

Aurora Residential Alternatives

Group Corporate Analysis



**Strategic Management
&
Business Policies**

(Section 001)

By: Stacey Lis, Keith Gallistel, and Isaac Freeman

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EXECUTIVE SUMMARY

Aurora Residential Alternatives has an existing problem that relates to community integration. Although consumers are getting out into the community, these activities have decreased compared to previous months. This analysis makes progress towards how Aurora Residential Alternatives can increase community integration. In order to come up with a successful solution to Aurora's problem, there are different constraints and conditions along with decision criteria that need to be addressed. Competition, internal strengths/ weaknesses, and external trends are three factors that were taken into consideration in determining the best alternative to solving Aurora's problem. The following alternatives that were considered are: hiring more staff, staff involvement in choosing activities, and mandatory once-a-week outing for each employee. After conducting this analysis, we were able to come up with a successful recommendation for Aurora Residential Alternatives.

PROBLEM STATEMENT

Aurora Residential Alternatives has been introduced to some serious challenges, but in recent months has struggled most with community integration. Being short staffed, along with many other factors mentioned in this analysis, have made it difficult to make sure that consumers are being taken out into the community for their required community integration activities. How can Aurora Residential Alternatives find a way to provide enough community integration for their consumers?

COMPANY PROFILE

Dave Barnard, President, and Jim Neuman, Vice-President, started working for Aurora Residential Alternatives in 1986. By 2002 the two were successful in bringing it to an employee owned business. Prior to their employment with Aurora Residential Alternatives, Dave was the Program Director at the Dunn County Health Care Center and Jim was a Social worker. Dave observed about 150 individuals with chronic mental illness and developmental disabilities. Dave's responsibility was to work with both staff and residents in order to successfully move them out into the community. Jim's responsibility was to locate a place for these individuals to live. Prior to 1986, there had only been two options for individuals with disabilities that were available. One was an adult family home and the second was a group home or a community-based residential facility.

Dave and Jim both realized that they were dealing with a variety of "different" people and that not everyone fits into one of these two categories. Neither Dave nor Jim wanted to have to force these individuals to have to move into one of these two facilities because both of them knew that for many it would fail, bringing yet another failure into these individuals lives. Dave and Jim knew they had to find a way to help these disabled individuals. Through 1984 and into 1985, Dave and Jim spent their time going to service providers and asking them "why don't you try some new options." Service providers responded, "we don't need to." Finally, Dave and Jim decided that something had to be done. In 1986, Aurora Residential Alternatives was formed and the name was chosen to

indicate that a home would be designed around needs of the individual to give them an “alternative” option.

Aurora has grown in the last 18 years from one home to numerous houses. They are currently contracting with 32 counties and serving over 400 individuals on a daily basis with the help of over 800 employees. Now that Aurora has been fortunate in being able to place the disabled in their community successfully, it is also crucial for them to be able to take them out into their community to become socially interactive. The mission of Aurora is “To provide progressive, high quality, consumer directed community based services, in an innovative, cooperative and flexible environment that empowers our employees and each individual consumer, to successfully work and live in their chosen community.” A large part of this mission is to provide community based services. Dave states that Aurora’s goal is to ensure that there are always new opportunities for the consumers. However, Aurora has struggled in recent months with community integration, which means they are falling short of their mission and their main goal.

ANALYSIS

If Aurora Residential Alternatives plans on having a future, it needs to be of top priority for them to focus on their goal of ensuring that consumers always have new opportunities. It is crucial that they improve community integration by really focusing on what is going on in the community and near-by areas. Although Aurora provides excellent direct care to their consumers, taking them out for daily activities is just as important. It's not that outings have stopped all together, but that homes have seen a significant decrease in recent months, which doesn't look attractive when documented and viewed by consumer guardians and case managers. This situation could create significant long-term problems if it isn't addressed immediately.

One possible reason as to why Aurora has seen this decrease could be due to lack of options in the community. Aurora locates their homes in smaller cities such as Menomonie, River Falls, New Richmond, and Durand just to name a few in the Northwestern part of the state. Although business is good in these areas, along with most others, the location creates a problem in that you can only do so much for activities in a small town or city. It may be beneficial for Aurora to really focus on areas further away from its own community to help enhance the consumer's options. It could be possible that Aurora has not done enough research on what is offered for activities outside of the local community, which is why staff has been so limited on where to take consumers.

Another possible reason for community integration decreasing could simply be due to the type of people that are being hired. It could be possible that certain staff are just not "wanting" or "feeling up to" taking the consumers out. Every organization has at

least one (in most cases more than one) employee who doesn't do their job as directed and so maybe the hiring process needs to change. Maybe management needs to focus more on the people they are hiring such as their experience in this field and their work ethic and not just hire anyone. Aurora has been having problems with being short staffed so maybe the pressure of needing staff has caused them to overlook what's really important when hiring an employee.

CONSTRAINTS/CONDITIONS

As in any industry, competition is always present. Competition isn't as intense in this industry as it is in other industries being that it has such high demand. However, it is still imperative that Aurora Residential Alternatives looks at who their main competitors are. The Arc-Wisconsin Disability Association (Arc) and Lutheran Social Services (LSS) are two main competitors. In 1973, LSS opened its first group home and is now widely known throughout Michigan and Wisconsin. Each year LSS touches the lives of nearly 100,000 people through a variety of compassionate social services such as counseling, adoption, welfare programs and older adult services. During the 1990's, LSS focused on international adoption to help the Russian Republic establish a basic system of human services. This is an advantage for LSS because their name is being recognized internationally, which brings more business to them and less to Aurora. In 2001, LSS expanded its child welfare programs by accepting the state of Wisconsin's offer to manage Milwaukee County's 3,000 foster homes. This program, which is known as First Choice for Children, is responsible for recruiting, training, monitoring and supporting foster families. Today, these programs continue to grow rapidly. This brings forth a major disadvantage for Aurora being that they don't offer a wide range of programs such as these. Aurora's other main competitor, Arc, works to include all children and adults with cognitive, intellectual, and developmental disabilities. The Arc-Wisconsin has been around for over 54 years, which seems like forever when comparing that to Aurora. The Arc also fosters research and education regarding the prevention of mental retardation in infants and young children. The Arc also formed the Youth Arc, which was organized for young people (under 25) with developmental disabilities. Both of these are again

programs that Aurora doesn't focus on. Other disadvantages for Aurora are that both of these competitors are much larger in size and have been around longer. Both also employ more people and offer services to many more locations. One positive way of looking at these disadvantages, however, is that the facts listed above are not going to affect what Aurora can or may want to do for community integration.

When looking at constraints and conditions it is also vital to focus on internal strengths and weaknesses of Aurora. In order for staff to be able to take the consumers out there has to be money, right? This is not a problem for the consumers being that each guardian(s) always provides a sufficient amount of money for his/her consumer. Not only is this a strength for Aurora, but so is transportation. Vans always stay up-to-date, which makes vehicle transportation convenient and easy. This is important because you want the consumers and the employees to be safe when traveling. As mentioned in the analysis, lack of options in the community also needs to be addressed here. This is a constraint that must be worked around. There are not a whole lot of options for activities in small cities/towns so Aurora needs to really concentrate on looking outside of the local area.

DECISION CRITERIA

When looking at Aurora's current situation, there are criteria that need to be addressed in order for the company to decide what they are going to do. It is important for Aurora to take into consideration how their employees will be affected, how their consumers will be affected, and if the solution will be affordable.

Usually any decision a company makes is going to have an affect on employees, so it is critical to know whether or not the decision will upset or encourage employees. The same goes for consumers. Will consumers be satisfied with any changes made?

ALTERNATIVE SOLUTION-ONE

Staff Involvement in Choosing Activities

Since the staff are the ones who obviously take the consumers out for their community integration, why not let them actually be the ones who choose what activities the consumers will do? This would be an advantage to both the staff and the consumers. The staff will want to take consumers out more because they, themselves, will be able to enjoy the activity since they are the ones who chose it. Not only is this beneficial for the staff, but also for the consumer because they are getting out of the house, which is what we are trying to improve. However, a major disadvantage of letting staff choose what consumers do is that it is taking away the freedom of choice for the consumer. That is definitely a negative, because the activities are performed for the liking of the consumer, not the staff. If you look at this in terms of affordability, then of course it is affordable because making a decision doesn't cost money, right? Well, not exactly. Letting staff choose where to go, could mean the cost of losing a consumers business all together. Guardians put these individuals in these homes to let them continue to be able to make decisions for themselves, not to have their freedom of choice taken away.

ALTERNATIVE SOLUTION-TWO

Hiring More Staff

Hiring more staff could be a logical solution to this problem because being short-staffed is what prevents a day out in the community. Hiring more staff would be an advantage for the consumer because it would provide each house with a full-staff nearly 100% of the time. This is crucial because in order to take consumers out, it is mandatory that each house be staffed with at least the minimum requirement, which varies. More staff will then of course create more opportunities for community integration. Not only is this an advantage for the consumer, but also for the employees. Hiring more staff will create more options for staff to find a quick replacement when needing a day off, which is very important to employees when working any job. So, not only will replacement become easier, but job satisfaction will also increase. Lastly, it is important to look at whether or not this is affordable and the answer is yes. When short staffed, employers are paid extra anyways, so that money could be used to pay new employees.

ALTERNATIVE SOLUTION-THREE

Mandatory once-a-week outing for each staff person

Making it mandatory that each employee has to take a consumer out at least once a week or face being terminated is the third solution. This is an advantage for the consumer because it will assure him/her a definite outing at least once a week. However, this may deter people away during the hiring process if they are faced with such strict rules. Not only will prospects be bothered with this solution, but present employees may also become upset being that a new policy would have to be enforced and most of the time it is hard to adjust to change. Even further, if the policy was enforced, it may not be fair for employees who only work one or two days out of the week. What if an employee becomes ill the day they had to work and couldn't make it to work? Would they still be terminated? This policy would have to incorporate a lot of "what if" situations along with it, which may not only take a while, but may also become very difficult to implement. Lastly, however, it wouldn't cost a thing, which is always a plus.

RECOMMENDATIONS/CONCLUSIONS

After looking at each alternative solution it would be best for Aurora to focus on hiring more staff. This seems to be the best choice compared to the other two alternatives because it meets all the decision criteria and is the least difficult to implement, due to the fact that no new rules or policies would have to be enforced. It makes the most sense for Aurora to hire more staff because opportunity for an outing always depends on whether or not the house is fully staffed. This solution would also benefit the employees the most and give them the most satisfaction. Lastly, this is a good solution in that consumers would get out into the community more, which is their primary objective here. The other two alternatives just didn't seem very promising. Letting staff decide where to go on an outing is neglecting the consumer's rights, which is unethical. Although making it mandatory for each employee to have to go on an outing at least once a week otherwise terminated, would help to even out responsibilities among all staff, it may be too harsh of a policy. If someone only works once or twice a week and isn't feeling well on those days for example, it may be unfair to terminate them under those circumstances.

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APPENDICES:

Appendix A

MISSION

“To provide progressive, high quality, consumer directed, community based services in an innovative, cooperative and flexible environment that empowers our employees and each individual consumer to successfully work and live in their chosen community.”

NINE COMPONENTS OF A MISSION STATEMENT

1. Customers
2. Products or Services
3. Markets
4. Technology
5. Concern for Survival, Growth, and Profitability
6. Philosophy
7. Self-Concept
8. Concern for Public Image
9. Concern for Employees

What Is Incorporated into Aurora's Mission?

The nine components of a mission statement are all very important components to consider in the development of any mission statement. However, our team has decided that Aurora doesn't need to include any aspect of other markets, technology, or philosophy into its mission. The reason we felt this way is because there isn't really any other business that is a "huge" competitor/threat to Aurora in their market. There is always a need for this kind of business being that the demand is so high due to people now days living longer lives. As far as technology goes, Aurora doesn't succeed through technology. Aurora doesn't use any form of technology when it comes to providing for its consumers, so the need for it is not going to so-call make or break them. Lastly, philosophy was something that we felt didn't need to be a part of Aurora's mission. Philosophy is basically a system of guiding life, beliefs and traditions and beliefs and traditions are not something that would affect the service that Aurora provides. Aurora and its staff do not base the way they provide cares for the consumer by focusing on what the consumer believes in.

On the other hand, there were five components that were already incorporated into Aurora's mission, which are numbers 1,2,5,7 and 8. The one we decided to add is 9.

We feel that every company needs to show concern for its employees because every employee is a key determinant to the companies overall success.

Appendix B

VISION

“To focus on the ‘growth’ of Aurora Residential Alternatives into new communities in order to continue to provide cost effective, quality services to our consumers.”

Appendix C

CODE OF ETHICS

Aurora Residential Alternatives believes in providing a safe, honest, and respectful work atmosphere in order to provide its services legally and ethically. Aurora will focus on conducting business in compliance with all laws including safety, health, and security regulations. Aurora will maintain confidentiality of records for each individual consumer and put forth great effort in participating in community activities. These services will always be of the highest quality and will demonstrate courtesy, respect, honesty and fairness at all times.

Appendix D

Threats-Opportunities-Weaknesses-Strengths (TOWS) Matrix

| | | |
|--|---|--|
| | Internal Strengths 1.Employee/ Consumer Empowerment 2.Audits 3.Expansion 4.Provision of Care 5.Training Programs | Internal Weaknesses 1.Short Staff 2.New Program Managers 3.Inexperienced Staff 4.Communication 5.High Turnover Rate |
| External Opportunities 1.Better Housing 2.Increased Demand 3.Increased Technology 4.Community Involvement 5.Increased Advertising | SO: 1.To provide for increasing demand, Aurora will expand facilities. 2.To make housing better, Aurora will use internal Audits. 3.Aurora will empower consumers through community involvement. | WO: 1.Using technical communication will improve communication within Aurora. 2. Increasing advertising will help get new staff and solve short-staff problems. |
| External Threats 1.Demographic /Location 2.Possible New Organizations 3.Reputation 4.Nursing Homes/ Competition 5.Government Regulation/ Audits | SW: 1.Aurora will expand into new locations to decrease competition. | WT: 1.Aurora will increase staff to spread responsibility evenly throughout staff, so to deter staff from going to new organizations. |

The TOWS Matrix is important in helping managers make decisions based on internal factors, external factors and how these factors line up to create strategies that help the company. ‘SO’ are Strengths Opportunities Strategies that use Internal Strengths to take advantage of External Opportunities. ‘WO’ are Weaknesses Opportunities Strategies that use External Opportunities to correct Internal Weaknesses. ‘ST’ are Strengths Threats Strategies that use Internal Strengths to lessen External Threats. ‘WT’ are Weaknesses Threats Strategies, which are plans used to defend Internal Weaknesses against External Threats. We have laid out at least one strategy for each.

Appendix E

Internal Factor Evaluation (EFE) Matrix

| Internal | | | |
|---|---------------|---------------|--------------|
| Strengths | Weight | Rating | Score |
| Employee/Consumer Empowerment | 0.12 | 4 | 0.48 |
| Audits | 0.12 | 4 | 0.48 |
| Pay rate | 0.005 | 3 | 0.015 |
| Provision of Care | 0.10 | 4 | 0.4 |
| Staff Development Hours | 0.005 | 3 | 0.015 |
| Expansion | 0.05 | 3 | 0.15 |
| Training Program | 0.10 | 4 | 0.4 |
| Subtotal | | | 1.94 |
| Weakness | | | |
| Scheduling | 0.02 | 2 | 0.04 |
| Short Staff | 0.10 | 1 | 0.1 |
| New Program Manager | 0.10 | 1 | 0.1 |
| New Staff | 0.10 | 2 | 0.2 |
| Lack of Space | 0.05 | 2 | 0.1 |
| Communication | 0.05 | 2 | 0.1 |
| High Turnover Rate | 0.08 | 1 | 0.08 |
| Subtotal | | | 0.72 |
| Total | 1.00 | | 2.66 |
| Rating: 4=best, 1=worst. Weight based a general knowledge of industry. Score based on Weight x Rating. Total based on sum of Scores. | | | |

An Internal Factor Evaluation Matrix is a strategy formulation tool that summarizes and evaluates the major strengths and weaknesses in the functional areas of a business and provides a basis for identifying and evaluating relationships among those areas. You can see from how we have weighted and ranked our Internal Strengths that the employee/consumer empowerment and audits are our greatest strengths. Our greatest weaknesses deal with being short staff and getting either new management or new staff. These are strong weaknesses because it takes a while before new employees learn and remember policies and procedures.

Appendix F

External Factor Evaluation (EFE) Matrix

| External | | | |
|--|---------------|---------------|--------------|
| Opportunities | Weight | Rating | Score |
| Better Housing | 0.05 | 2 | 0.1 |
| Increased Demand | 0.15 | 4 | 0.6 |
| Increased Technology | 0.10 | 2 | 0.2 |
| Community Involvement | 0.05 | 3 | 0.15 |
| Increased Advertising | 0.10 | 3 | 0.3 |
| Subtotal | | | 1.05 |
| Threats | | | |
| Demographic/Location | 0.10 | 3 | 0.3 |
| New Organizations | 0.10 | 2 | 0.2 |
| Reputation | 0.05 | 4 | 0.2 |
| Nursing Homes/Competition | 0.15 | 3 | 0.45 |
| Government Regulation/Audits | 0.15 | 4 | 0.6 |
| Subtotal | | | 1.75 |
| Total | 1.00 | | 2.80 |
| Rating: 4=best, 1=worst. Weight based a general knowledge of industry. Score based on Weight x Rating. Total based on sum of Scores. | | | |

An External Factor Evaluation Matrix allows strategists to summarize and evaluate economic, social, cultural, demographic, environmental, political, legal, technological and competitive information. Above, are listed either key external factors which are either an opportunity or a threat to Aurora. Each factor is assigned a weight ranging from 0.0 (not important) to 1.0 (very important). The best opportunity for Aurora is increased demand at .15 and the biggest threats are of course competition and government audits both at .15.

Appendix G

Competitive Profile Matrix

| Critical Success Factors | Weight | Aurora Residential Alternatives | | Dunn County ARC | | Lutheran Social Services (LSS) | |
|--------------------------|-------------|---------------------------------|-------------|-----------------|-------------|--------------------------------|-------------|
| | | Rating | Score | Rating | Score | Rating | Score |
| Advertising | 0.15 | 2 | 0.30 | 2 | 0.30 | 2 | 0.30 |
| Service Quality | 0.25 | 4 | 1.00 | 4 | 1.00 | 3 | 0.75 |
| Price Competitiveness | 0.10 | 3 | 0.30 | 3 | 0.30 | 3 | 0.30 |
| Employee Staff | 0.15 | 2 | 0.30 | 4 | 0.60 | 2 | 0.30 |
| Consumer Loyalty | 0.25 | 4 | 1.00 | 3 | 0.75 | 3 | 0.75 |
| Market Share | 0.10 | 3 | 0.30 | 3 | 0.30 | 2 | 0.20 |
| Total | 1.00 | | 3.20 | | 3.25 | | 2.60 |

The Competitive Profile Matrix identifies a firm's competitors and their particular strengths and weaknesses in relation to another firm's (in this case Aurora) strategic position. The factors listed above include both internal and external issues. Service quality and consumer loyalty are two main success factors, followed then by advertising, employees, price competitiveness, and market share. As you can see, Dunn County Arc rated the highest with 3.25.

Appendix H

CULTURE

Dave Barnard and Jim Neuman became part of Aurora in 1986 and were fortunate enough to bring it to an employee owned business in 2002. Both Dave and Jim believe that the consumer should always come first and that the employee should be empowered. Dave and Jim devoted great time and effort into making Aurora a place for those who wanted to lead more independent lives. They wanted an alternative for these individuals so they wouldn't have to be placed into a nursing home. Aurora places a great deal of value on teamwork and customer service and believes that in order to get the job done properly, one must always communicate well with fellow employees. Aurora's main ceremony is the completion of training/orientation, which takes place two weeks after the initial hire date. Aurora holds yearly events such as Christmas and Thanksgiving parties.

Appendix I

STRATEGIES

Aurora Residential Alternatives is planning on greater service development by expanding into new counties and building new homes. Aurora uses intensive strategies such as **market development** and **market penetration**. These new homes will act as both market development and market penetration. They will function as market development because they will be introducing new services/products and they will function as market penetration because the homes will be a form of advertising for Aurora. All in all, these strategies will aid in the process of getting the “Aurora” name out into the community.