

NWX-HHS-AOA-1

Moderator: Lauren Solkowski
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1:30 pm CT

Coordinator: Welcome and thank you for standing by. All participants are on listen-only until the question and answer session of today's conference. To ask a question press Star 1, un-mute your phone, record your name and I will introduce you.

This call is being recorded if you have any objections you may disconnect at this time. I'd like to now turn the call over to Lauren Solkowski. Ma'am you may begin.

Lauren Solkowski: Great thank you so much. So good afternoon everyone and thank you for joining us today for the Administration for Community Living Business Acumen Webinar entitled Creating Sustainable Solutions to Social Problems Through Social Enterprise.

Again this is Lauren Solkowski with ACL. And I will be facilitating our Webinar.

For our Webinar today we have invited Dr. Jay Greenberg from NCOA Services LLC. And he's going to be presenting on the concept of social enterprise, and its relevance, and transitioning from a grant based operation to

a business based environment all while keeping the focus on achieving a social mission.

So before we start with his presentation I have a few housekeeping announcements that I would like to go through.

So first of which if you have not done so please use the link that was included in your calendar appointment to get on to the WebEx so that you can follow along with the slides as we go through them and also that you can ask your questions when you have them through the chat function.

If you do not have access to the link that was emailed typically I would say that you can go on to the webex.com it's www.webex.com and click the Attend a Meeting button.

And then from there you can enter the meeting number but however as - when Dr. Greenberg joined the conference he let me know that the meeting number is not working.

So if you are having trouble getting on to the WebEx you can also call the WebEx technical support which is the phone number is 1-866-229-3239 so it's 1-866-229-3239.

As the operator had mentioned all of our participants are in a listen-only mode. However we do welcome your questions throughout the course of the Webinar and there are two ways that you can ask your questions.

The first through the Web using the chat function that I mentioned earlier you can enter your questions and I will sort through them and answer them once the speaker presentation has concluded.

The second way to ask your question is once the speaker wraps up we will offer you this - the operator will offer or provide instructions for asking questions through the audio line.

So when that time comes she will give us instructions as to how to queue up to ask your question.

If there are any questions that we don't get answered during the course of the Webinar we will follow up with you following the presentation to get them answered.

If you think of any questions you can email them to me. I have included my email address in the chat box on the right-hand side of the screen on - within the WebEx.

And also as the operator mentioned we are recording the Webinar. We will post the recording, the slides and a transcript of the Webinar online for your reference once - usually within a day or so once the Webinar has concluded.

So with that I would like to turn things over to my colleague Marisa Scala-Foley who will be introducing our speaker for today.

Marisa Scala-Foley: Good afternoon everyone and thanks Lauren. This is Marisa Scala-Foley also with the Administration for Community Living specifically our Office for Integrated Care Innovations.

And we - I am thrilled today to introduce a longtime colleague Jay Greenberg to talk with us with regard to social enterprise.

If you remember back to our in person meeting back in April when we were talking about issues related to organizational culture change and so forth this topic of a nonprofit thinking about themselves as social enterprises came up and everyone was sort of intrigued by it.

And we thought we should follow up and dive into this topic in some more detail. And so we couldn't think of anyone better to talk about this issue than Jay Greenberg.

I had the good fortune of working with Jay for several years when I was working at the National Council on Aging.

And he is an expert in this model of looking at social enterprise and how nonprofits can think about themselves as social enterprises and how those social enterprises can defuse sustainable scalable solutions to social problems.

So that's what we're going to talk about today. Just a little bit of background on Jay. He is the CEO of NCOA Services LLC.

NCOA Services partners with for profit and non-profit organizations to create and diffuse sustainable scalable solutions to key issues facing an aging society.

He also is responsible for setting strategic direction for NCOAs suite of consuming consumer facing Web solutions and fostering social enterprise thinking throughout NCOA.

So he's going to talk a little bit with us about this concept and about NCOAs story in this area. And so with that I will turn things over to Jay.

Dr. Jay Greenberg: Thank you Marisa and welcome everybody. I'm really excited to be able to share with you -- if you can go to the next slide and we'll sort of talk about the agenda.

The reality is that we are all on this journey together. It just so happens that NCOA as an organization may have started it a little bit earlier may have used some different names but what's very clear is we are all on this journey together.

And what I like to do is to share pretty as quickly as I possibly can thoughts in three different areas thoughts about social enterprise and how we have been and currently think about it at NCOA, you know, thoughts about business planning and services and thoughts about sort of selling and the sales process, et cetera, and literally these really are just thoughts.

It would - I don't know what's on your minds in terms of which of these are the most important to you so my goal is to get through the presentation part of this as quickly as possible to leave as much time for risk discussion. I really do view this as the beginning of conversations and discussions.

And if you can go to the next slide and then the next light after that it was really interesting to me that Assistant Secretary Greenlee remarks at n4a dealt with the notion of moving from grants based to enterprise based services but of course the question is of who is going to pay.

And about six years ago when we started actually our partnership that we referred to as a healthy aging social enterprise with Stanford and helping to figure out how we could scale the online version of the Stanford programs we really started at NCOA started to dig into what does this new future look like, how can you achieve your mission and margin and then take it a step further

and how could you ensure that you didn't have to trade off mission and margin but was there a way of thinking about and structuring the way we did business with partners particularly partners in the private sector where there was no trade-off between mission and margin but they were synergistic with each other so that it - so that working with those partners we actually achieve our social mission?

And that led us to a certain definition for us about social enterprise. So if you can go to Slide 5 the next slide please, you know, we really do believe that social enterprise provides that kind of framework.

And it really is a framework, you know, for making the transition, you know, that the Assistant Secretary was talking about.

And before I get into how NCOA kind of defines it the whole area of social enterprise was actually created by a now Nobel Prize laureate for a very, very different purpose. It happened to be micro-financing in underdeveloped countries.

But the principles under it underlying it I think are very, very important and key to any of the culture change that we all are going through in order to do this.

So if we go to the next slide it really it represents Yunus's seven characteristics of social enterprise. And it's really his model that we've based our work on.

The first is that the business objective is to overcome a problem that threatens people or society it's not to maximize profits.

That said the social need isn't just through profit generating products and services themselves. And if that's working well of course then the endeavor does become self-sustaining.

And of course the key for the social enterprise is to think about stakeholders not shareholders. But as we'll get to in a moment your partners are going to still have to think about their shareholders and of course if the actions that are taken are environmentally and socially conscious that the workforce gets market wages and better than standard working conditions.

On this one this is an interesting one and we'll come back to it because when Yunus first did this it was in the context of very, very poor people starting these enterprises but there's another meeting to that in the brave new world that we're all journeying in and that is that the organizations that we are going to be competing with in order to get our staff and our colleagues are going to now be people that had experience and expertise in some aspects of the private sector but whoever a passion for social enterprise.

And so the amount of dollars that we are going to have to spend in order to give them market wages is going to be different and that is also part of the culture change.

And finally and this is a piece that is wonderful because it didn't have to change anything that we did or anything that people in the network do its done with joy.

So no let me now talk about -- go to the next slide - NCOA's definition of social enterprise. And let me say that we came to this definition over about a three year process.

And it really wasn't until about three months ago that it became so crystal clear and our path forward with social enterprise became so crystal clear it wasn't until three months ago that we actually now include it as part of the strategic overview of NCOA.

So we define a social enterprise as organizations or partnerships that create and implement market driven self-sustaining solutions to social problems.

It's a mouthful but the key there is that the enterprise is there to solve a social problem. And a key to that is accountability. And the realization is that in this country it means something different for example that it would mean in Sweden.

So in this country the fiduciary responsibility of a for profit company the fiduciary responsibility is to its shareholders and that's the way we do business in the United States.

It doesn't mean that those companies can't do great things. It doesn't mean that they can't be socially responsible but the reality is, is they have a fiduciary responsibility to their shareholders.

Well a social enterprise has to be in the hands of an organization who has a fiduciary responsibility to fulfill a social mission.

And so the wonderful challenge and incitement that comes to be when a not for profit who has a fiduciary responsibility for a social mission and - but organizations that are for profit and therefore have a fiduciary responsibility to shareholders come together. If there is going to be a true social enterprise then the requirements for excellence or quality need to be in the hands we believe of the not for profit.

And so we require of all of our social enterprise partners that they have to meet a set of standards of excellence that are relevant to that area. And in the case of our evidence based work of social enterprise they also have to meet fidelity standards.

So if we can go to the next slide. I'm really not going to go into this much at all but it's - I just wanted to point out that while we don't talk about it much I know some of you know our partnership with Stanford has now morphed into a strategic enterprise with Canary Health.

And you may or may not know about our social enterprise with Aon Retiree exchanges. I encourage you to go to my medicare matters.org and learn more about that.

And some of you may have known, you know, that URL for a long time. But we've also, you know, been doing another social enterprise with Fannie Mae in terms of the default mitigation and counseling.

So we now have three social enterprises going. And there's at least two more that are likely to come online this year. So we are all in so to speak on using social enterprise to achieve our social mission.

And part of that came when we realized that just doing things the way we had been doing it mainly through grants based work we would not achieve our 2020 social goals our objectives of significantly improving the health or economic security of ten million older Americans by the year 2020.

And so what I'd like to do now is, you know, is switchover to sort of more granular things about kind of what we're learning and, you know, sort of

about doing the work of being, you know, in business as opposed to sort of being in the grants business.

I know some of you that are on the line you've been doing this for many, many years, and for others some of this may be new and for yet others just pieces of it may be new so again I'll go through it pretty quickly.

And let's start with the whole question of business planning questions. And just so the moderator knows I lost contact with the Webinar so I'll just call off page numbers. So right now I'm hoping that we're on Slide 10 business planning questions.

Lauren Solkowski: Yes.

Dr. Jay Greenberg: And there's a number of questions related, you know, related to thinking about being in a business. And the first of these really is who are you going to sell your service or product to?

And it could be that, you know, it could be that it's an end user a consumer, it could be and it's more likely that it will be a corporation.

But then the question is, is it the corporation, you know, that - is it - are you going directly to the end corporation if you will that you're selling to or are you selling it to another organization that's bundling and aggregating very, very important to kind of figure out over the time, you know, what your role is?

If in fact you've made the decision that you're going to sell directly to the end purchaser then a couple of questions come to mind that you don't have to

answer if you're partnering with somebody that is doing in essence the final selling to the purchaser.

One is do you have a broad enough offering for that type of purchaser? There are a lot of organizations that don't want to buy one product they want to buy a suite of products or they don't want to have to deal with multiple vendors. So that's a question to be thinking about.

And it's also a question to be thinking about in the context -- and we'll get to it in a few seconds -- of who are the best customers that I could likely align with?

The second and related is, is my service scalable enough to meet the needs of that particular kind of purchaser?

Are they a purchaser that will require community locations all over and be done with it, or are they a purchaser that says no with my constituency, or with my enrollees, or with my patients fill in the blank a whole bunch of them want to use the Internet and don't want to go to a time and place location. So do you have a solution for that?

There are going to be others that say, you know, my constituency while they tend to be lower income use mobile phones a huge amount. So do you have something that helps using the mobile devices?

And then the last two bullets here really go to being honest with ourselves and really trying to take really hard looks and asking ourselves who are our competitors and how do we stack up against them? And as you all know all too well we are entering into very competitive spaces.

And then what are our or your sustainable competitive advantages? And one thing I would suggest that don't underestimate is your brand, is who you stand for, is the fact that you are part of the network, is the fact that you didn't go into business to make money you went into business to serve a social mission don't underestimate the value of that as long as you also have learned how to be bilingual, and how to speak business, and be bicultural and be able to and be comfortable in the culture of business.

If you go to the next slide so can you just give me a little feedback? Are we on Business Planning Questions...

Lauren Solkowski: Yes.

...continued?

Lauren Solkowski: Slide 11 yes.

Dr. Jay Greenberg: Great thanks. And so, you know, and so there's a number of other questions that have to do with how am I measuring my success? And both in terms of social mission -- and at NCOA we got very, very specific about that in terms of what that meant.

And then you need to ask yourself kind of the business questions so what volume is feasible? What price is feasible?

A very important component of all of this is really understanding and getting really granular about fixed cost and variable cost so you have a really good sense for how much you have to charge and what scale you need in order to breakeven.

And related to that is since very few people can start a business and have it cash flow positive from the get go how much capital do you need to, you know, to in fact breakeven? And where do you get that capital?

I don't have to ask the question can we bootstrap it because we're all in the aging network. So we been bootstrapping since the beginning. So for us that's not even a new question for any of us and I suspect on the phones the same thing.

Where do we get that capital is an interesting question? And when you think of - when - don't think well beyond the normal places of capital there's a whole area now that is investing is social enterprises and that field is burgeoning.

They will expect that you have business acumen. And so the work you're doing here is going to make you much more competitive in that world but also think of your grants as a possibly different thing then you may have in the past.

Think of them first and foremost of achieving the objectives of the grant but also ask yourself okay are there things that I can do in that grant that will still have me meeting the objectives of the grant that in fact will be a set of tools that will be set of processes that will also be useful in the business?

And so do you wind up getting a twofer out of your grants? And then you start thinking much more strategically about your grants itself.

So let's go on to the next slide and talk about the customers to focus on. And this is challenging because when you're first starting out you want to get anybody that you can get in the door and start off I get it lived there.

And - but looking at this one is sort of a helpful thing because each of the types or examples of customers that's on that slide will have a very different set of requirements.

You'll have a better fit or a worse fit with and that it's really important to ask yourself can I be successful with that particular sort of customer?

And then you may then need to ask yourself another question I can but that would require me to include an additional sort of venue whether it's online or whether it's some other partnership that you would need.

And so this is going to be just this iterative process that you're constantly going to be modifying ruminating over. But if you always connect this back to the other things that we talked about you're going to be in good shape.

And, you know, these I'll refer to as segments of the market. But -- and you can go to the next slide please -- but it's really not just about the segment.

Even once you've decided on the segment there's different doors and a good example is a health plan. And I know many of you already know this that, you know, there's the community benefits side, there's the medical management side, there's the care integration side, there's the marketing side and all of those are very different doors.

And that the door you go through is going to really help you answer a set of questions that will more likely help you get to yes with those because the door you go through really will determine the price point because they're used to certain - they're used to paying a certain amount.

It will help determine the kind of scale or size that could be. It will also help you to determine what the likely sales cycle is.

And this is the piece that as your discovering I'm sure is the toughest to swallow and that is in this area the sales cycle is painfully slow.

And there was a period in this journey in the early days that I was likening it to watch glaciers move. And so - but you need to anticipate that. And you need to - but some doors have faster sales cycles then others and again the question of competition.

The next points really an important one is will that door be okay with and relish us being what I call a one trick pony?

In other words I have evidence, you know, I have evidence based workshops. And that's what I sell. And I don't sell anything else or I sell transition care and evidence based workshops so will they allow you to sell that.

And also there is no wrong door. And so it could be that you go in a door and that person that gets your message, they get what you're trying to do but it's the wrong door so they introduce you to another door and you've create an internal champion. So there really isn't any wrong door. And this is not regard to any past or present federal policy.

And then the sentence in bold above that, you know, what should you be selling? And so if we go to the next slide I love this quote I heard it about God it must've been 35 years ago but so still resonates with me we manufacture lipstick but we sell hope.

It's really important to know the distinction between what you manufacture and what you sell because what you manufacture is about you but what you sell is about your customer.

And so you really, really need to understand what your customer is buying from you. Are they buying a halo effect from the partnership? That has a whole different set of issues and dollars associated with it and how much you can expect from it, et cetera?

Are they satisfying a community benefits requirement because they're a not for profit hospital and therefore enter in a state maybe like California that's taking community benefits in a very serious way, or indeed is it just the - not that at all that they are totally driven by health outcomes, or reducing A1Cs, and getting better stars ratings, or have you really walked into the marketing and sales door and what they're really interested in is retention and loyalty?

So all of those things and probably nine others that you can think of are really important in - as you're thinking about the customer so you really understand how to price your product and how to pitch your product because it really is hard if not impossible to have the right price or make the right pitch if you don't know what you're selling.

And so sort of speaking of selling I want to just spend a few seconds talking about sales flows and about sales.

I think this is an area where my observation is that we in the network are most unfamiliar with. And so if we can go to the slide that says, Some Thoughts About Developing a Sales Flow.

I borrowed something from the Nike commercial, Just Do It. Just go and do it, swallow hard.

But don't - if you can avoid it don't do your practicing on the big fish because like anything else you're going to have to build confidence and competence and practice will make perfect.

The other thing that I'm sure you are all finding is that initially the key executive in the office and in the organization are going to be the ones doing the selling.

And that's just - that's almost always the way it is and it's been my observation. And we still do it in NCOA that way. And yes as you get bigger and as you mature your businesses you then bring on people who that's their day job but you can fully expect that.

Every time you have a session really, really ask yourself what did I learn? How do I modify? If you're using the sales pitch at the second meeting that you used at the first meeting then you haven't learned, then you're not getting better.

So, you know, and so learn from each pitch. Learn what worked what didn't work be really, really honest with yourselves and then keep iterating.

And as I'm sure you're all well familiar with multiple meetings, multiple, multiple meetings. But go into each meeting with if you can a realistic goal. You know, it's not going to be in the first meeting necessarily to close the deal but it could be my goal in this meeting is to learn more about what their needs are or it could be something else but get really clear about that.

The other thing that will become really important and it probably is already to some of you is that there's lots of opportunities to get in doors.

And the real question for you sooner rather than later is because you only have a finite amount of time, you only have a finite amount of resources and that is what do I start needing to do to actually qualify leads?

Are there three things that I need to know that if they say they don't say yes to all of those the likelihood of the time being well spent is not good? And then at some point when you've had a modicum of success it will be really important that this is somebody's full day job.

I know that we in the network are so used to having everybody wear 19 hats. But when you really start going to a services mentality from a grants mentality you really start to need to think about one or two folks that really need to specialize. And I would argue that, you know, that getting business in the door is one of the first specialties.

And the last point is -- and it's a whole discipline unto itself -- but you manage sales by process. It's like any other thing in business you create a process. And you create a repeatable business process. And you refine that repeatable business process. And that's exactly how you improve your sales.

So what I'd like to do now and it's on Slide 16 is give some examples of particular messages tailored to particular customers not that these are great ones but it'll - it gets to the point of you have to know your customer, you have to know their pain points and then you need to make sure that, that particular pitch sort of reflects that.

And on Page 17 this would happen to be something that we were pitching the online Stanford programs but we weren't pitching to a healthcare organization we were pitching to an employer.

And so it's really important because for employers the return on investment isn't just healthcare costs. And so we had some relevant statistics and some really good conversation around that.

If we go to the next slide, the next slide was something that was used effectively, you know, with a healthcare system that of course was, you know, knee deep in, you know, in automating medical records, health information technology, you know, meaningful use all of this stuff.

And so showing them that how we that were providing these evidence based programs regardless of whether the evidence based program was online or community based how we could fit into their new world of health information technology if nothing else it said these people get it, they understand my world and it'll be easier to work with them.

And the final example on the next slide was something that -- and this slide by the way took us of about six months to figure out and get down -- and it was how do we explain what we're doing with My Medicare Matters in one slide and in two minutes.

And so this is if you will the elevator pitch. In this case it was for My Medicare Matters but it's going to be I think really, really important, you know, as you are refining the business that you're in, as you are refining you're - the partners you're going after that when you step in that door that in two minutes you're able to explain exactly what it is that you're doing and how they - how you'd like them to fit into that.

And then I'd like to close with something that I actually don't remember who shared this wisdom with me but it was about 40 years ago - 35 years ago - 40 years ago and it's really great wisdom.

And it particularly is so when it comes to either potential strategic partners or the selling of product and that's on Slide 20 that there really are three answers when it comes to sales or partnerships.

And really from my perspective only two of them should be acceptable. So there could be yes, there could be no there could be not now.

And usually no should be - should be seen as an unacceptable answer because there's probably a future time or a future relationship that could be had of that.

So I want to thank you very much. I want to thank Marisa and the team at ACL for the opportunity to talk at you about this stuff. And I would just like the discussion to begin.

Lauren Solkowski: Great. Thank you so much. So I would now like to - if the operator could please provide instructions for asking the question through the audio line?

Coordinator: Certainly. To ask a question please press Star 1 on your touch-tone phone, un-mute your phone, record your name clearly after the prompt and I will introduce you for your question.

Your name will be required to introduce your question. Again it's Star 1 to ask a question. If you need to withdraw your question you may press Star 2. One moment please for incoming questions.

Lauren Solkowski: Great thank you. So in the meantime we did receive a question that came in through the chat from and this comes from one of the members of our business acumen learning collaborative.

And she says that it strikes me that volume is such an important aspect of successful enterprise. NCOA works at the national level versus the business acumen sites are operating more on a local, regional or perhaps statewide level can you address the importance of volume and the issues around that subject?

Dr. Jay Greenberg: Sure. So volume is absolutely critical. But volume is also relative. And so a really critical part is understanding your business, understanding your cost structure understanding your pricing structure.

And by the way in terms of pricing I really encourage you to do two things when it has to do with pricing and that is that you really understand your costs. And then you make sure that your pricing is significantly higher than your costs because what you really are selling is value.

And the reason I do that in the context of volume is because if you - if for a given cost if you can get a higher price then you'll need less volume.

But back to the question about volume it really depends on your cost structure. It really depends on your product and then a realistic assessment of how much flow you can have.

That said if it looks to you as if on a standalone basis you can't get enough volume yourself then you can think about well can I have partners that can bring me volume?

And because if I have partners that can bring me volume then I don't need salespeople, I don't need this, I don't know that so that's one thing. The second thing is how do you increase your footprint? Well you increase your footprint by being part of a network.

And I know there's a number of folks now in the network and around the country that are trying to figure out how do we go about creating for lack of a better term contracted networks of local agencies, you know, so that we really expand the potential for volume?

Lauren Solkowski: Great thank you. Operator I'm checking to see if we've had questions come in on the phone?

Coordinator: Currently there are no questions over the phone. Again if you would like to ask a question please press Star 1 on your touch-tone phone, un-mute your phone, record your name and I will introduce you for your question.

Lauren Solkowski: Great thank you. So at this point we haven't had other questions come in on the chat. And I'm thinking we might be competing with some end of summer vacations that, you know, on this date but that might be why we're not - we don't have as many questions.

But just to give it a couple more minutes in the meantime I just wanted to quickly mention to everybody that is still with us that our next Webinar is scheduled for Tuesday at September 15 at 2 o'clock. And is that - this is - that's part of our Health System Quality Measures series.

And that Webinar will focus on Medicare Star Ratings. And we have invited (Tim McNeil) to present on that Webinar. And again it's September 15 at 2:00 PM Eastern Time.

So let me check back and see. We have no other questions on the chat function. Operator I'll check with you one last time.

Coordinator: There are currently no questions in the queue.

Lauren Solkowski: Okay thank you. So well Jay I guess you got off pretty easy today. But nonetheless we would like to thank you again for joining us today and providing great information on the social enterprise concept.

As Marisa mentioned it was something that came up quite - several times during our last in person meeting.

So we just wanted to thank you again. Thanks for every - for all of our participants for joining us today. And hope you enjoy the rest of your afternoon. Thank you.

Dr. Jay Greenberg: Have a great day.

Coordinator: This concludes today's conference. Thank you for your attendance. You may disconnect your lines.

END