapter Fifteen: Planning for Expansion

Now that the CIL has successfully launched the FFS enterprise, it is time to think about expansion. The CIL is in an ideal position to expand. In preparation for the FFS, the CIL developed a strategic plan. It is the foundation for expansion if it is updated often and revised as changes in the environment impact the FFS arena. It is imperative to think ahead and not get totally bogged down in the present. Pay attention to the present, but stay balanced by also considering where to go in the future.

Continue to rely on peers and external reviews to keep on track. Other visions and voices are healthy and can inform the CIL's planning for expansion. As the CIL conducts planning for the FFS, it needs to nurture planning into the organization's routine until planning is fully integrated as part of the CIL's culture.

Good relationships often lead to expansion opportunities. Even though you may have long-standing relationships, you must keep in regular contact—institutional memories are generally short due to staff changes and attrition. When you lose a personal contact with a current or potential customer, develop a new one there; personal contact is the backbone of any FFS operation.

Stay Abreast of Competition

If expansion is a goal of the CIL, staying abreast of the competition is critical. CIL administration and staff need to attend purchaser meetings and events. Ask for and gather rates and requests for proposals and if it is public information, ask for specifics. Cross training with the center's competitors is also useful, as is developing a positive relationship with them. Get the competitors' newsletters, and monitor their website, Facebook, and Twitter postings and feeds. If possible, shop the competition.

Create a Culture of Engagement

Expansion means creating a culture of possibility. Everyone in the organization should be engaged in analysis and generating ideas. Marketplaces are constantly changing and evolving—so as a CIL with an expansion mission, always seek new solutions. Government and private sector roles and rules are constantly being revised. Invest to stay current. Moves to remain cost-effective also create opportunities—the market is always receptive to high quality at the lowest cost and new products that fulfill needs.

Identify and be Responsive to Market Changes

To both maintain current FFS and expand to new enterprises, the CIL must be constantly aware of market changes. This can be accomplished through maintaining and expanding staff participation in a variety of community groups to recognize and report changes to the CIL administration. Be sure to have administration and staff members attend local and regional economic and employment events. The CILs' state

association may also be a good source of information about market changes. Even though the CIL may, or may not, have FFS contracts with the state department of human services and/or vocational rehabilitation, they are excellent resources to identify market changes.

One example of recent market changes is the Affordable Care Act which is fundamentally transforming healthcare in America. This is an arena where IL lessons can be applied, but the CIL needs to determine where and how. Advances in technology are available to most people and these advances can also be used to promote IL. Given the complex challenges facing individuals with disabilities, the CIL needs to envision how it can continue to expand its services to address the needs.

Going forward, the CIL may wish to consider how to respond to market changes such as:

- Encouraging Accountable Care Organizations to utilize the principles of self-direction to maintain quality and cost-effectiveness.
- Supporting the emerging network of primary care to drive health practices in guaranteeing equal access to facilities and services for all consumers.
- Promoting technologies that increase consumer control and informed decision-making about health care options and alternatives through innovations such as new apps, videoconferencing technology such as Skype, and telemedicine that can enhance direct communication with providers.
- Developing IL approaches that will improve outcomes for benefit recipients in a sustainable fashion as the private disability insurance market faces increasing performance pressures.
- Designing and implementing a multi-faceted solution to the emerging challenge of consumers experiencing memory loss and dementia and those in the autism community—both increasing at a significant rate. This increase requires new approaches and resources.

The Competitive Environment

Collaboration is the emerging paradigm for nonprofits and businesses alike. Collaboration is rapidly creating new partnerships and approaches. Differentiation between public and private sector providers is diminishing, thus creating new competitors and new opportunities to compete. Examples include partnering with the Aging and Disability Resource Centers' (ADRCs) community for grant opportunities, and establishing and maintaining relationships with state Protection and Advocacy Agencies. Successful ventures do not stand still. The reality of the 21st century is that technology can give the CIL the edge or unmake the organization.

Application

1. What signs indicate that organizations are ready to move ahead, either expanding or innovating?
2. What market changes do you expect in the next five years that will impact CILs?
3. Besides the required programs, what service or products do you see your CIL always providing?

Resources

The three books listed in Chapter One: Introduction are suggested here as well. They are excellent resources whether you are beginning or expanding FFS enterprises.

- *Selling Social Change Without Selling Out*, Andy Robinson, and ed. Kim Klein, 2002. Jossey-Bass, San Francisco, CA. www.josseybass.com. A step-by-step resource on how to initiate and sustain successful earned income ventures that advance an organization's mission.
- *7 Nonprofit Income Streams: Open the Floodgates to Sustainability!*, Karen Eber Davis, 2014. CharityChannel Press, Rancho Santa Margarita, CA. This book discusses seven nonprofit income streams, which include mission earned income and non-mission earned income. This book shows you options.
- *Nonprofit Sustainability: Making Strategic Decisions for Financial Viability*, Jeanne Bell, Jan Masaoka, and Steve Zimmerman, 2010. Jossey-Bass, San Francisco, CA. www.josseybass.com. This text helps you to evaluate existing income streams to determine when it's time to let go or step it up.

SUMMARY

Sustaining economic viability is a constant challenge for nonprofits. Fees-for-service offer a viable alternative to revenue generation, especially during times of economic instability. This approach requires careful thought and consideration—strategic planning, market analysis, products/services to be offered, and who might be willing to pay for those services. FFS can allow a CIL to take control of its future while significantly increasing its reach to many individuals with disabilities who cannot access the limited services currently provided by CILs. Offering fee-based services, although not an easy arena for CILs to enter, can leverage existing strengths and strongly rooted IL philosophy in order to expand CIL capacity while staying true to the mission of the organization.

Appendix A

Rank your readiness to do FFS on the following characteristics with stellar the most desirable

	weak	average	stellar
Reconciliation with CIL philosophy			
Board support			
Staff readiness			
Product/Service identification			
Understanding of buyer's goals			
Market recognition			
Pricing of service or product			
Start-up cost			
Ongoing costs			
Income potential			
Billing & collection procedures			
Pipeline of buyers in the wings			
"Unique selling proposition"			

Appendix B

Apples and Oranges: Product or Service Comparison Tool

	What is it?	Who buys it?	Price	Quality (objective reviews, if possible)	Why our CIL can provide it better
1.					
2.					
3.					
4.					