

# **Children In Crisis**

**October 30, 2013**

**Prepared by**

**Institute of Senior Professionals**

**Northwest Florida State College**

**Niceville, Florida**

## Introduction

In a letter sent to ISP President Pat Hollarn dated May 15, 2013, Mr. Ken Hair, President and CEO of Children In Crisis (CIC), requested that the ISP conduct another study of his organization. He requested an overall analysis of CIC's effectiveness and asked us to develop recommendations for future years. CIC had received an evaluation from the ISP culminating in a report delivered to CIC dated July 15, 2004. That report served as a guideline for their operations for the ensuing years.

In the May, 2013 meeting of the ISP approval was given by the Board of ISP to proceed with such a study. President Hollarn established a six member committee consisting of the following individuals:

Doug Bacon, Tom Ballasch, Dick Harp - Chairperson, Pat Hollarn, Dick Schoditsch and Barbara Wall.

The committee met several times over the next month to outline a strategy for the study. A meeting was arranged with the CIC Board members and senior staff members to discuss our approach. Specific information was requested from CIC to familiarize the committee with their current status. Ken Hair then sent a letter dated June 11, 2013, outlining nine specific areas he wanted the ISP to address. Our committee again met with the CIC management and requested detailed information explaining their current operating status. All of the information requested was delivered to the ISP committee in the next meeting with the CIC management in July, 2013. The committee then analyzed the voluminous information provided by CIC which provided very detailed information pertaining to their operation. The next step was to interview key members of their management team and several CIC Board members. We interviewed nine staff members, five Board members and nineteen private citizens. The private citizens were chosen at random. These interviews were conducted over a two month period and provided the committee with a valuable insight into the operations of

CIC. The people we interviewed were extremely helpful and we express our gratitude to everyone for their cooperation. The staff and Board members are genuinely dedicated to the cause of helping children in need. This dedication and devotion was apparent in everything they shared with us and, in our opinion, is a prime reason why their organization has been so successful in their work. Being part of this study was really a pleasure for our committee members.

## **RESPONSES TO LETTER FROM CIC**

We have attached a copy of Ken Hair's letter to the ISP which includes the nine questions he asked the ISP to study and respond accordingly. The following is our response to these questions.

### **QUESTION #1 Is Children In Crisis branded in the community?**

It became apparent very early in our study, once we began our interviews with CIC staff members, Board members and the general public, that there was general confusion and uncertainty as to what CIC was and what CIC did. Much of the confusion was centered around the similarity between the acronyms of CIC and the Children's Advocacy Center (CAC). While many members of the general public were aware of the role played by the CAC, there was confusion as to what function CIC had and what CIC actually did. Some people thought CIC and the CAC were one and the same or that CIC was part of the CAC. The people affiliated with CIC were aware of this problem. They, along with President and CEO Ken Hair, agreed that this was the most critical area to be addressed. CIC has enjoyed great success in raising funds in spite of this confusion. The consensus was that their fund raising ability would be enhanced if the confusion could be reduced.

Our recommendation is to adjust the public relations strategy of CIC and concentrate on increasing the awareness of the public as to what CIC does. The promotional material used by the organization was reviewed and found to be indeterminate. It is our suggestion that the promotional material be standardized by using one specific branding approach. They now have some material with "CIC" prominently displayed. Other materials prominently display "Children In Crisis". Some materials prominently display "Children's Neighborhood". We enlisted the aid and advice of Susan Shaw, a respected marketing professional, to help define solutions to the branding problem. Our committee met with her and described the problem. She agreed to again meet with us along with CIC staff and President Ken Hair to facilitate discussion concerning a plan to resolve the branding problem. After much discussion, a strategy was developed that would use a standard tag at all times. Children In Crisis "Providing Homes" would be used in all of their material. The logo would also be standardized and be presented in a consistent fashion that would be readily recognized. Ms. Shaw agreed to review various promotional materials to be produced by CIC to assure consistency.

The staff members and President Hair were receptive to her suggestions regarding facilitating the process of rebranding and marketing CIC. The result would be a more effective and consistent standard approach to clearly present to the public what CIC is and the role it plays. We believe that donations would be increased and more readily available once more people understand what CIC does and the wonderful job it has done to date.

Another suggestion we have relates to the presentation of CIC to the public at meetings, receptions and public speaking engagements. In the past, this burden has been handled mainly by President Ken Hair. He has become the face of CIC and everyone knows him as Mr. CIC. He has done an excellent job of representing the organization wherever and whenever an opportunity to do so presented itself. It would help if more public presentations could be made which could be facilitated by some other staff members and some Board members speaking to the public on behalf of CIC, thereby sharing the burden with President Hair. CIC could make the community aware that speakers are available to make presentations at club meetings, radio and TV stations, or any other public gathering, which could help describe the CIC story to the public and clear up any confusion people might have regarding what CIC is.

## **QUESTION #2 Is our financial management sound?**

We reviewed the financial reports and audit reports. The financial management appears to be adequate, sound and conservative. There are checks and balances in place regarding the receipt of funds and the disbursement of funds. Excellent reports are provided to the Board of Directors for their review. An annual audit is conducted with a report provided to the Board of directors.

We suggest that the "Reserve Account" be consistently referred to as the "Contingency Account". We found that there is a concern by some citizens regarding the raising of additional funds as the reserve account seems to be very adequate. The true purpose for the existence of this account is to make certain the organization could continue operations for a period of one year if income is decreased for any reason. A turn in the economy could affect donations from the public. Also, Families First Network could alter their operation and direct funds to foster homes rather than to CIC. We feel that the Contingency Account is another indication of good business planning on behalf of the management of CIC. It might benefit the organization if the public had a better awareness of the purpose for this fund instead of thinking of it as "extra money".

We also had a concern about the investments made by CIC. There is a large use of direct bank certificates of deposit. The rate of return has gradually decreased over the past few years. However, these deposits are insured by the FDIC and do not incur any management fees. The remainder of their investments are managed by a brokerage firm and invested in conservative securities. CIC has enjoyed an increase in their investment portfolio of 18% in the last two years. The rate of return, after fees, for the last fiscal year was 10.9%. Considering the intentional

conservative approach to their investments, this is a respectable return on their investment accounts in spite of having some funds in certificates of deposit.

The financial statements showed one bank deposit balance over the \$250,000 FDIC insured limit. Ms. Franks explained that the bank actually brokers some of those deposits to other financial institutions to assure that no bank has more than a \$250,000 balance on deposit. She monitors the balances to be certain that the deposits are all FDIC insured.

Another suggestion we have would be for the organization to evaluate their investment portfolio at least on a quarterly basis to make certain that the return is satisfactory as well as the safety of the principal of the funds. It might be beneficial to have another investment firm analyze their portfolio to see what suggestions they might have to increase income while maintaining the conservative approach.

CIC is involved in many fund-raising activities. It might be prudent to concentrate their resources more on the major sources rather than sending staff people to every possible event. It could be more effective to have staff devote their time and effort on major events rather than events that raise only a few hundred dollars.

The Development Director has done a remarkable job in fund raising and successful grant applications. It is suggested that some of the clerical duties that are part of this position be handled by a clerical employee to allow the Development Director to concentrate her skills on raising funds. In our opinion, the additional funds that could be realized would more than offset the cost of a part time clerical position.

**QUESTION # 3 Have we taken proper steps in risk management?**

We interpreted this question to encompass both insurance risk and physical/plant security. A review of existing insurance coverage shows that the coverage appears to meet the State of Florida contractual requirements. Considering the recent number of unexpected violent incidents throughout our country a more detailed review of their coverage would be appropriate. We suggest that the appropriate committee of the Board of Directors consult with an outside insurance agent or firm specializing in insurance for non-profit organizations to determine the adequacy of the current coverage taking into consideration inflation factors. This review should cover personal liability of officers, directors, employees, volunteers, the children, and invitees. The insurance should also cover any physical injury to any of the above. Management is aware of the importance of risk management. They are constantly concerned with the security of the children in the various homes and the security of the staff. It is imperative that the directors and officers liability insurance is adequate especially in light of ever increasing personal liability jury awards.

The physical plant has expanded tremendously over the last several years with the completion of the various houses, community building and playground. While we are not insurance or security professionals, we do recognize that certain hazards might exist. These structures and areas pose security problems related to ingress and egress, and potential unauthorized access to structures and areas where it is possible for unsupervised children to meet. We recommend that a security professional be asked to evaluate the entire site and make any appropriate recommendations for plant security. A potential benefit of such an examination could result in the lowering of insurance rates for the specific policies.

**QUESTION # 4 Is our strategic plan adequate?**

The strategic plan appears to be adequate. We suggest that the Board of Directors establish a committee to improve relationships with more politicians on the state level. President Hair has successfully developed political connections with some of the leaders in the state legislature. Our suggestion is to provide help for President Hair and try to reach more legislators. Some in-depth visits from lesser known elected individuals would provide a broader base of support for CIC as legislators come and go. It might be helpful to cultivate legislators from Walton, Santa Rosa and Escambia counties as well as members of relevant House and Senate committees no matter where they are from. The upper staff of CIC and some Board members could assist President Hair and develop some of these relationships so that more people understand how CIC works and what CIC does.

**QUESTION # 5 Are our policies, procedures, by-laws, etc. adequate?**

In general, the Policies, Procedures and By-Laws appear to be adequate. We do suggest that the term of directors be clarified. The By-Laws state that a director, other than the designee of the President of Northwest Florida State College, can serve for a three year term. Directors have served and are serving much longer terms than three years. The By-Laws also state that the Executive Committee can approve exceptions to this practice. Our suggestion is for CIC to consider establishing a policy that the directors serve one three year term with a possible reappointment for an additional three year term. Then that member must remain off the Board for at least one year before he or she can be reappointed. The revision could include the power to approve exceptions, but new members would give the impression that the organization is involving more people and is receptive to new ideas and support. We realize that some of the directors who have served the organization longer than three years or six years have been extremely valuable to CIC. These individuals could become members of the Advisory Board and continue their relationship with the organization.

**QUESTION # 6 Is our Board of Directors involved, participating and committed?**

The current and past Boards have all been interested, involved and dedicated. As always, there will be some members that give more than others, but as a whole the success of CIC today has been enhanced by having an interested and dedicated Board. All members, past and present, have contributed generously of their time and talent.

A diverse mix of talents is always necessary to make an organization such as CIC successful. While there is such a mix now, one area that could be emphasized is the military community. We suggest that the Board establish positions for an active duty military member and, possibly, a retired member of the military to represent their interests. That position could be, for example, the Commander of Eglin, Hurlburt or the 7<sup>th</sup> Special Forces Group, or their designee. The military is a very prominent part of our community which should participate in the CIC.

Another area that needs to be developed is the political area. The Board must recognize that the legislative process, and what happens in Tallahassee, determines to a large extent how CIC is funded and its caseload. We recommend that a Legislative Affairs Committee be established with the responsibility of developing relationships with appropriate members of the legislature and the appropriate committee staffs. Representative Hill, a former Board member, Senator Gaetz and representative Gaetz could make the initial introductions. This Committee could assign a member or various staff members to attend committee meetings in Tallahassee, become known to staff and, in essence, tell the CIC success story.

**QUESTION # 7 Staff Analysis including: position description review, quality of staff, position turnover, adequate pay for position, staff time used adequately?**

Position descriptions adequately describe the work expected of each employee. AS CIC grows and expands, all job descriptions should be updated to accommodate revised responsibilities. The quality of the staff appears to be excellent. They all know what their responsibility is and what is expected of them. The turnover rate is low which indicates that the employees are satisfied with their jobs. We researched similar organizations and found the CIC salaries to be in the mid-range or lower compared to similar operations and for our area. The salary of the President and the Development officer were below the average of the organizations we researched. As for staff time being used adequately, we feel that the addition of a lower paid clerical employee to take some of the clerical and non-technical work off the shoulders of the Operations Director, the Financial Director, the Development Director and possibly others, would enable them to concentrate on their specific technical and professional duties.

**QUESTION # 8 Are Volunteers effectively utilized?**



In general, volunteers are effectively utilized. CIC has a large number of dedicated volunteers with many and varied skill sets. They have contributed greatly to CIC's success. However, they can never be substitutes for full time employees. As any volunteer group, their presence at CIC depends upon their own personal situations (work, travel, doctors' appointments, etc.). This means that their ability to be "on the job" is variable. Volunteers spread the story of CIC and its role throughout the community. Their utilization certainly should be continued and, where applicable, their accomplishments should be recognized (e.g. a 100 hour pin, a 1,000 hour pin, certificates, plaques, news releases etc.). To effectively schedule and best utilize volunteers, CIC is developing a data base to match their particular skill sets with areas for which they would be most suitable.

**QUESTION # 9 Assistance in DCF/FFN restrictions on contracts.**

This is a subject that requires a great deal of technical expertise and, again, CIC appears to have been successful in its relationship with the Department of Children and Family and with Families First Network. The contract requirements appear to be legally binding with little or no room for negotiation. However, continuing the collegial relationship with FFN and networking with other professionals in the field through organizations such as the District One Community Alliance can only serve to strengthen the personal ties between the colleagues. CIC should always be able to focus on its strengths and explain them to the various organizations. "This is what we do best; we focus on the needs of the children, we give them homes, we keep siblings together and, whenever possible, nurture relations between the children and their biological parents with the aim of reuniting families." CIC needs to gain and keep the confidence of the DCF and the FFN so that, when negotiations take place on certain restrictions in contracts, DCF and FFN will be confident that CIC is always working for the benefit of the children and hopefully will seriously consider the requests of CIC.

**ADDITIONAL COMMENTS**

In reviewing the By Laws and observing the operations of CIC, we did not find any provision for a succession plan for the CEO of the organization. This is especially critical when the CEO might be away on vacation, hospitalized or otherwise unavailable to make day to day administrative and personnel decisions. This successor or deputy should be established by written Board policy and incorporated into CIC's policy manual.

The CIC concept of keeping siblings together in a neighborhood-like setting works so well that it should be widely publicized throughout the State. This can be done not only through well placed new stories, but, as referred to in Paragraph 6, by telling the CIC story through the various members of our state legislature and its staff. Bad news always leads; it's time to get the success stories told. In our opinion, CIC is one of those great success stories.