

Aligning Agency Resources to Drive Performance

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Hillside Family of Agencies

October 10-12, 2006 Washington, D.C.

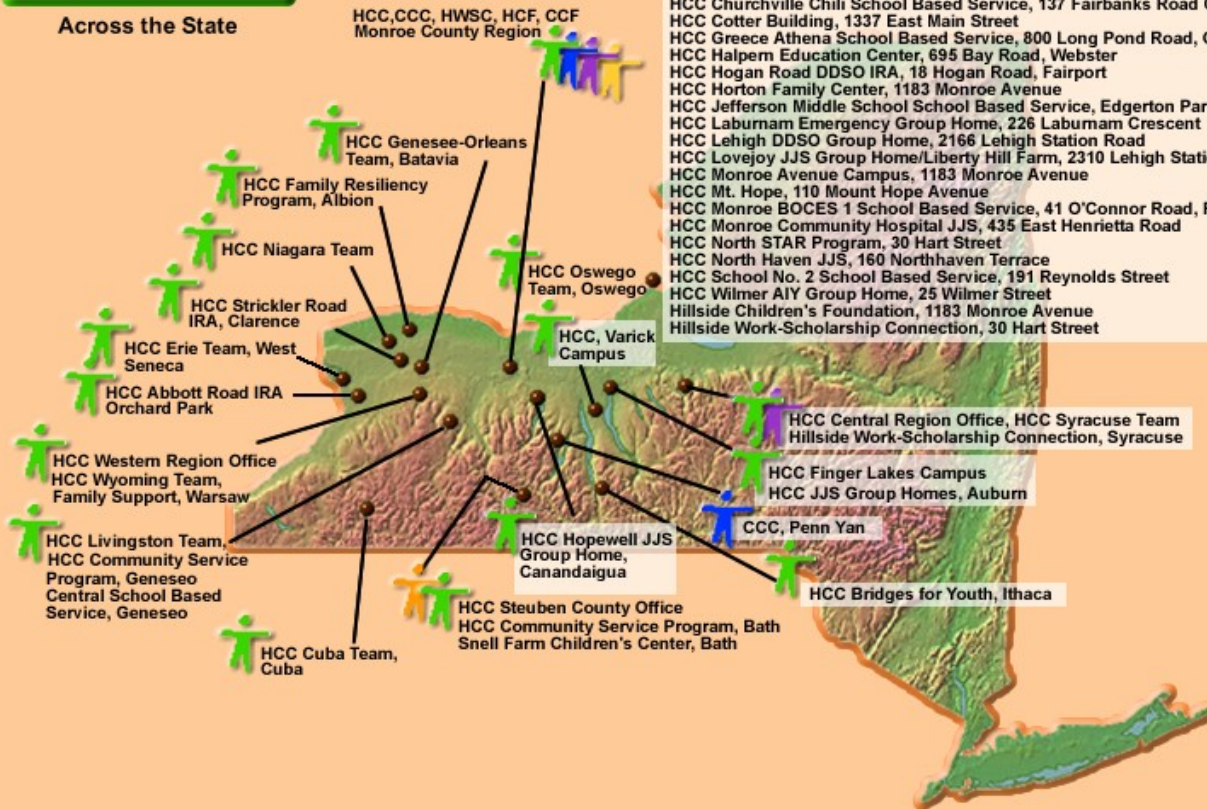
Presentation Highlights

- Hillside Family of Agencies Overview
- Organizational alignment to the strategy using Balanced Scorecard
- Key Results to Date
- Lessons Learned





Across the State

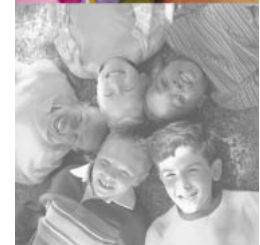


Crestwood Children's Center:

2075 Scottsville Road 3800 Scottsville Road, Scottsville
 1357 University Avenue East Main Street OP Satellite Clinic
 426 Lyell Avenue

Family Resource Centers at Crestwood Children's Center

89 Genesee Street (Southwest) 555 Avenue D (Peter Castle) 426 Lyell Ave
 HCC AIY Youth Drop-In Center, 1337 East Main Street
 HCC Alexander Emergency Group Home, 457 Alexander Street
 HCC Appleton, JJS Group Home, 69 Appleton Street
 HCC Arnett Diagnostic Group Home, 800 Arnett Boulevard
 HCC Charlotte Wellness Center, 4115 Lake Avenue
 HCC Churchville Chili School Based Service, 137 Fairbanks Road Churchville
 HCC Cotter Building, 1337 East Main Street
 HCC Greece Athena School Based Service, 800 Long Pond Road, Greece
 HCC Halpern Education Center, 695 Bay Road, Webster
 HCC Hogan Road DDSO IRA, 18 Hogan Road, Fairport
 HCC Horton Family Center, 1183 Monroe Avenue
 HCC Jefferson Middle School School Based Service, Edgerton Park
 HCC Laburnam Emergency Group Home, 226 Laburnam Crescent
 HCC Lehigh DDSO Group Home, 2166 Lehigh Station Road
 HCC Lovejoy JJS Group Home/Liberty Hill Farm, 2310 Lehigh Station Road
 HCC Monroe Avenue Campus, 1183 Monroe Avenue
 HCC Mt. Hope, 110 Mount Hope Avenue
 HCC Monroe BOCES 1 School Based Service, 41 O'Connor Road, Fairport
 HCC Monroe Community Hospital JJS, 435 East Henrietta Road
 HCC North STAR Program, 30 Hart Street
 HCC North Haven JJS, 160 Northhaven Terrace
 HCC School No. 2 School Based Service, 191 Reynolds Street
 HCC Wilmer AIY Group Home, 25 Wilmer Street
 Hillside Children's Foundation, 1183 Monroe Avenue
 Hillside Work-Scholarship Connection, 30 Hart Street



Hillside Family of Agencies

- Founded as an orphanage in 1837
- Rochester, NY-based organization is an umbrella organization that provides administrative and business support to six service affiliates
 - Four affiliates offer services to youth and families
 - Two affiliates provide investment and fundraising support



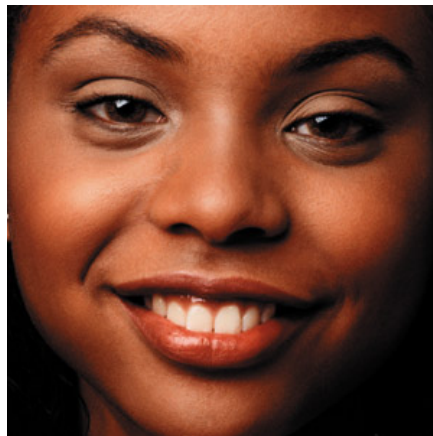
Hillside Family of Agencies

- Offer more than 120 services across 24 counties in Central and Western NY
- FY 2007 budget of \$105 million
- Approximately 2,000 staff

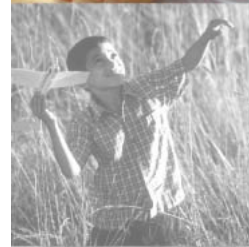


Strategic Intent

To be the nationally recognized leader and preferred provider of an integrated system of care for children, youth, parents, and families.



Transformation of Services Opportunity for Change



Shifts required to realize our Strategic Intent

- Fragmented to systematized services
- Decentralized, non-standard business support processes to centralized administrative functions to create economies of scale



Commitment to change, alignment to strategy

- Agree upon Strategic Intent
- Select the Balanced Scorecard to articulate and execute strategy
- Initial implementation – significant shortcomings with ownership and buy-in



5 Key Principles of Strategy-Focused Organizations



Mobilize Change through Executive Leadership

- Balanced Scorecard Development – Early 2002
- CEO ownership
- Core team facilitated the 6 step development process (Office of Strategy Management)
- Executive Team and Board of Governors engaged
- Clear expectations and accountability



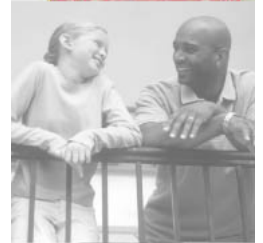
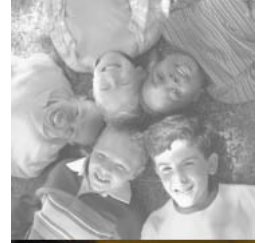
Translate the Strategy to Operational Terms

- Developed a strategic architecture
- Constructed a strategy map with 19 strategic objectives, 32 strategic measures, and 8 strategic initiatives
- Established annual and stretch targets
- Aligned initiatives with strategic objectives

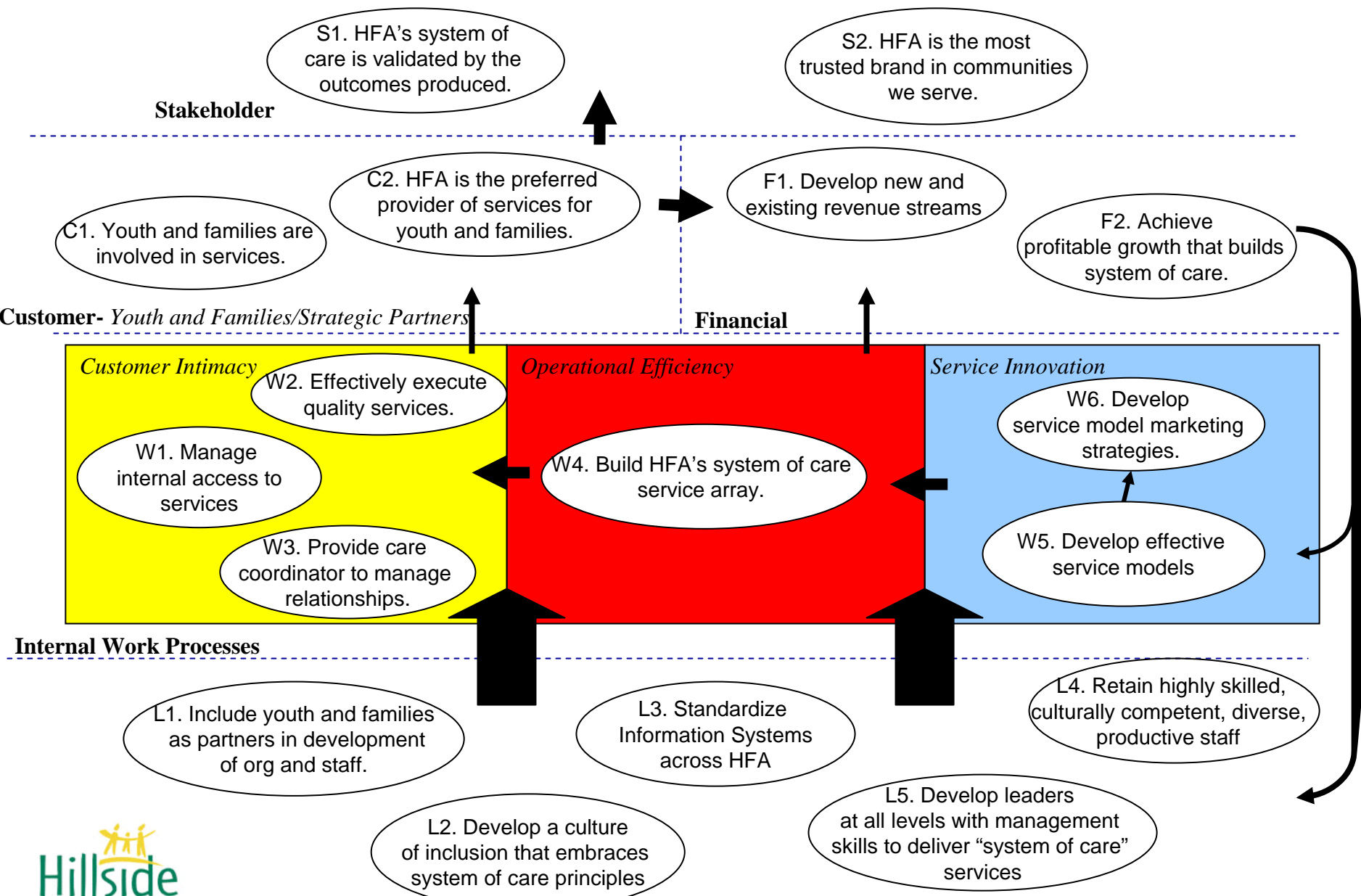


Strategic Architecture, 3 Key Themes

- Service Innovation – create the System of Care
- Operational Efficiency – the use of effective, standardized work processes
- Customer Intimacy – involve youth, families, and Strategic Partners



To be the nationally recognized leader and preferred provider of an integrated system of care for children, youth, parents, and families.



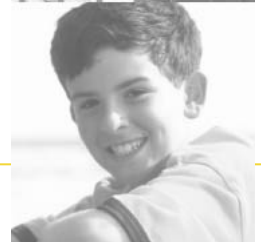
Balanced Scorecard Implementation

- Defined and communicated the Hillside Family of Agencies' strategy
- Balanced Scorecard was rolled out in July 2002
- Broad acceptance of the strategic direction across the business and shared service units



Align the Organization to the Strategy

- Developed a common Balanced Scorecard reporting tool
- Focused on 8 key strategic initiatives
- Constructed a two year plan to align the organization to the strategy
- Involved Boards of Directors for each business unit



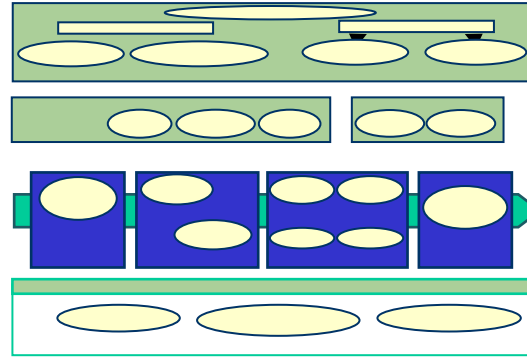
Align the Organization to the Strategy

- Aligned 6 business and 6 shared service units to the HFA Balanced Scorecard
- Selected a hybrid model for cascading process
- Selected and trained core teams to facilitate each process
- Balanced Scorecards are presented to the Executive Team for final approval



Organizational Alignment

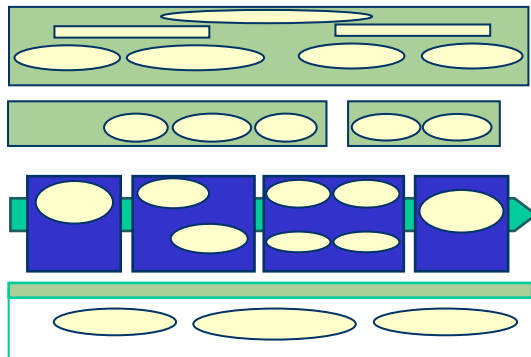
HFA SOC Balanced Scorecard



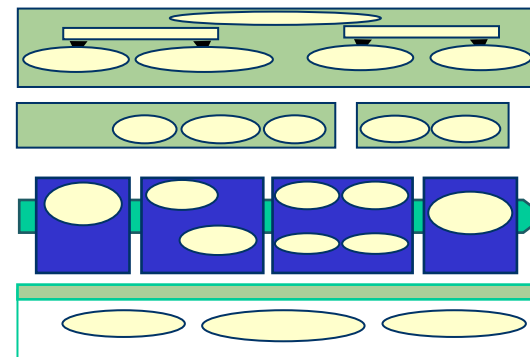
The Executive Team defines HFA System of Care priorities to achieve our Strategic Intent using the Balanced Scorecard.

Affiliate Balanced Scorecards are the centers of direct value creation that support the achievement of HFA System of Care priorities.

Affiliate Balanced Scorecard



Affiliate Balanced Scorecard



Motivate to Make Strategy Everyone's Job

- Educated staff about Hillside's Shared Vision and Strategic Intent
- System of Care training was cascaded across the organization
- Personal scorecards for the Executive Team members are in place
- Piloted an incentive compensation program



Govern to Make Strategy a Continual Process

- The Balanced Scorecard is the focus of bi-monthly Executive Team meetings
- Annual refresh process combines customer feedback, competitive analysis, and evaluation of strategic performance to drive Balanced Scorecard changes
- Strategy and budgeting are linked to maximize resources



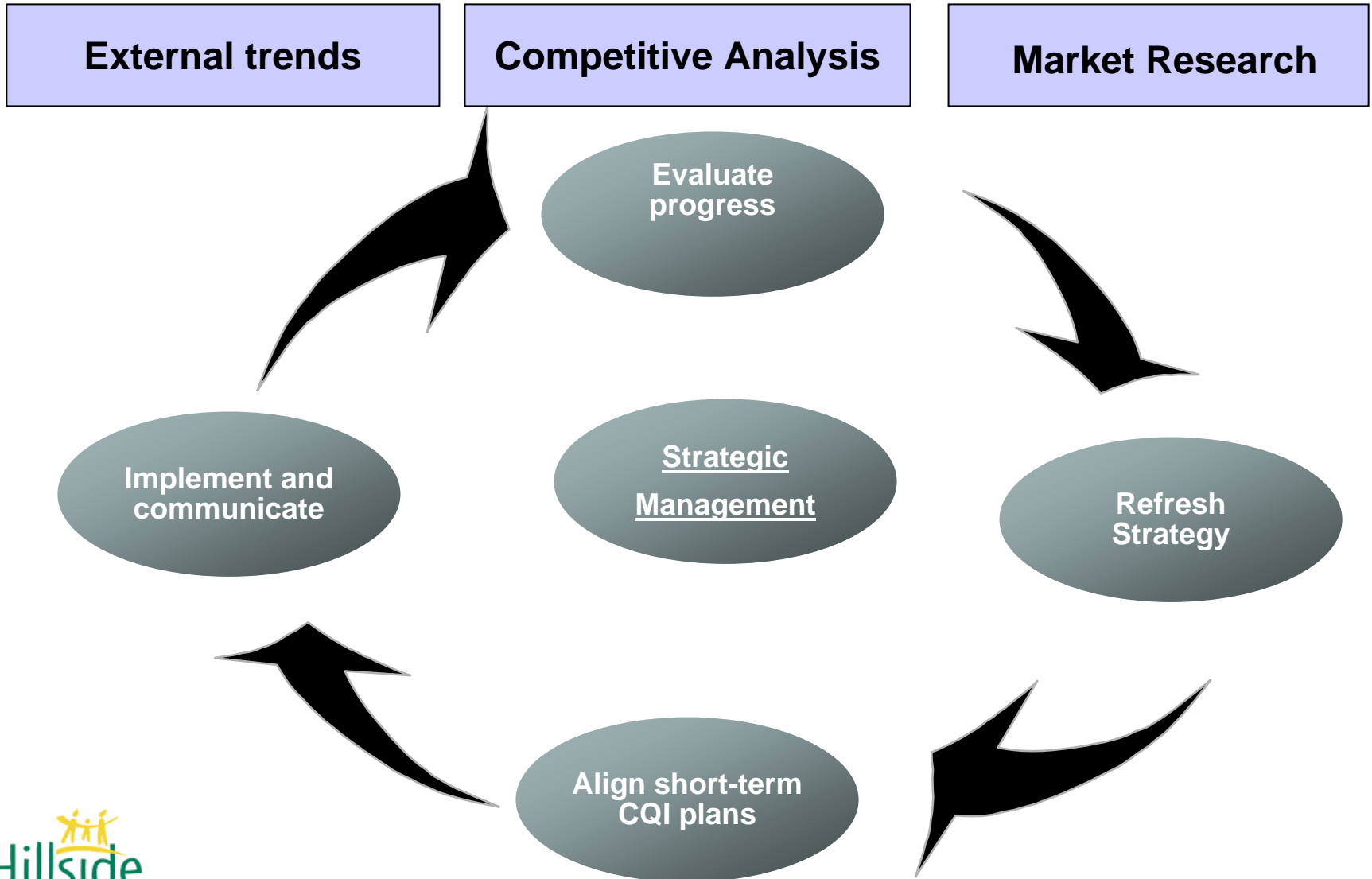
Office of Strategic Management

Functions include:

- Strategy Development
- Planning
- Organizational alignment
- Balanced Scorecard management
- Strategic Initiative project management
- Six Sigma quality coaching



Overall Strategic Planning Process



Key Results



Key Results – Customer Intimacy Theme

- % parent and youth seats filled on specific workgroups and boards has doubled from 2002 to 2006
- Parent involvement in service planning has hit or exceeded targets for nine quarters
- Performance on the Customer Satisfaction Index has exceeded targets for three quarters

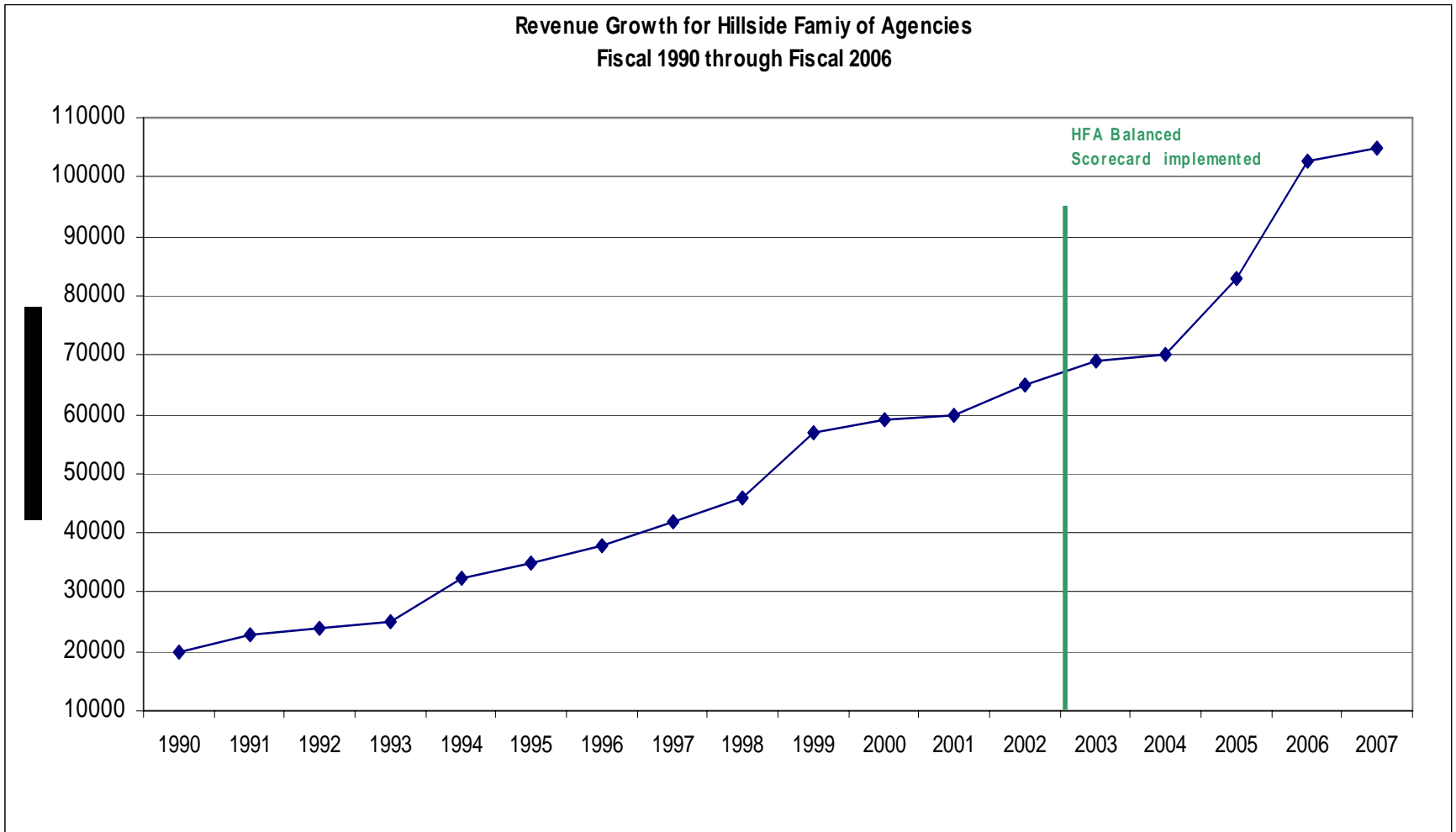


Key Results – Operational Efficiency

- Centralized administrative costs have yielded big cost savings – 25% decrease in overhead costs for Crestwood Children’s Center in one year
- Cycle time from referral to service initiation has decreased 56%, falling from an average of 6.2 weeks to 2.7 weeks
- The number of standardized work processes in shared service units continues to grow, 6 key processes were completed during FY 2006
- Standardized Information Systems that drive our organization, 27% decrease in non-standard systems

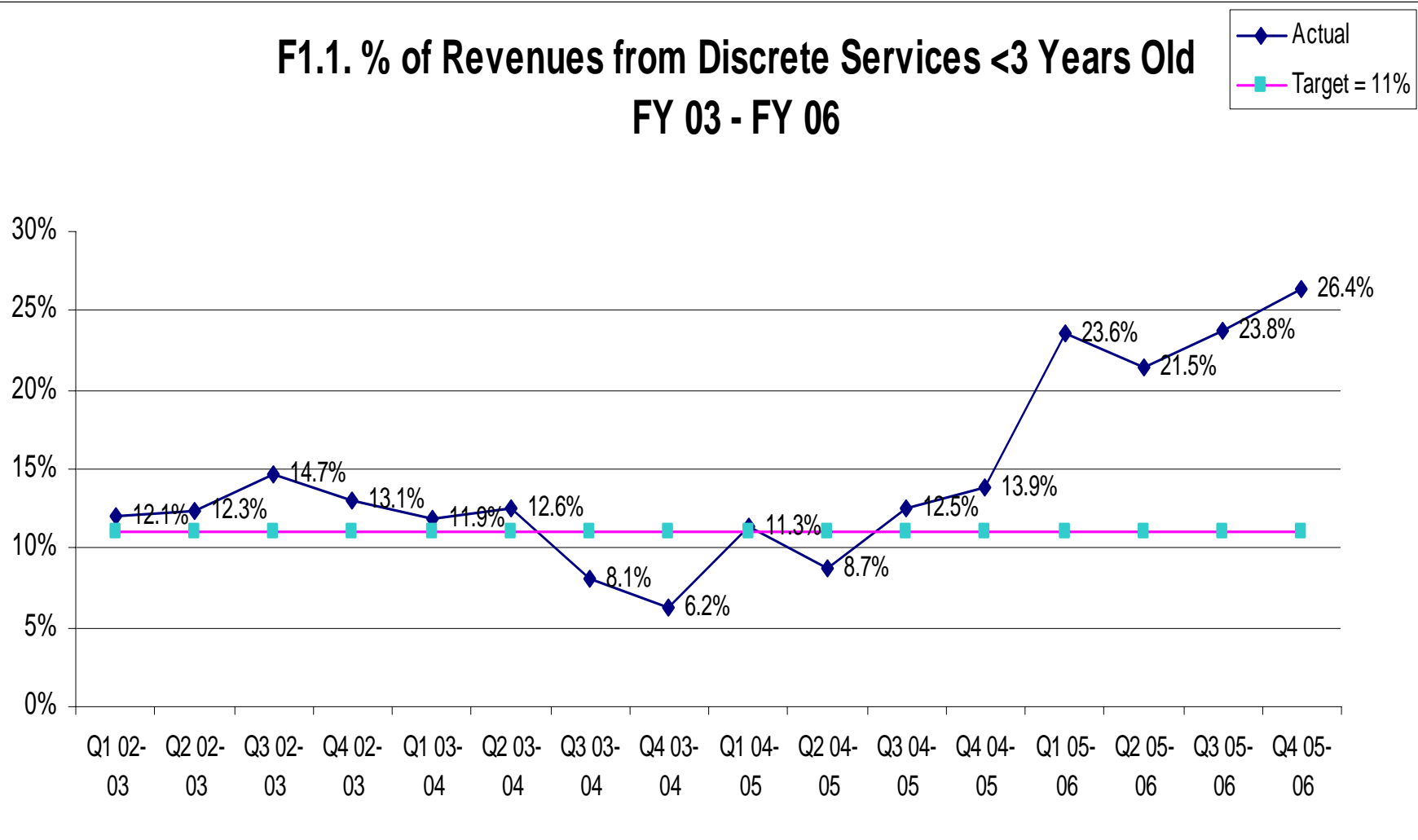


Hillside Family of Agencies, Revenue by Fiscal Year



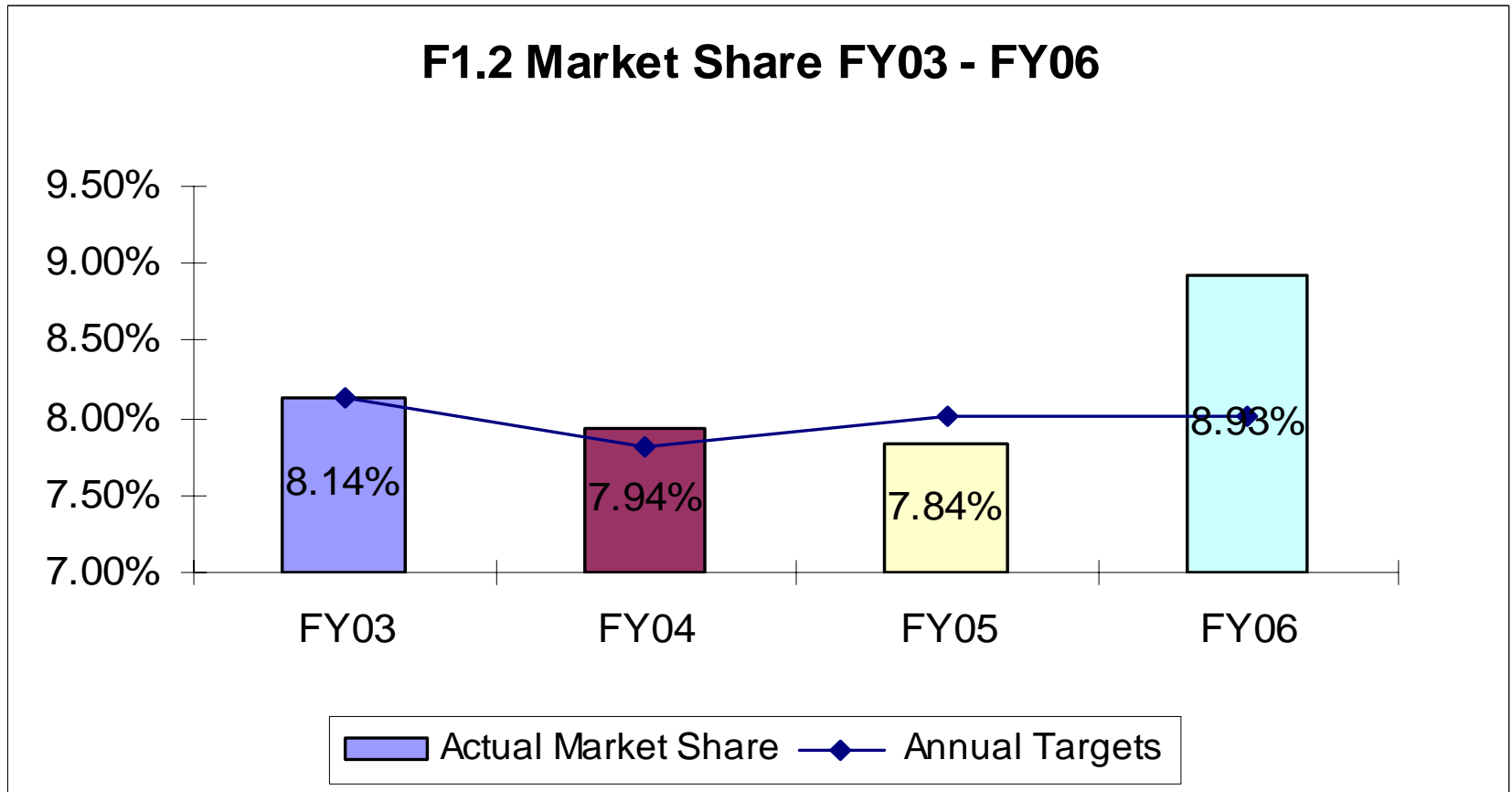
Hillside Family of Agencies, New Revenue Streams

**F1.1. % of Revenues from Discrete Services <3 Years Old
FY 03 - FY 06**

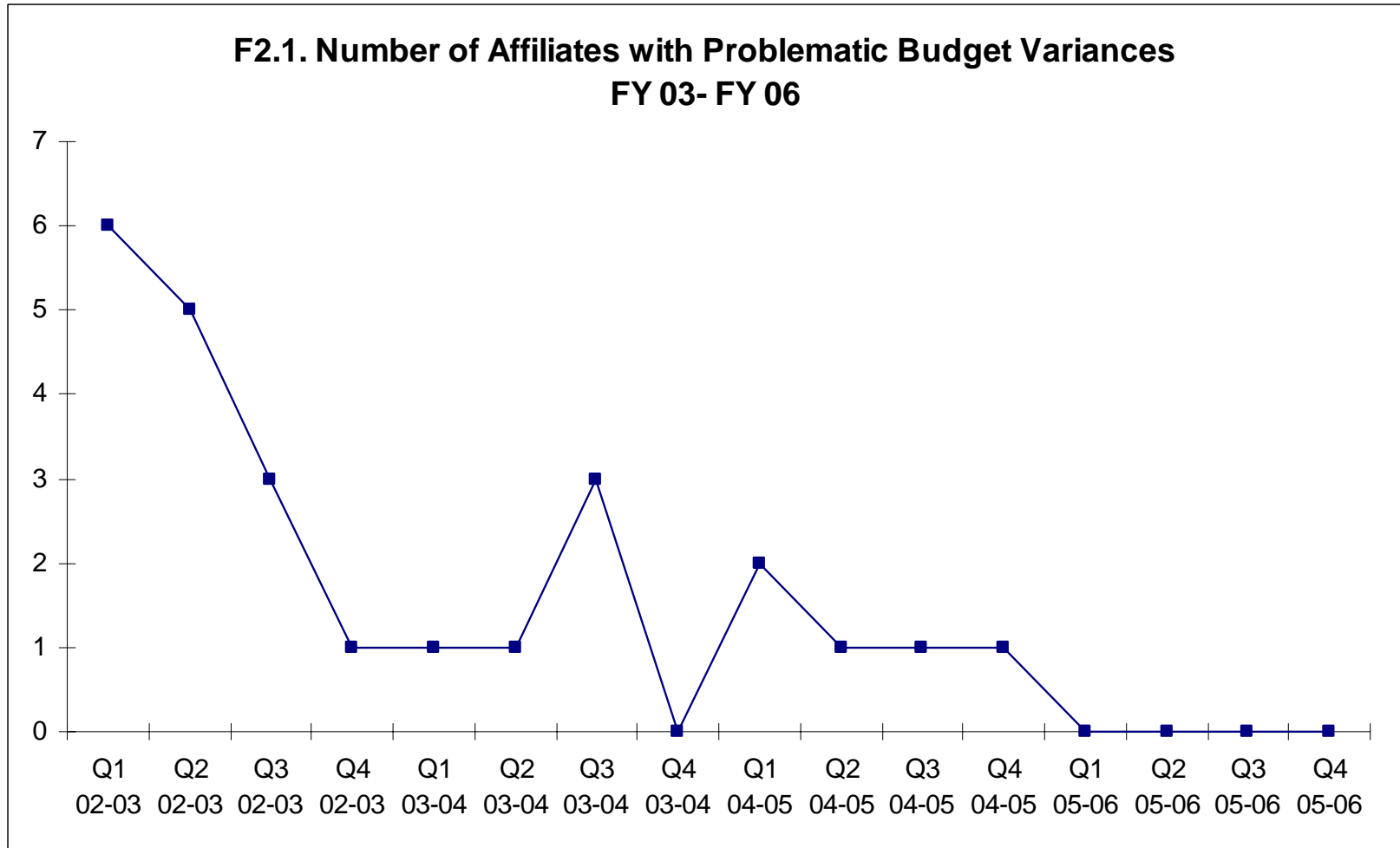


Note: This measure has exceeded our target for six consecutive quarters.

Hillside Family of Agencies, Market share.

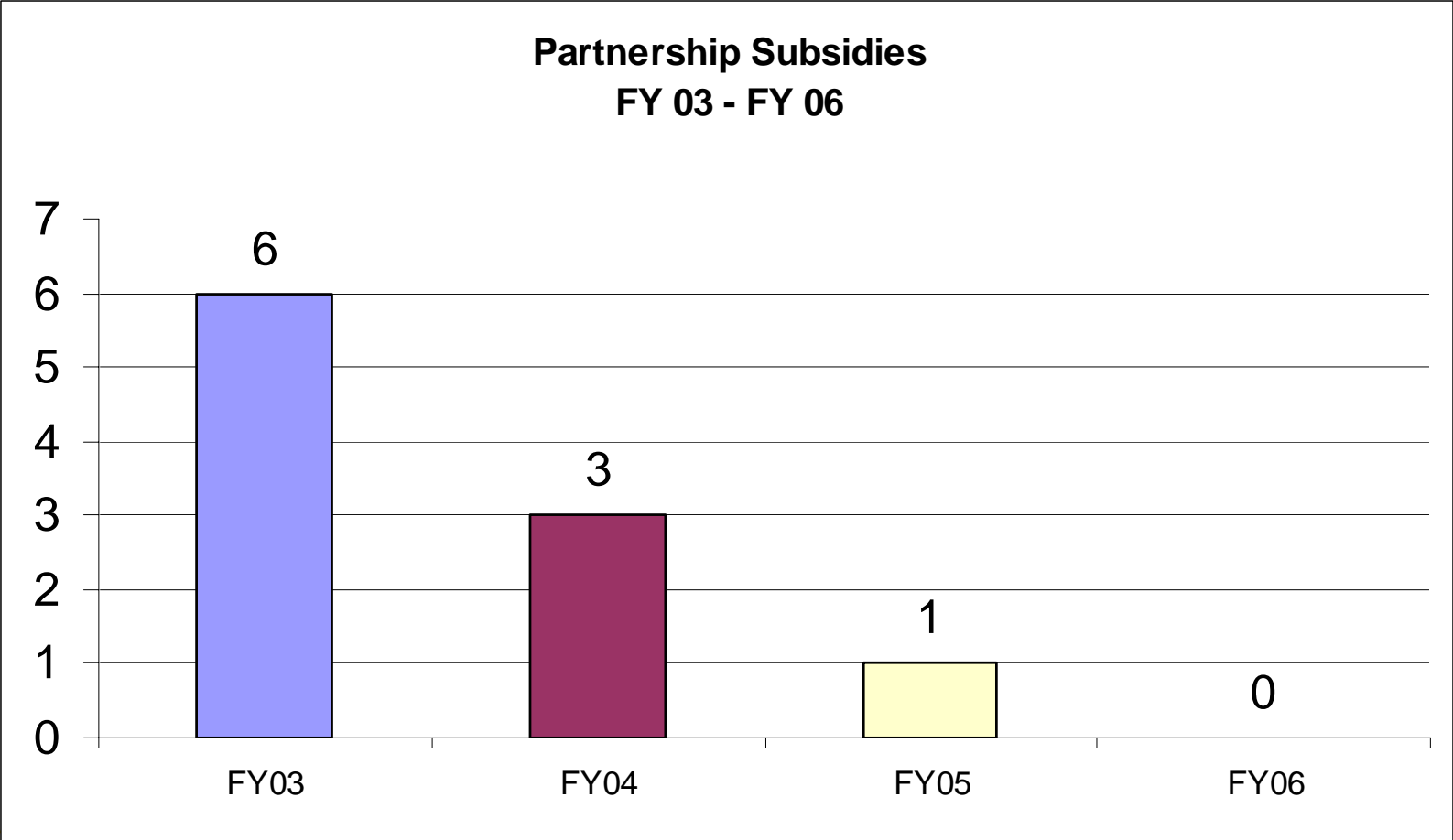


Hillside Family of Agencies, Budget Variances

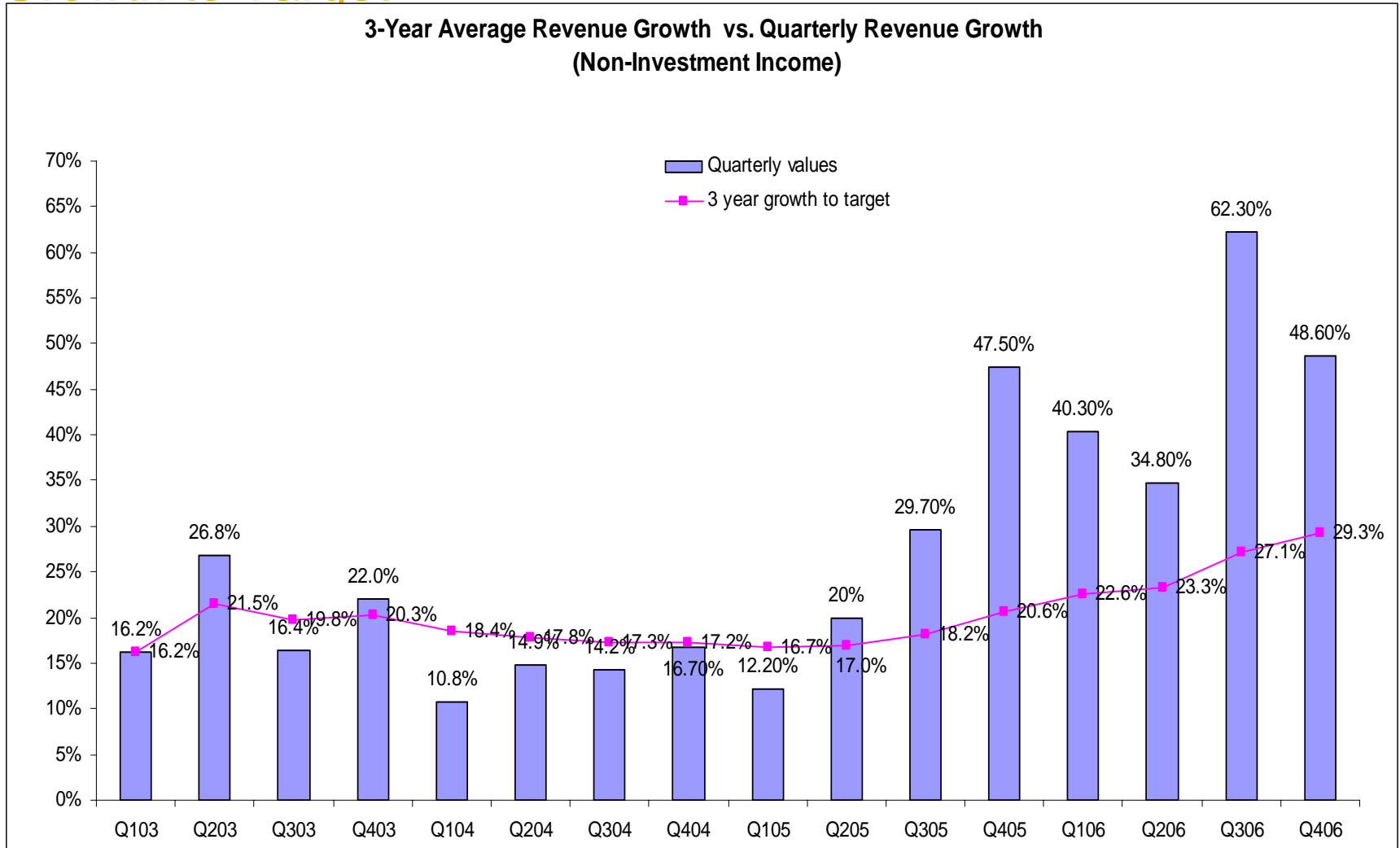


Note: This measure met our target for four consecutive quarters.

Hillside Family of Agencies, Partnership Subsidies

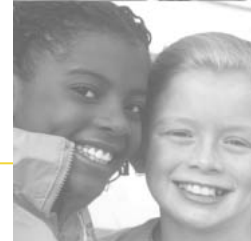
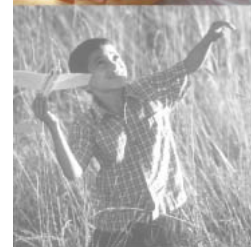


Hillside Family of Agencies, Three Year Revenue Growth to Target



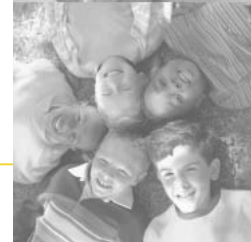
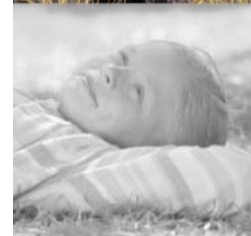
Key Results – Stakeholder Perspective

- Youth discharged from Hillside services between July 1, 2002 – June 30, 2004:
 - Family permanency: 64%
 - Not living in a mental health facility: 97%
 - Not in jail or detention: 96%
 - CAFAS improvement by 20 points or greater at discharge: 61%
- For Hillside Work-Scholarship Connection students, high school graduation rates have tripled



Key Results – Stakeholder Perspective

- Donor loyalty – % repeat donations to Hillside has met or exceeded targets for the past 4 quarters
- Brand Strength of Hillside Family of Agencies is very strong among Strategic Partners (Departments of Social Services, Office of Mental Health and school districts in Western and Central New York)



Lessons Learned

- Engage all stakeholders in the development process, involvement adds value to the execution (leaders, staff, board members, customers)
- Specify the roles of corporate, business and shared services units
- Empower staff to test assumptions

