



Priority Setting: Managing Through Program Portfolios

Part I

From Mission to Service
Mission Based Leadership and
Organizational Development



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Pop Quiz



Kensington[®]
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**Lancelot Undermount
Stainless Sinks**



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Swingline

MOEN
Buy it for looks. Buy it for life.[®]



FORTUNE BRANDS

Answer:



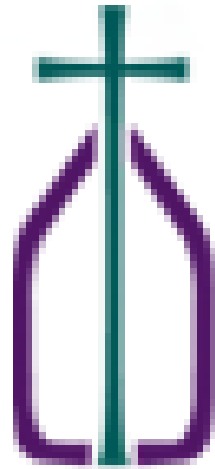
Norm

- Over 20 Brands
- Hundreds of Product Lines
- \$6 Billion in Revenue
- Purchased 4 companies in 2003
- 90% of sales come from products in #1 or #2 market position



We're no conglomerate?

- Adoption Services
- Immigration Services
- Refugee Resettlement
- Senior Adult Services
- Senior Residential Services
- Counseling Services
- Low Income Childcare
- Hispanic Health Advocate
- Emergency Relief (Brief Services)



Catholic
Charities

Fort Wayne-South Bend Diocese



Leading a Conglomerate is Hard Stuff

(the traditional argument)

Pros

- Diversification
- Minimizes overall risk
- “Synergy”
- Strategic Advantages
- Operational Advantages
- Shared overhead costs

Cons

- Inherently inefficient
- Unfocused
- Dilutes shareholder returns
- Whole is not likely to achieve what parts would achieve on their own
- 75% equaled or performed more poorly than their index

Lifecycle Model

STAGE:

I

II

III

IV

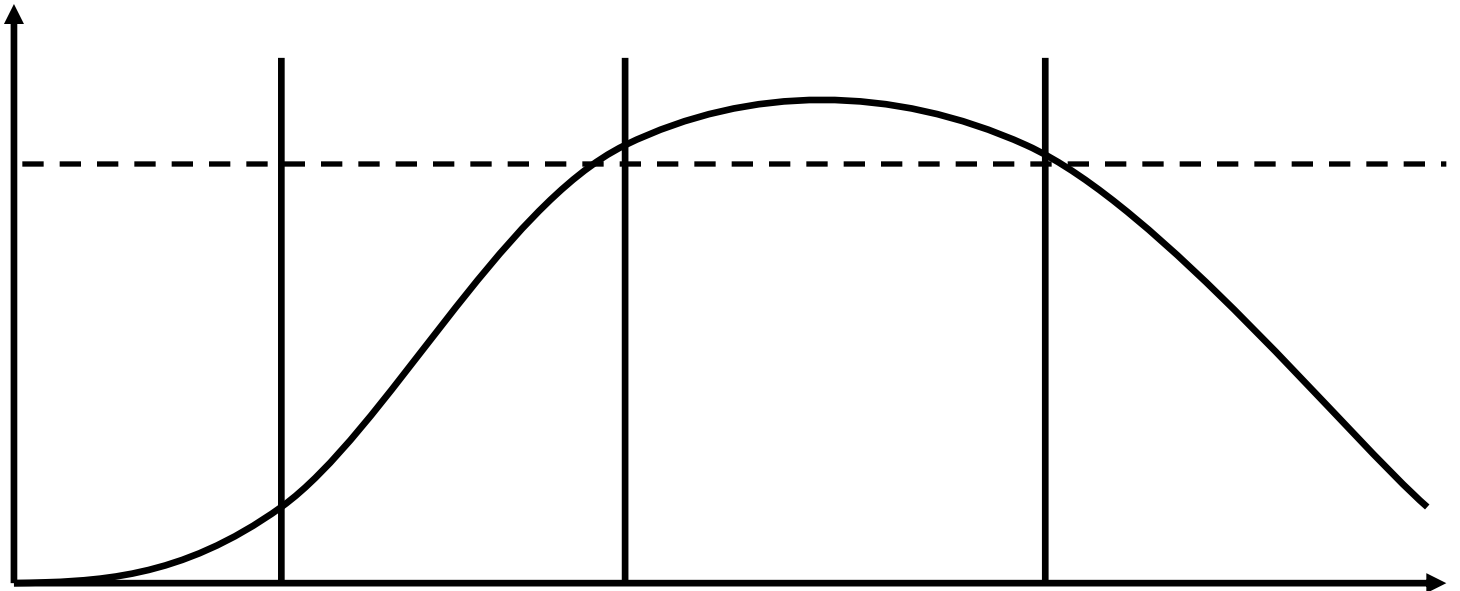
INTRO

GROWTH

PEAK

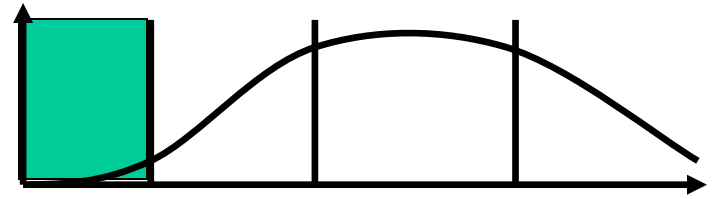
DECLINE

Contribution of
Resources



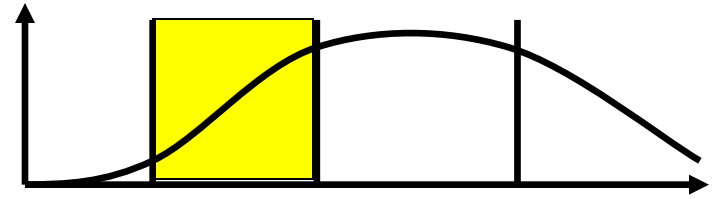
Maturity

PHASE I: INTRODUCTION CHARACTERISTICS



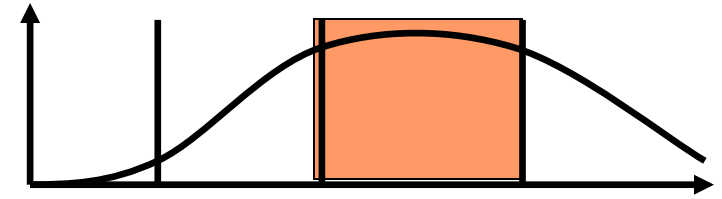
- Brand new programs
- Little established infrastructure
- Few, if any, competitors
- Unmet demand
- High level of internal and external excitement
- Resource intensive

PHASE II: GROWTH CHARACTERISTICS



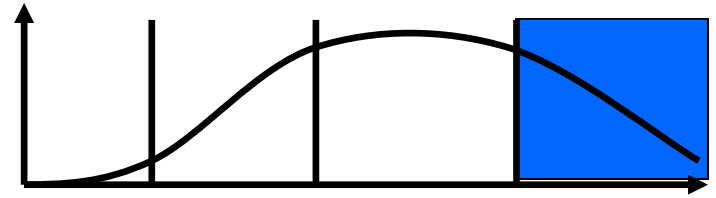
- Fast-growing, new program
- Have achieved initial successes
- Gaining efficiencies
- Attracting external attention
- High internal excitement
- Community acceptance
- Program is featured in Catholic Charities literature

PHASE III: PEAK CHARACTERISTICS

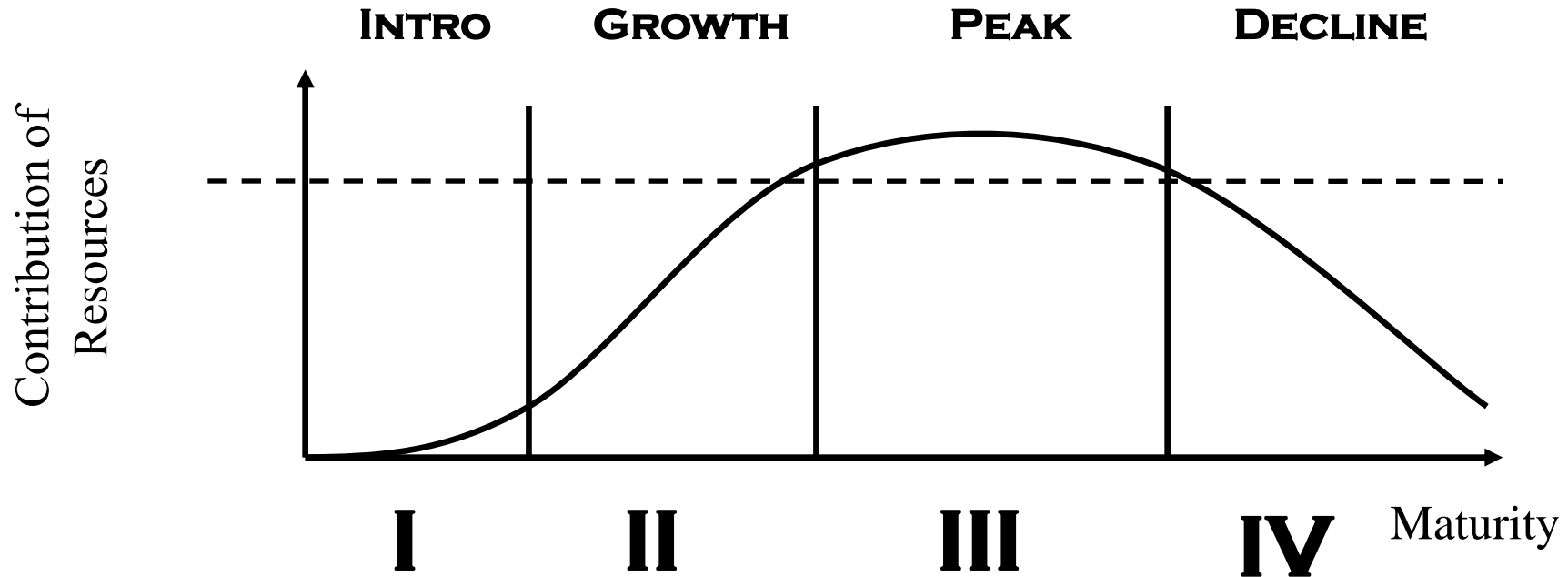


- Program has reached maximum capacity
- Net contributor of resources to the agency
- Processes are well-established
- Solidified, dedicated funding
- Competition may be present
 - Players crowd into and out of market
- Slackening internal excitement – things have become routine

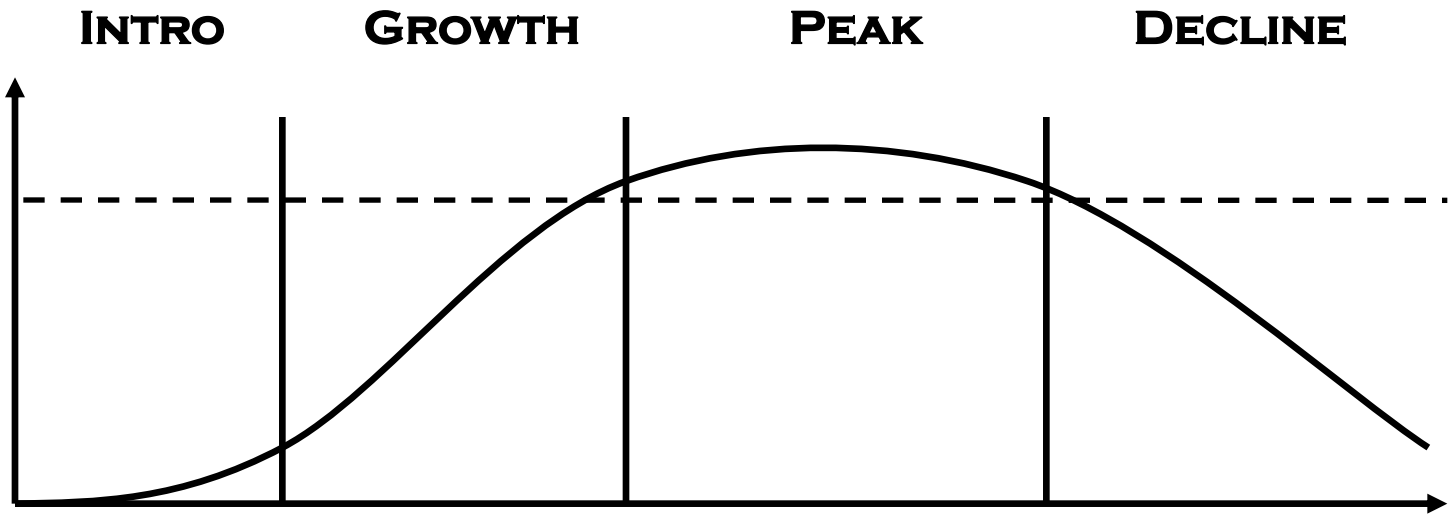
PHASE IV: DECLINE CHARACTERISTICS



- Losing money
- Overcapacity
- Managerial headache; low excitement
- No longer low-cost provider
- Shifted social priorities or needs
- Employee satisfaction likely low



Resources In	Hi	Med	Low	Hi
Resources Generated	Negative	Neg./Neutral	Positive	Negative
Management Attn.	Hi	Med	Low	Increasing
Excitement	Hi	Hi	Med	Negative
Visibility	Low	Hi	Hi	Low
Alternatives	No	No	Maybe	Yes



I

II

III

IV

Categorize Programs:

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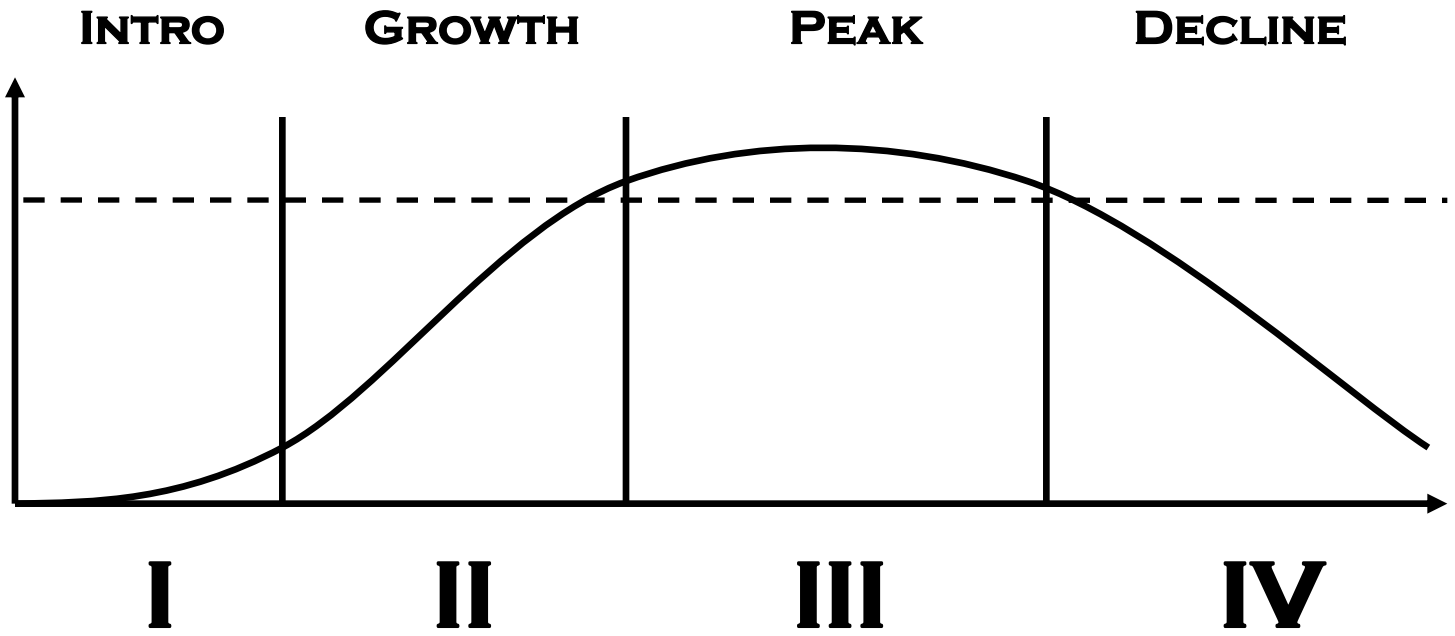
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Priority Setting: Managing Through Program Portfolios

Part II

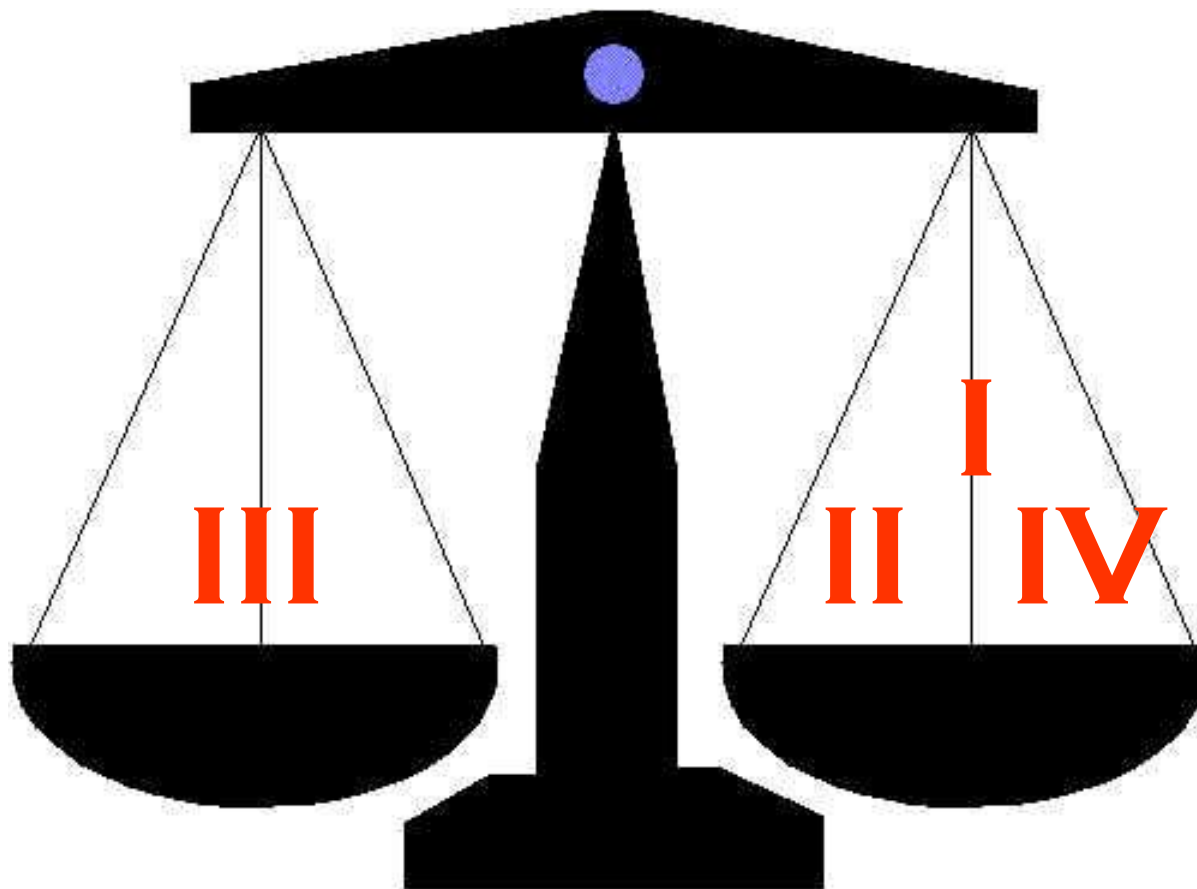
From Mission to Service
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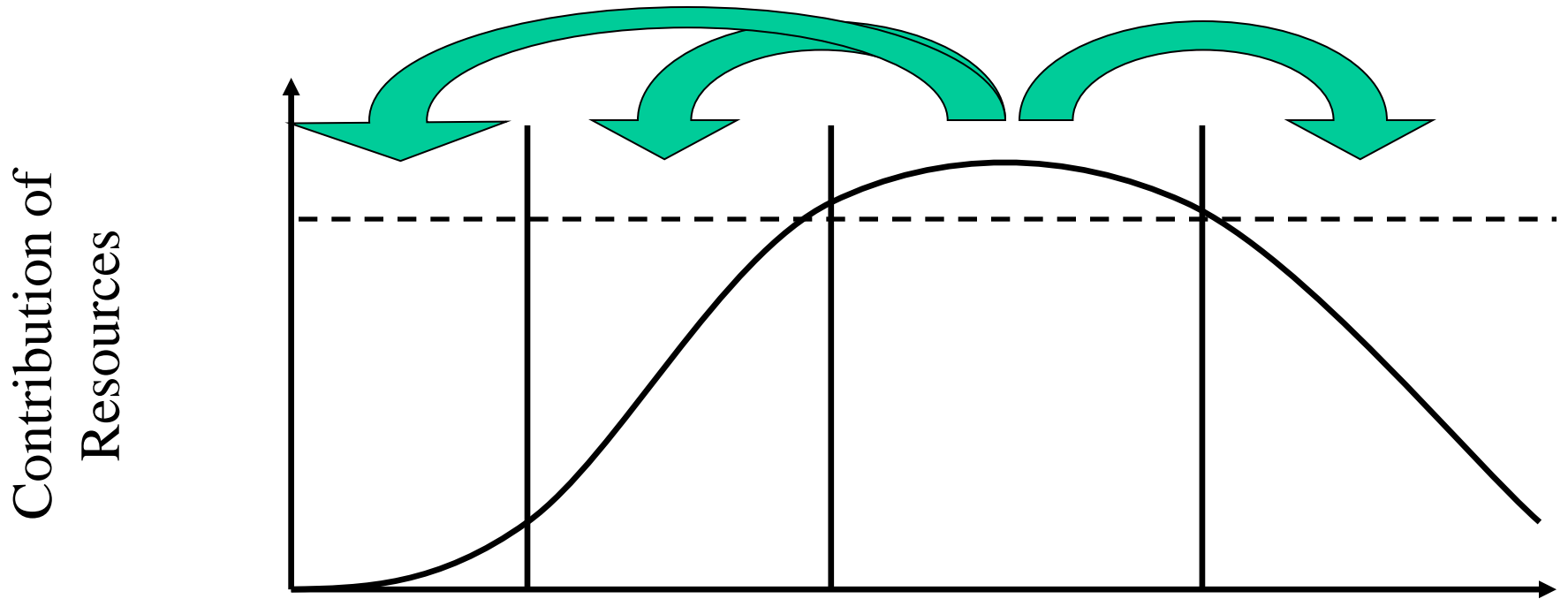
Categorize Apostolic Commitments:

- | | | | |
|---|---|---|---|
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The Portfolio Needs Balance:



FLOW OF RESOURCES



Maturity

STAGE:

I

II

III

IV

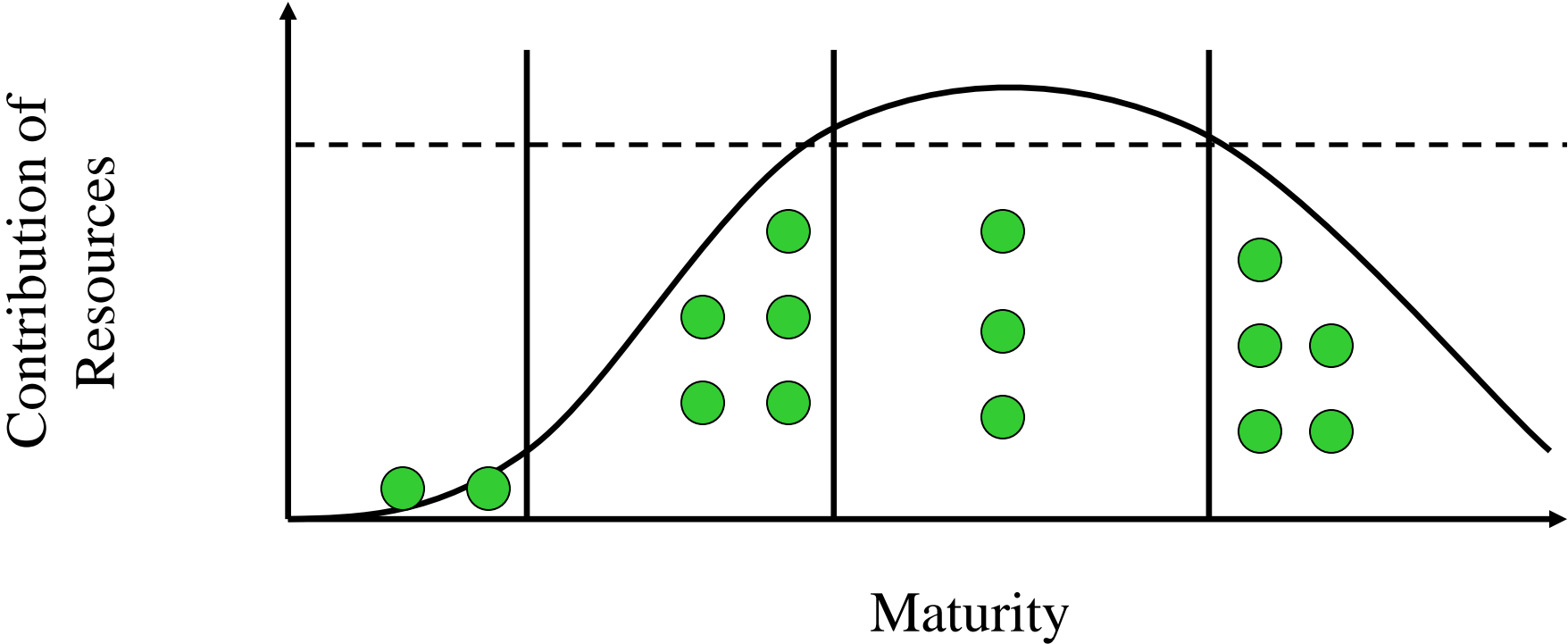
INTRO

GROWTH

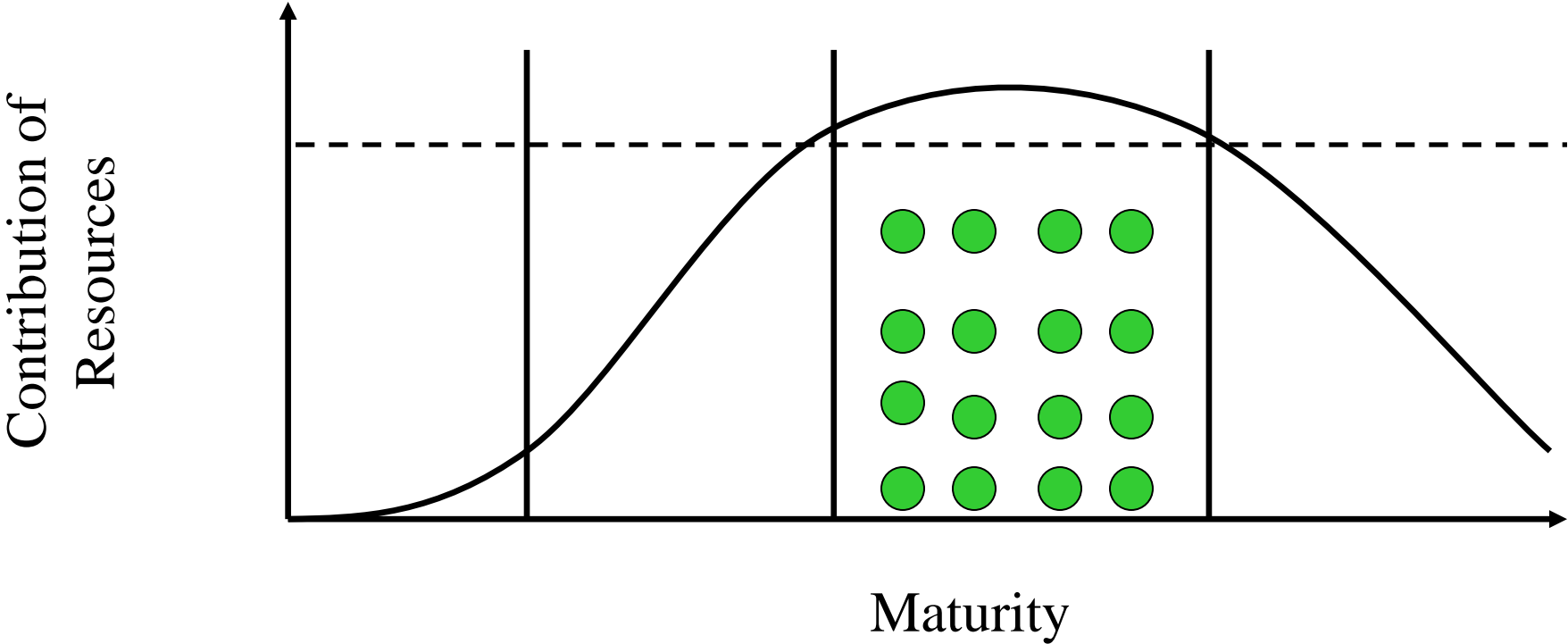
PEAK

DECLINE

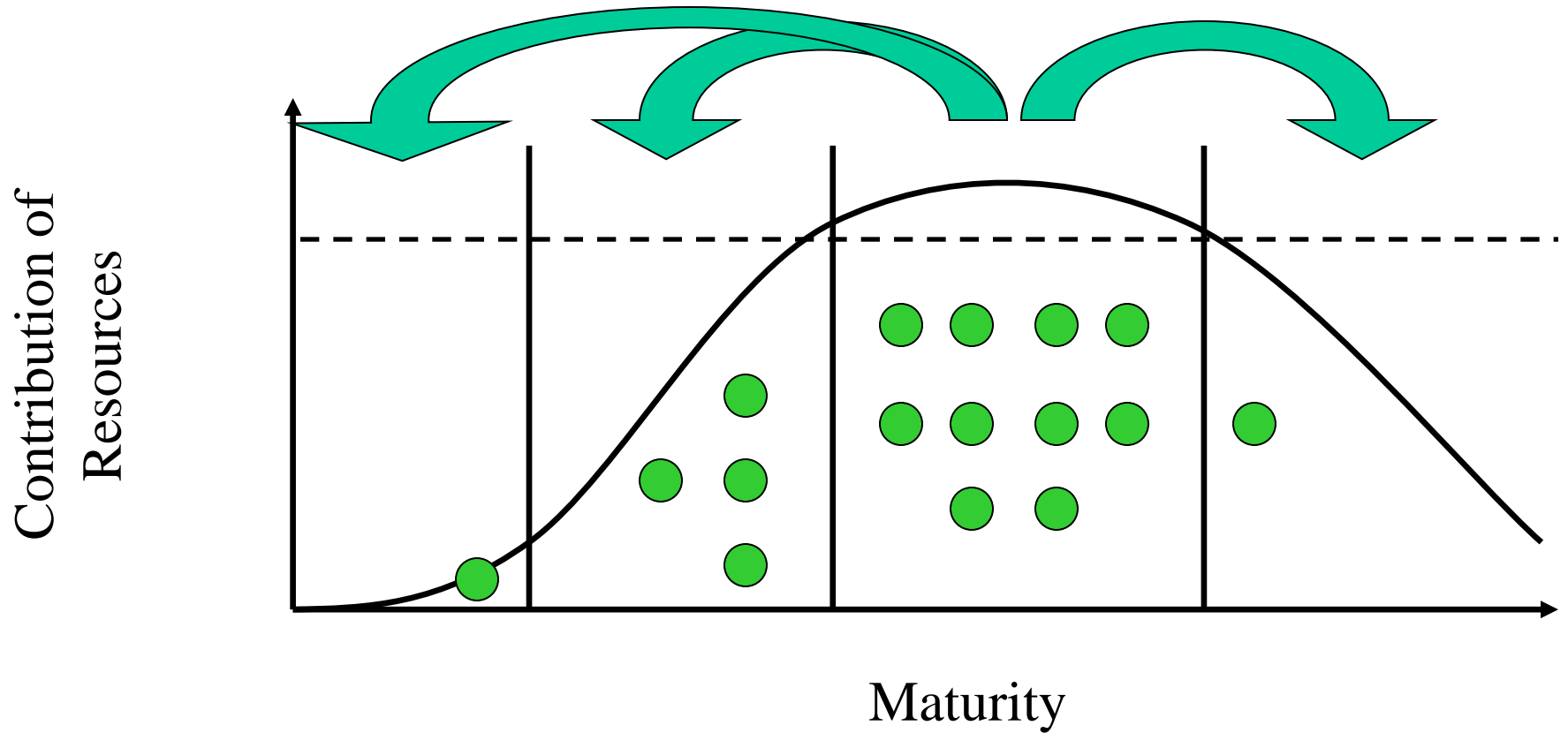
Unbalanced Portfolio 1



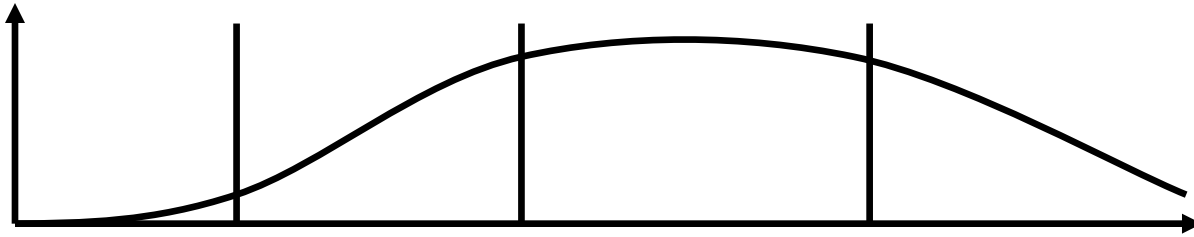
Unbalanced Portfolio 2



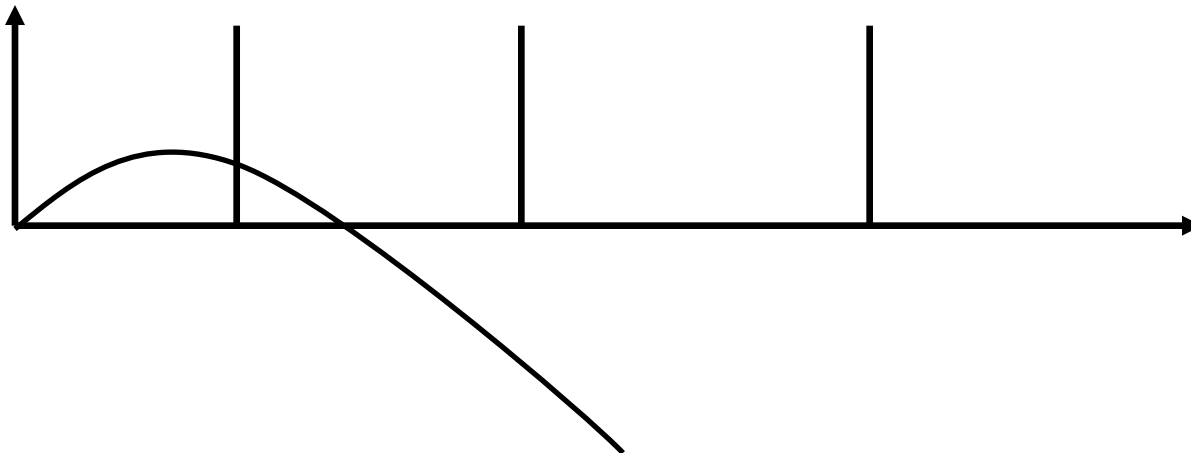
The Balanced Portfolio



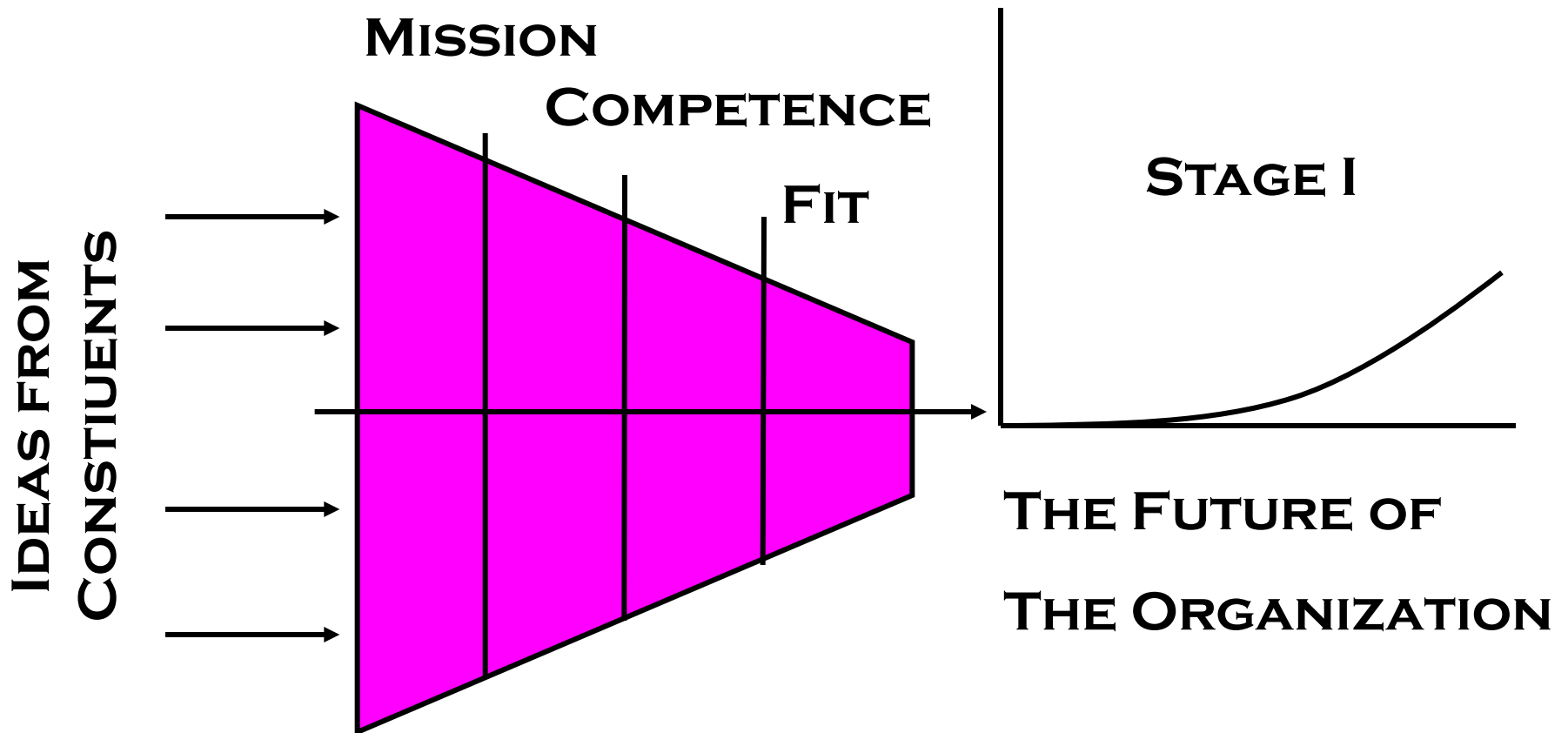
- How to make sure you're creating this:



- And not this:



New Program Funnel



Mission:

“For many of us in Holy Cross, mission expresses itself in education of youth in schools, colleges and universities. For others, our mission as educators takes place in parishes and other ministries” *(Constitutions 2:16)*

. . . “to proclaim the Kingdom of God as educators in faith with a preferential option for the poor. *(Province Plan 2006-2012)*

Competence

Recognizing that our religious have different gifts, and that specific talents and experiences are required for certain appointments, the Province will develop a prioritized list of our ministry commitments within three years, using the criteria in the plan, in order to maximize the impact of our mission. *(The Province Plan 2006-2012)*

Fit

At the present time there are 488 religious in North America under the age of 70. By the year 2015, the membership in North American provinces will be reduced to 226.”

(The Province Plan 2006-2012)

In accepting or maintaining corporate commitments and in assigning religious, the Province must balance the needs of the apostolate with the needs of the province, so that financially strong apostolates can assist in providing resources to those apostolates that cannot do so.

(Proceedings of the Provincial Chapter 2006, Committee on Mission, Community Life and Planning)

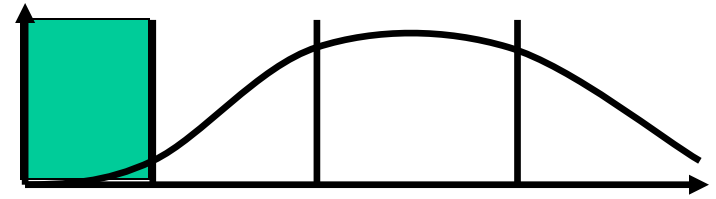
Fit

Parishes

- Communities of three or more (Proceedings of the Provincial Chapter 2006 Recommendation 26)
- Substantial Commitment to the Poor (Proceedings of the Provincial Chapter 2006 Recommendation 27)
- Ability to foster community life
- Substantial commitment to education of youth
- Unique impact on the diocese
- Proportionate Hispanic ministry

(Proceedings of the Provincial Chapter 2006 Recommendation 26, 27)

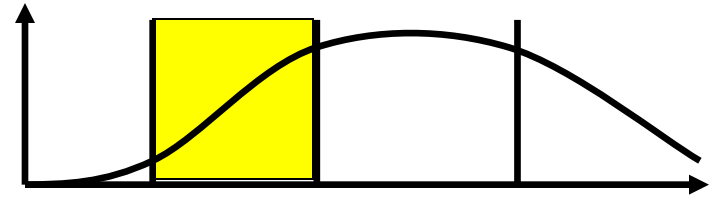
PHASE I: INTRODUCTION STRATEGIES



GOAL: Provide Foundation for Banner Program

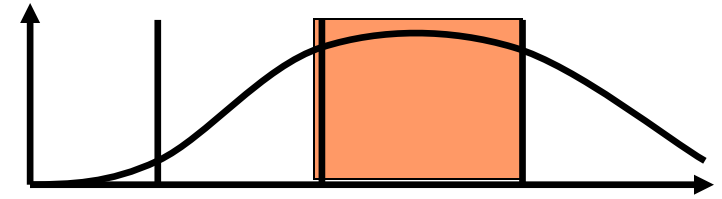
- Invest in:
 - Infrastructure
 - Designing Processes
 - Program Administrator
- Tap national/institutional learning – best practices
- Enlist volunteers
- Identify appropriate donors and sponsors – those who's long-term vision is aligned with program and invest in new ideas

PHASE II: GROWTH STRATEGIES



- **GOAL: Increase size, scope, efficiencies**
- Invest in:
 - Recruitment
 - Training – firm-specific capital
- Increase capacity to respond to demand, while minimizing fixed asset investments
- Begin lobbying process for government and/or other funding
- Adapt offering based on stakeholder feedback

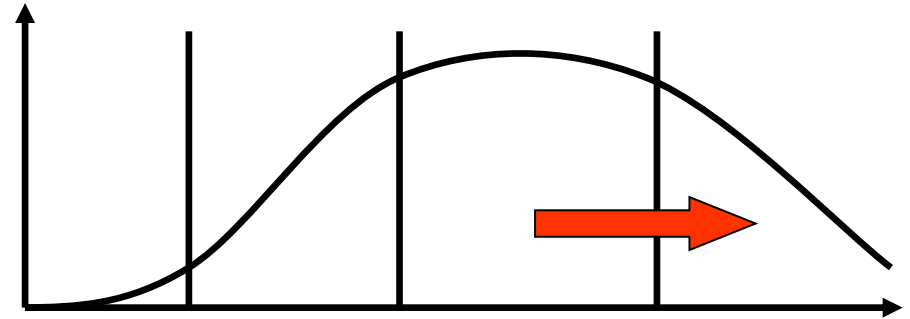
PHASE III: PEAK STRATEGY



- **GOAL: Maximize Contributions to CC**
- Maximize return:
 - Maximize efficiencies (economies of scale, cost cutting) to provide financial return
 - Serve as internal consultants, mentors, trainers
- Share best practices learning at national level
- Create *slack* while avoiding *sloth*

Stage IV Programs are not “bad” programs!

Usually the move to stage IV is outside of your control:



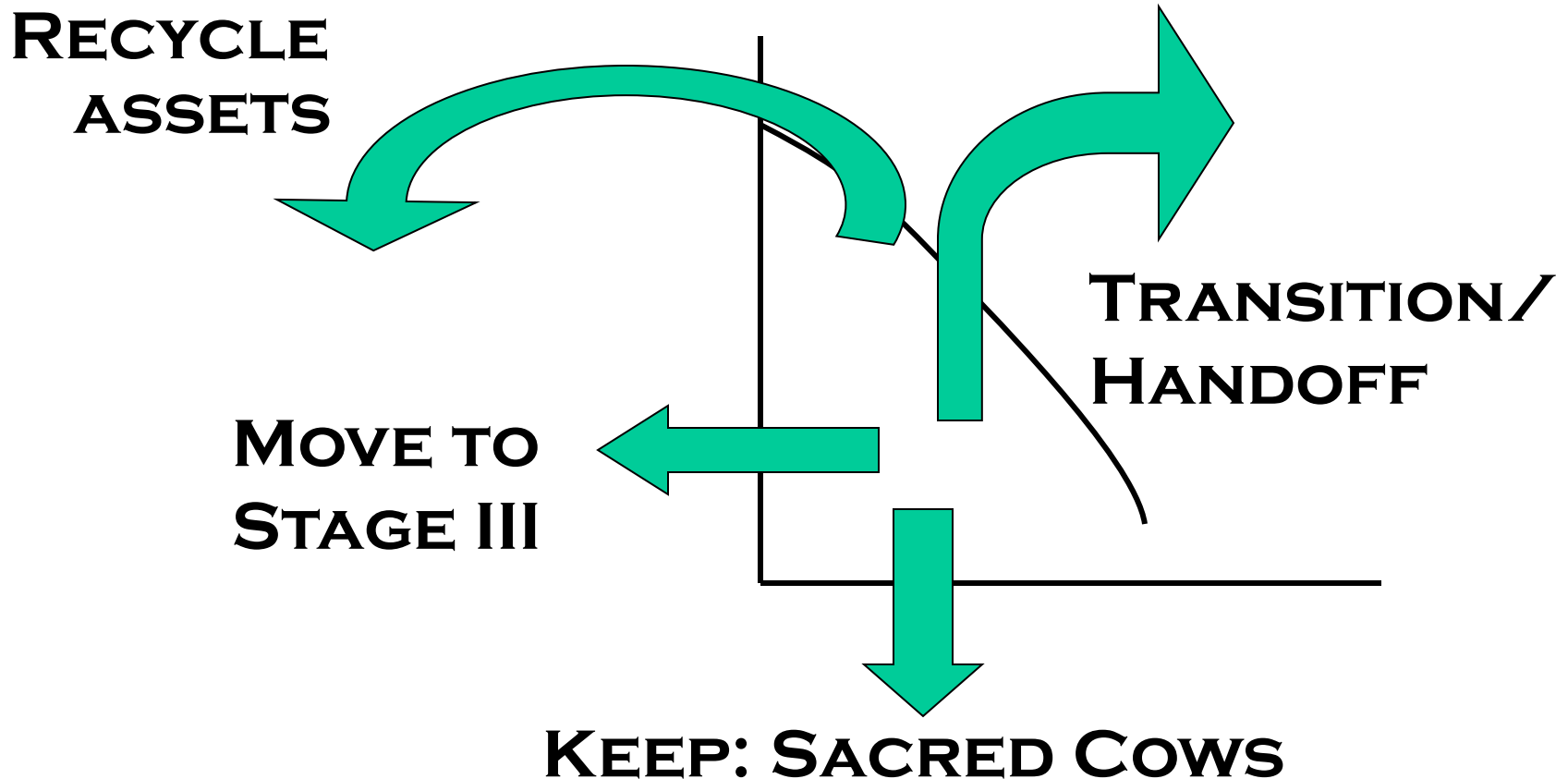
- Alternatives appear
- Socio-political priorities change
- Need diminishes
- Internal priorities change

Stage IV Programs

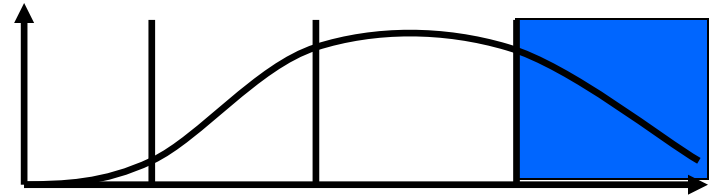
Given current demographic projections, we recommend that that Province strive to reach a net reduction in our Holy Cross parish personnel by 25% before the 2009 Chapter.

(Proceedings of the 2006 Chapter, Recommendation 27)

What can we do with Stage IV programs?



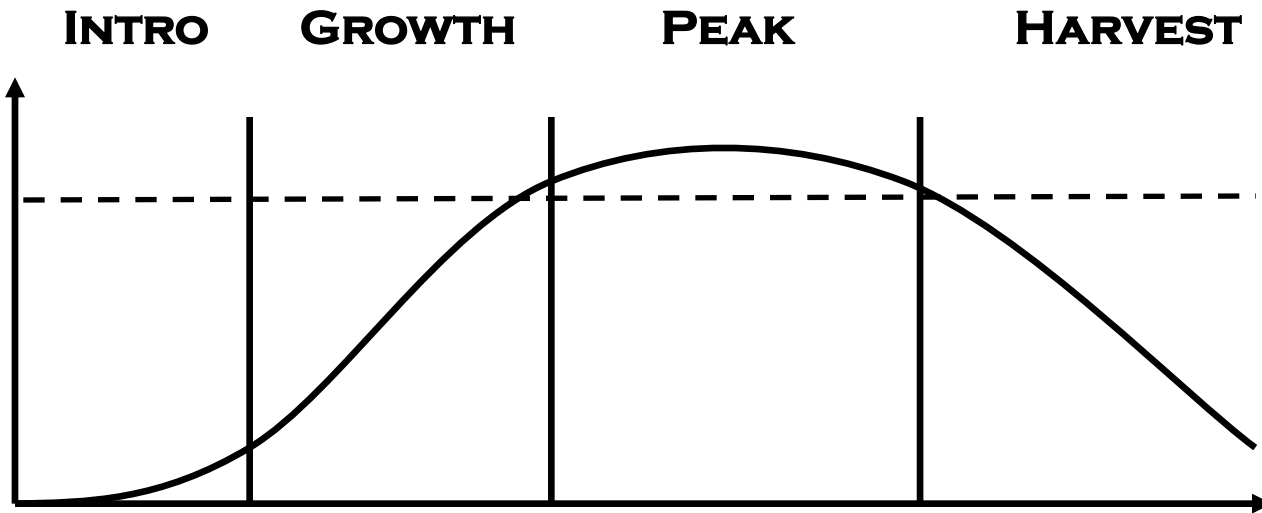
PHASE IV: DECLINE STRATEGIES



- **GOAL: Minimize value destruction and non-renewable resources invested in program**
- Execute exit strategy
- Do not delay
- Transition:
 - Plan to redeploy employees and assets into newer programs
 - Coordinate handoff of program to complementor or competitor

Benefits of a Balanced Portfolio

- Nimble
- Responsive
- Adaptive
- Sustainable
- Future-focused



I

II

III

IV

HANDOFFS

Optimal portfolio:

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•	•	•	•	•	•
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Feed my Sheep

