

#### Proposal:

#### Shared Services

For:

Tri-County Mennonite Homes

Submitted by:

Board of Directors and Leadership

of Fairview Community

Abstract:

A strategic Shared Services group, comprised of preferred partners who share a commitment to a faith-based mission, will strengthen our collective sustainability, enhance our expertise, continue to build our reputations as the preferred places to live, and preserve the values and history we all hold dear.

Initiative:

The Fairview Seniors Community Board, along with Parkwood, is seeking partners to join a Shared Services Collaborative (Inc.).

While we are currently financially stable and profitable, our recent strategic planning convinced us that dramatic challenges facing the sector require a new and innovative response. We believe an ideal ‘enterprise’ scale of $40-80 million in annual operations will be essential to properly resource our communities of care.

Through creative partnership we can provide strengthened resources for:

1. executive leadership,
2. financial management,
3. care planning,
4. community engagement,
5. legislative compliance,
6. deeper access to expertise,
7. property development and maintenance,
8. innovation, and
9. reputation growth

At the same time, we can maintain the unique faith-based culture and characteristics of each partnering entity.

We are approaching Tri-County Mennonite Homes first due to our common values, similarity in organizational sponsorship, and convenient geographic location. Additional potential partners have been identified.

Need:

Our organizations serve the most vulnerable populations – and these populations are changing and more diverse. Residents/clients are living longer, with co-morbidities, mental health challenges, and dementia; many are entering the campuses of care with increased acuity. The demand for care and services is rapidly increasing, along with the need to help hospitals find more appropriate beds for the Alternate Level of Care (ALC) patient population.

AdvantAge, our not-for-profit Ontario organization, lists numerous challenges facing the sector, including: human resources, the shifting needs of the demographics, housing limits for seniors, community supports, LTC capacity and media attention for this vulnerable sector.

At the same time, funding pressures demand ongoing efficiencies and a greater critical mass to operate fiscally sustainable Campuses of Care for those who require assistance with daily living.

Additional challenges, ranging from staffing and facilities management, to legislative compliance and day-to-day events, frequently shift the management team’s focus from strategic opportunities that ensure the organization’s sustainability.

In short, small, not-for-profit Campus of Care organizations do not have the same efficiencies and immediate access to expertise as larger organizations.

The number of LTC and Campus of Care operators continues to shrink, as smaller organizations merge, for survival.

Of the 625 homes in Ontario, 58% of homes are privately owned – with 44% owned by only nine operators who continue to grow; 24% are non-profit/charitable; 16% are municipal and 2% are other.

Since 2013-14, Ontario has added 381 ‘classified beds’ (total of 76,891 beds today). The government plans to add 15,000 beds over the next five years: a clear opportunity for growth for those who are prepared.

With the new ‘Ontario Health’ announcement, the landscape and funding mechanism of healthcare is once again transforming. Partnerships and/or joint ventures with other health care providers now appear to be inevitable.

Our experience with Shared Services:

Fairview and Parkwood Mennonite Communities share a decades-long history, built upon foundational Mennonite values.

While we are two, separate, not-for-profit organizations, we have found a model of sharing resources that has benefited both, guided by the beliefs that shape how we approach our work and our care of residents.

Together, we have evolved toward our current structure, led by one CEO, separate Boards (with the same members), and shared policies, processes and service contracts. We have built on our strengths to respond to multiple changes in government, with the concurrent shifts in legislation, structure, policy, funding models, and more, while providing exemplary care and services.

In 2018, we committed to a new strategy that will strengthen our organizations’ sustainability, consistency, efficiency and access to deeper expertise across the organization, by building a community for all.

To preserve our values and history, while continuing to grow, we know we must continue to be financially strong, resilient, and nimble enough to pursue opportunities to expand, continuously improve care, and broaden the quality and range of services and supports we offer current and future clients, and the surrounding community.

Today, Fairview and Parkwood have experienced the benefits of Shared Services. We are fiscally sound, have strong leadership and an experienced team.

We wish to share and build upon the Fairview and Parkwood strategy with our faith-based partners to ensure our collective continued sustainability through membership in a   
Shared Services group.

**Proposal**:

***Fairview and Parkwood Mennonite Homes propose the creation of a not-for-profit Support Services corporation, governed by its own Board.***

Each of the partners would continue to be owned independently. No changes are proposed to the governance structures of the participants. The existing Boards of Directors would remain responsible for governance and oversight of their operating divisions.

Benefits:

These are the benefits we envision, suggested by our shared experiences and research:

* + - 1. Sustainability as faith-based organizations.
      2. Enhance care, services, expertise, and processes, supporting continuous improvement in day to day front line activities.
      3. Extensively enhance HR / Professional Development / Succession planning to attract, retain and develop staff at all levels, and create robust succession plans
      4. Meet legislation, regulations and reporting requirements, with consistent policies and procedures
      5. Realize greater efficiencies, capitalising on economies of scale, shared experience, and expert knowledge
      6. Share and use best practices and expertise to provide leading edge care
      7. Value for technology expenditures; facilitate / leverage introduction of new technologies and software (e.g., implement accounting system)
      8. Improve strategic planning, accountability and risk management with access to extensive expertise, benchmarking and statistical analysis
      9. Significantly increase ability to quickly respond to opportunities, manage challenges, and respond to changes

*(See Appendix B)*

Proposed Shared Services:

*As a starting point, we envision the following possibilities for these shared services, with Administration and Care Services rolled out in Phase 1, and Building Management and Finance rolled out in Phase 2:*

|  |  |  |  |
| --- | --- | --- | --- |
| **Administration** | **Care and Services** | **Building Management** | **Finance** |
| * Organizational Health * Policy and Legislation * Talent Development and Succession * Human Resources * Labour Management * Occupational health and safety * Software supports | * Clinical expertise * Decision Support, including key performance indicators, education, infection control * Legislative support * Software supports | * Capital planning / projects * Redevelopment * Maintenance * Conservation and energy management | * Finance / accounting * Payroll, benefits * Purchasing * Supply Chain Management * Information Technology * Risk Management e.g., security |

Funding Model:

We propose:

1. Phase 1: Funding based on 1.5% of annual revenue
2. Phase 2: 3.25% of annual revenue for the fully realized implementation
3. Payments every quarter, in advance
4. Fee for extra unique, specific needs and personnel, e.g., Strategic Planning, Union contract negotiations, project management for major capital projects such as opening a new home
5. A five-year commitment, with a review at the end of three years
6. Any surplus will go back to organizations or be used to build the group further

*(See Appendix D)*

Phase 1 Rollout: 2019

**April**

Proposal Presentation

**June**

Commitment / Memorandum of Agreement

**July**

Infrastructure and Communications Operational Review

**July / August**

Future State Action Plan  
Drafts and approvals of Strategic Plan

**September/October**

Implementation of phase 1 begins

**Phase 2 Rollout: 2020**

*(See Appendix C)*

Organizational Structure

The Fairview and Parkwood boards have proposed a separate, not-for-profit Shared Services coporation, with the key leadership roles identified.

The Shared Services group would have its own Board of Directors, comprised of two members from Fairview Mennonite Homes, one each from Parkwood Mennonite Home, and two potential partners. If we go beyond two partners, the Board structure will be evaluated at the end of three years.

Further discussion is welcome on how we integrate additional team members from partner organizations.

*(See Appendix E)*

Summary:

As we collectively face numerous pressures to our faith-based, not-for-profit organizations, we remain committed to continuing to provide the very best care. With this common ground, and by working together, we can ensure the sustainability of our organizations and continue to provide the very best in senior living.

We look forward to your Board of Directors’ feedback, and hopefully, receiving their approval to move forward with the proposed Shared Services model. Thank you.

References

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Appendix A

Why are we strong?

As Anabaptists, we share core values of faith, community and reconciliation, as articulated by Palmer Becker in ‘Anabaptist Essentials’. These faith-based values are the foundation and springboard that have supported us to build Campuses of Care for those who require assistance with daily living.

By strengthening our organizations in the face of many external pressures, we ensure that, together, we can continue to sustain our unique faith and values. This is what truly differentiates us.

At Fairview and Parkwood, the strength of, and commitment to, our faith-based values is embedded in everything we do. It shines through our logo, whose circle represents community, and three elements represent mind, body and spirit. Our values are also expressed through our operating principles, human resources policies, kindness initiative, new strategic plan, and internal and community relationships.

While we share similar organizations’ goals to create a surplus, what differentiates us is how we build upon our faith-based values to determine where we reinvest these funds to fulfill our mission. For example, we have built supportive housing and independent living at fair market value. Our villas were built and sold at cost with a continued philosophy to resell at a reasonable cost. We have invested in a vibrant Seniors Active Living Centre, a warm and welcoming congregate dining area, and have a Director of Spiritual Care on staff.

Tri-County has many similar examples of reinvesting to ensure they provide an exceptional place to live and work. Our shared values have supported our past collaborations as new avenues of service unfolded. Similarly, our committed congregations support our meaningful work. Every day, we live our values to enhance our services and spaces to continuously build and support our community, in congruence with our beliefs.

This is who we are, as Mennonites, and how we have built our organizations. We share the same purpose and commitment to living our values. With gratitude and humility, we see that many people, of Mennonite and other faiths, respect us and our reputations, to the extent that people from 19 different church denominations and/or faiths have chosen to make Fairview or Parkwood their home.

Today, we can reach deeply into our faith and values and build upon our willingness to work together to meet the challenges and changes we now face; at the same time, we will prepare our organizations to meet the future from an even greater position of strength.

Together, we can demonstrate what it means to be a faith-based organization in the 21st century, as we continue to provide affordable, not-for-profit services to build a community for all.

Appendix B

Benefits

Shared services models have been explored throughout the world. A white paper published by Accenture quantifies the benefits their clients have experienced, stating that companies may reduce back office costs by 25 to 50 percent.

Fairview and Parkwood have experienced good results in sharing administrative services, costs and expertise, policies, procedures, and processes. We hope to share similar benefits with potential partners, making our existing funds go farther, so we may reinvest in programs that reflect our faith-based values and extend our outreach into the community.

***Specific outcomes include:***

1. Sustainability as faith-based organizations with deep Mennonite roots and a reputation we have built over decades; able to strategically work together as preferred partners to strengthen our organizations
   * + - 1. Leverage our common purpose, mission, vision and values in a consistent message, emphasizing the trust and reputation we have built in our unique geographic area
         2. Bonding together to prevent mergers with partners who may not share the values of our standalone organizations
         3. Continue to attract and build strong community partnerships
         4. Build upon our reputations to continue to attract strong volunteer support and charitable donations
2. Enhance care, services expertise, and processes, supporting continuous improvement in day to day front line activities and creating time for the senior team to focus on strategic issues and opportunities and growth, through:
   1. Director of Administration
   2. Policy development
   3. Education
   4. Service providers
   5. Increased access to specialized expertise: Clinical and nursing, financial, technology, legal support, communications
   6. Meet regulations
   7. Shared learning, re inspection
   8. Increased access to expertise to leverage redevelopment, expansion, and infrastructure improvement
   9. Increased time for strategic and financial planning
3. Extensively enhance HR / Professional Development / Succession planning to attract, retain and develop staff at all levels, and create robust succession plans
   1. Address shortage of leadership in sector: grow internal capacity
   2. Opportunity to grow professionally: developing inhouse opportunities
   3. Leverage our expertise and help each other
   4. Develop relationships with colleges further to create a talent pipeline
4. Meet legislation, regulations and reporting requirements, with consistent policies and procedures
5. Realize greater efficiencies, capitalising on economies of scale, shared experience, and expert knowledge
   1. Overhead savings
   2. Reduction of labour costs
   3. Enhanced buying power through shared purchasing decisions
   4. By capitalising on economies of scale, standardisation, consolidation, and automation processes, while improving service quality
   5. Shared knowledge and accountability
   6. Shared meeting structure e.g., ED meeting
   7. Maximize funding
   8. Leverage experience
   9. Solve problems once
6. Share and use best practices and expertise to provide leading edge care
   1. Transfer knowledge and more deeply align to business requirements
   2. Provide leading edge care and workplace
   3. Ability to conduct one home pilots and share
   4. Enhance Health and safety environment
   5. Leverage opportunities and expertise to innovate
7. Value for technology expenditures; facilitate / leverage introduction of new technologies and software (e.g., implement Nurse Call)
   1. We have an advantage in that we share the same systems: Nav, PCC, BCI (phone), Execulink, service provider
   2. Hire a technology focused person who can lead us into the future with cutting edge systems and innovation
8. Improve strategic planning, accountability and risk management with access to extensive expertise, benchmarking and statistical analysis
   1. Additional security protocols
   2. Improved decision support, dashboards, benchmarks and indicators; staff and boards able to compare results across divisions / organizations, as desired
9. Significantly increase ability to quickly respond to opportunities, manage challenges, and respond to changes
   1. Team available
   2. New builds: assist each other
   3. Opportunity for growth
   4. Fine tune processes in building plans
   5. Reporting to legislative bodies
   6. Become an ‘elder cluster’ in region

Appendix C

Funding Model

We propose funding based on 1.5% of annual revenue for Phase 1, and 3.25% for the fully implemented shared services model in Phase 2, with payments every quarter, in advance. Unique and specific needs (such as those for a major capital project, union negotiations, legal issues, etc.) would be an additional fee. We would conduct an annual financial evaluation.

A five-year commitment, with a review at the end of three years, would allow us to fully develop, implement and realize the benefits of the model. Any annual surplus would go back to the organizations or be used to build the group further.

The fees would not only cover the day-to-day operations of the partner organizations, but also provide significant benefits in terms of ‘extras’. For example, with access to more expertise, we can solve problems once, together. We can trial pilots and share the learnings. We can address common HR and union questions, together. We can realize greater benefits from our funding by pooling resources to offer professional development across our organizations, at a reduced cost per person.

**Example:**

We’ve made certain assumptions, based on Fairview Mennonite Homes and Parkwood Mennonite Home costs. For ease of calculation, we’ve selected a revenue of $20M:

* Phase 1: 1.5% of $20M = $300,000 fee and a savings of $235,000
* Phase 2: 3.25% of $20M = $650,000 fee and a savings of $425,000
* With offices located within 1-hour drive of initial partners (looking at Waterloo Region at this time), we’ve also assumed each partner could realize additional revenues through the administration space repurposed on each site
* Further savings would be realized through increased buying / negotiating power; shared software licensing; additional expertise gained through existing staff, contracts saved (e.g., Sienna); reduce costs based on consistent / strong processes and practices

Anticipated additional direct costs to homes / fee for service:

* Additional consultants attributable to projects that are site-specific
* Building related
* Union negotiation

Potential start-up costs:

* 1. Time set aside for Project team
  2. Acquiring and furnishing space, contingency
  3. Technology implementation
  4. Recruitment
     1. Potential retraining costs of staff who do not transition
     2. Potential packages for outgoing staff
  5. Training, change navigation

Appendix D

Roll-out

April: Proposal Presentation

* Fairview and Parkwood Boards, and Elaine Shantz, President and CEO

June: Commitment and Signing, Memorandum of Agreement

* Partner Boards of Directors

July: Infrastructure and Communications

* Board Selection
* Change Management and Communications Plan
* Identify / Lease Office Space

July: Operational Review

A review team from FMH and PMH will collaborate with the partner’s selected Directors (e.g., Long-Term Care, Assisted Living, etc.) to conduct a current state review through a four-step planned discovery process, to: understand the operations in terms of leadership capacity, quality of care, financial management; understand the strengths and weaknesses, as well as the efficiencies and growth opportunities of the partner, and identify crisis pieces to establish which areas would most benefit from shared services.

August: Future State Action Plan

The Action Plan, with timeline, will form the direction and the basis of a proposed Shared Services Agreement that will support all partners to achieve the identified benefits in the proposal and help guide all partners through the transition period and support the strategic goals of the participating organizations. It will also Forecast future business needs (3, 5 years) and potential impact on staffing and services needed. It will also include an integration plan for the shared services, as well as a start-up plan, including the move.

August: Drafts and approvals

* Strategic Plan
  1. Will the business be expanding and how?
  2. Will expansion lead to increased transactions?
  3. What improvements/efficiencies will enable us to be nimbler and respond to opportunities, quickly?
  4. Are acquisitions / mergers anticipated; will this require an ability to quickly scale up processes and services? Will the current structure meet those needs? Will outside expertise need to be acquired?
* Service Level Agreements
* Write policies
* Integrate back office
* Develop processes

September - October: Implementation

2020: Implement Phase 2

Appendix E

Proposed Organization Chart



