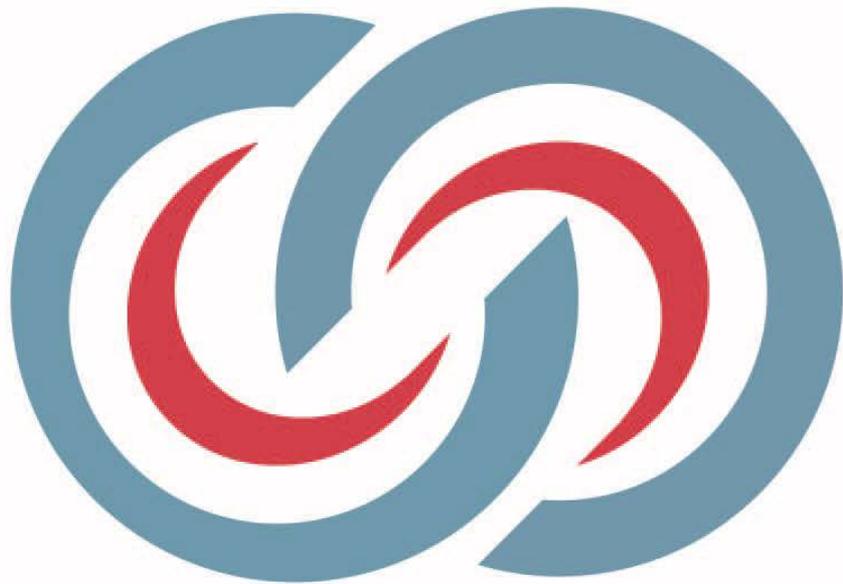


# Reentry-Focused Performance Excellence

## Building the Foundation

- Incorporate Strategic Planning
- Maintain Financial Sustainability



**Prepare | Strengthen | Succeed**





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# Building the Foundation

**Presented by:**



**Joseph Sommerville, Chief Operating Officer  
Maryland Correctional Enterprises**



**Karen A. Brown, Director  
North Carolina Correction Enterprises**





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# Building the Foundation

## Learning Objectives:



Benefits of Strategic Planning



How to Get Your Strategic Plan Started



How to Plan for Expansion



How to Develop an Annual Operating Plan



Understand Cost-Driven Business Model



Benefits of ERP Software



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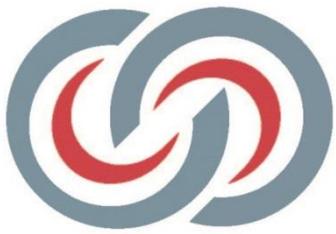
# Strategic Planning

## Your Roadmap To Success:

- Determine company goals and objectives
- Include specific, quantitative ways to measure success
- Incorporate vision and mission statements







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# Customize

## No two strategic business plans are the same!

- Duration: 1 year, 3 years, 5 years
- Specific goals and objectives
- Supplementary committees and planning teams





# Getting Started

## Take Current Inventory

Ask four key questions:

1. What do we do?
2. For whom do we do it?
3. What do we want to look like?
4. How do we excel?

Conduct a SWOT analysis:





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# Getting Started

Internal

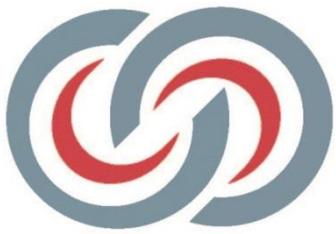
External



- ✓ Customer Feedback
- ✓ Employee Feedback
- ✓ Capabilities
- ✓ Resources
- ✓ Processes

- ✓ Economic Environment
- ✓ Industry
- ✓ Competitors

***Turn ideas into goals***



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# Getting Started

## Establish Priorities

- Identify what's important
- Where do you want to take your organization in the future?
- Focus on 3-5 key goals
- Emphasis on improving inmate training, customer satisfaction, new business units & expansion opportunities





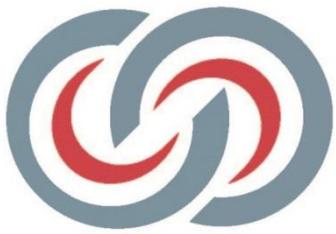
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# Getting Started

## Define Success

- Clearly define your goals
- How do you know when you are successful?
- Develop clear metrics to evaluate your performance





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# Getting Started



## Determine Accountability

- ✓ Assign each goal to a member of your team

<b>Goal #: 3.1</b>	<b>To increase customer satisfaction.</b>	
<b>Objective #: 3.1.1</b>	<b>Determine the relative importance of customer satisfaction factors and take appropriate steps to address these issues.</b>	
<b>Strategy #: 3.1.1.1</b>	Annual customer survey to identify areas of customer needs.	
<b>Performance Measures</b>	Survey results and analysis annually.	
<b>Chairperson</b>	<b>Director of Marketing</b>	
<b>Members</b>	Customer Service Manager, Chief Information Officer, Regional Managers, Sales Manager, Director of Sales	



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# Getting Started

## Create Excitement

- Involve staff, offenders and stakeholders in the development and implementation of your plan
- Encourage company-wide participation
- Ask for input from all members of the organization
- Promote the team (family)



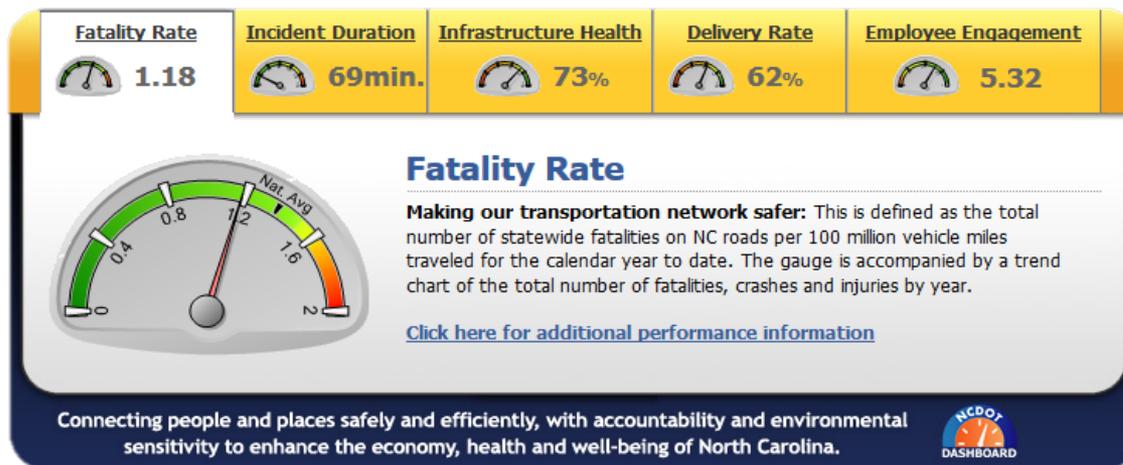


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# Getting Started

## Recapitulate

- ✓ Meet on a regular basis to review status
- ✓ Report progress to stakeholders
- ✓ Use dashboards to provide visual summaries



Sample Dashboard from North Carolina Department of Transportation



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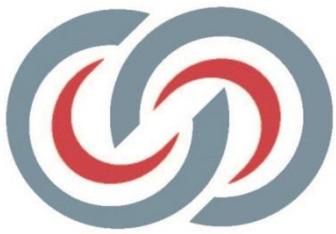
# Steps to Measurements

**Goal 1.1:** To maintain self-supporting status to support existing operations and future expansion.

**Goal 2.1:** To increase inmate employment.

**Goal 3.1:** To increase customer satisfaction.





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# Steps to Measurements

**Goal 4.1:** To improve organizational excellence.

**Goal 5.1:** To provide support and services for successful inmate transition to the community.

Release &  
Transition  
Plans



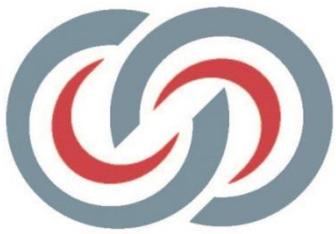


# Expansion Planning

## WE'RE EXPANDING



- SWOT Expansion
- NCIA Directory Review
- Department of Labor, Licensing and Regulation
- Customer Request



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# Activity



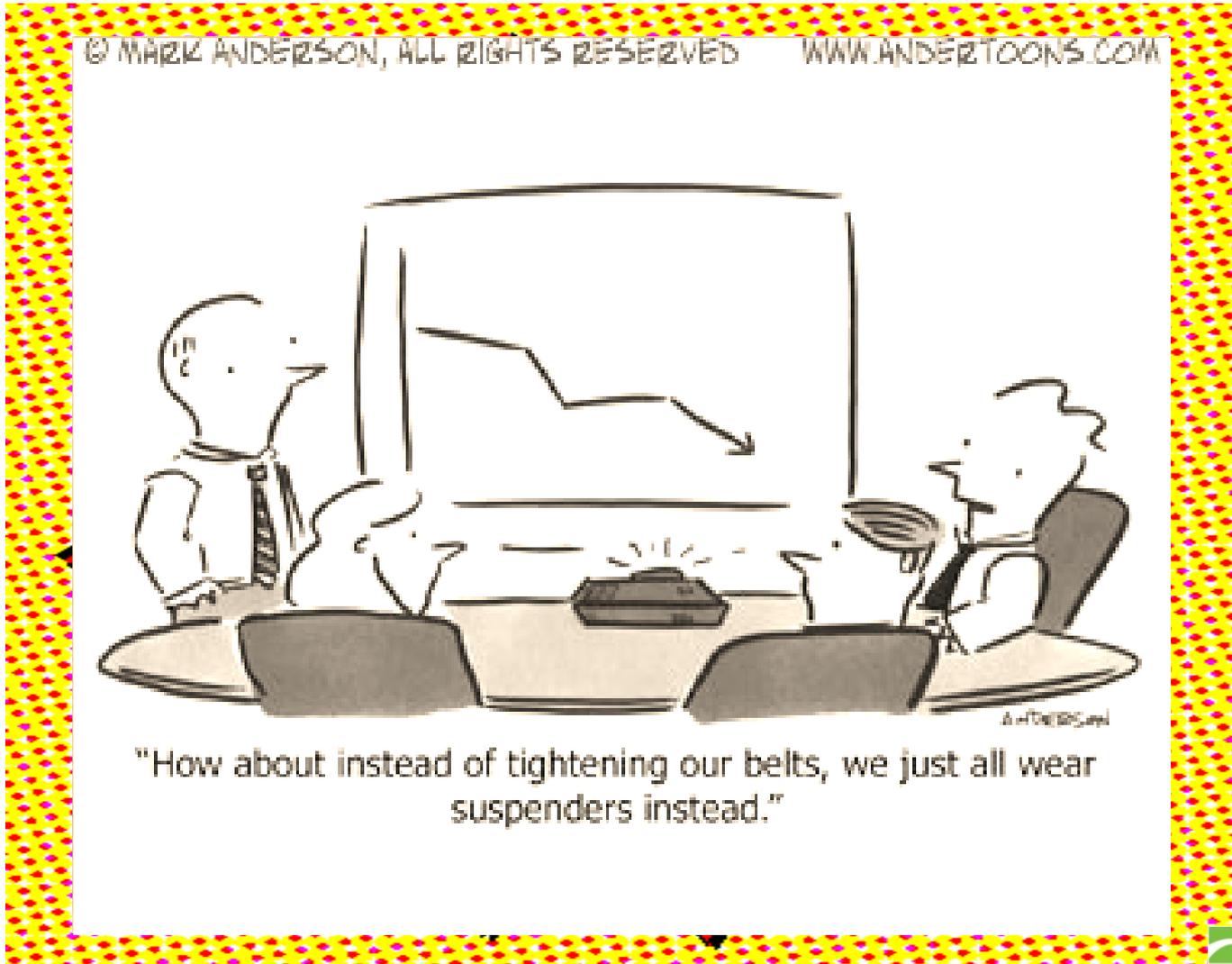
## Brainstorming Break

*Write down 1 Goal and 2 Objectives you would like to see your Correctional Industries accomplish in the next fiscal year.*



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# Maintain Financial Sustainability





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# Financial Sustainability

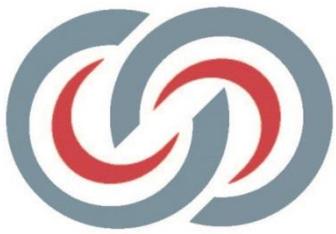
## Why?

Financially self-sufficient Correctional Industries are recognized as a viable offender training reentry program that:

- Does not burden the general fund
- Reduces cost of correctional security for offender supervision
- Reduces inmate idleness
- Improves inmate behavior

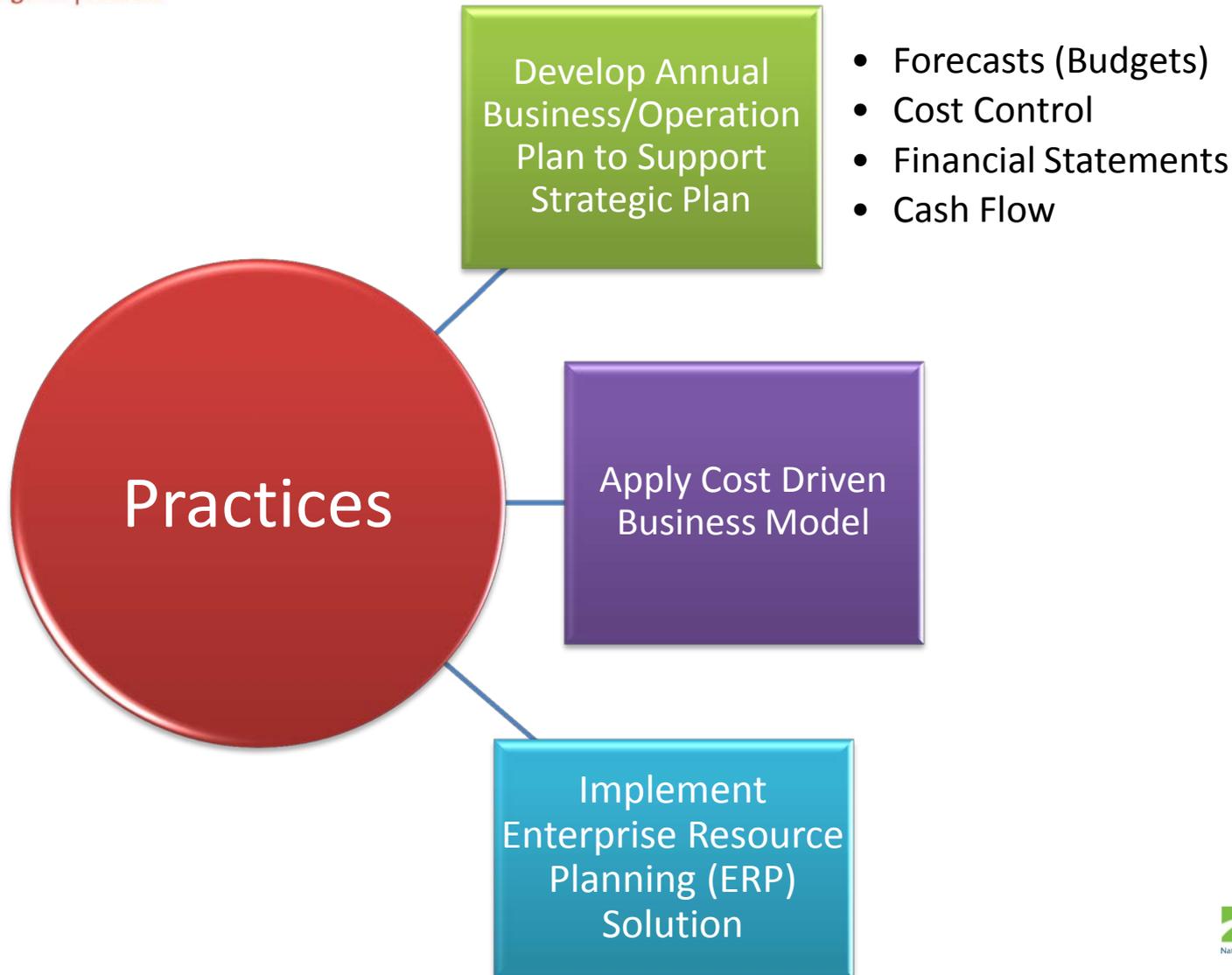


Financially self-sufficient Correctional Industries can maintain a competitive edge in the market by controlling costs and pricing of products and services.



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# Financial Sustainability



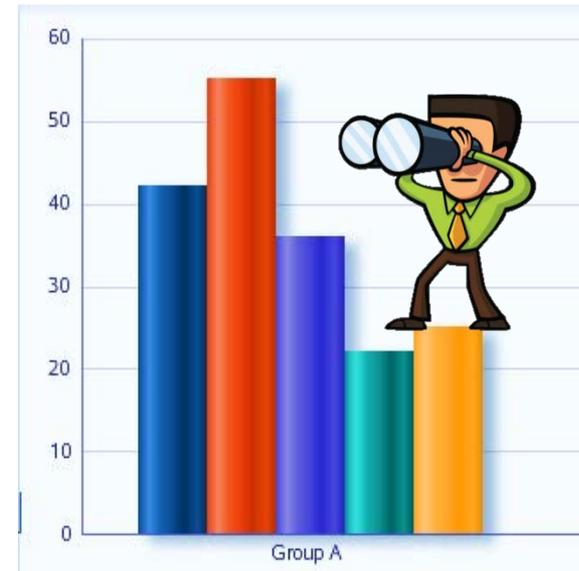


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# Annual Business/Operating Plan

## Business Forecast

- Sales
- Retained Earnings
- Major Capital Expenses
- Cash
- Inventory Levels





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# Annual Business/Operating Plan

## Review:

- Industry and Historical Trends
- Customer Base
- Available Resources
- State Budget
- Federal Budget
- Large Projects for Upcoming Year





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# Annual Business/Operating Plan

**CORRECTION ENTERPRISES**  
Not Just Making It Right. Making It Better.

**Business Plan**  
2014 - 2015

Office Furniture Metal Products Wood Products  
Products Prescription Services Janitorial Products  
Prescription Services Janitorial Products  
ce Lab Furniture Designation Fra  
ming and Lubrication Services Retail Sales  
esto State Employees Embroidery Services P  
ai Pr  
e  
O  
cts Print and Quick Copy Services Janitorial P  
Products Exterior Janitorial Office Signage  
Canning Fresh Produce Meat Processing

**MISSION**  
To provide marketable job skills and transitional work environment for inmates in a professional and safe excellent service to our customers at a savings to the citizens of North Carolina.

To be the vendor of choice for our customers. To provide valuable inmate job opportunities to increase successful reentry.

- Product Excellence
- Quality Customer Service
- Financial Stability
- Inmate Skill Development
- Professionalism
- Mission Focused
- Staff Development

Customer Experience  
Opportunities for Inmate Success  
Share  
Stability  
Operational Efficiencies  
Social Responsibility  
Staff Development

Actual 2012/2014	Actual 2012/2014	Actual 2011/2012	Actual 2010/2011	Actual 2009/2010
\$ 1,500,000	\$ 1,872,000	\$ 1,511,100	\$ 1,675,000	\$ 1,044,000
6%	\$ 1,137,000	\$ 1,248,000	\$ 1,028,000	\$ 1,028,000
\$ 2,467,000	\$ 3,500,000	\$ 3,318,000	\$ 3,318,000	\$ 1,868,000

**Sales**

**Earnings**

**DPS**  
DEPARTMENT OF PUBLIC SAFETY



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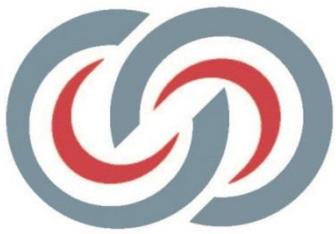
# Cost Control

## Common Costs to Analyze:

- Cost of Sales (raw materials, indirect and direct labor)
- Administration
- Rent
- Depreciation
- Utilities
- Freight
- Building and Equipment Repairs



*Determine costs based on sales volume and product mix using Generally Accepted Accounting Principles (GAAP).*



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# Pursue Legislation

## Pursue legislation to:

- Seek progressive procurement legislation
- Market expansion through:
  - Prison Industry Enhancement Certification Program (PIE)
  - Not-for-Profit Organizations
  - Sales to State Employees
  - Sales to Contractors working on Public Contracts





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# Financial Statements



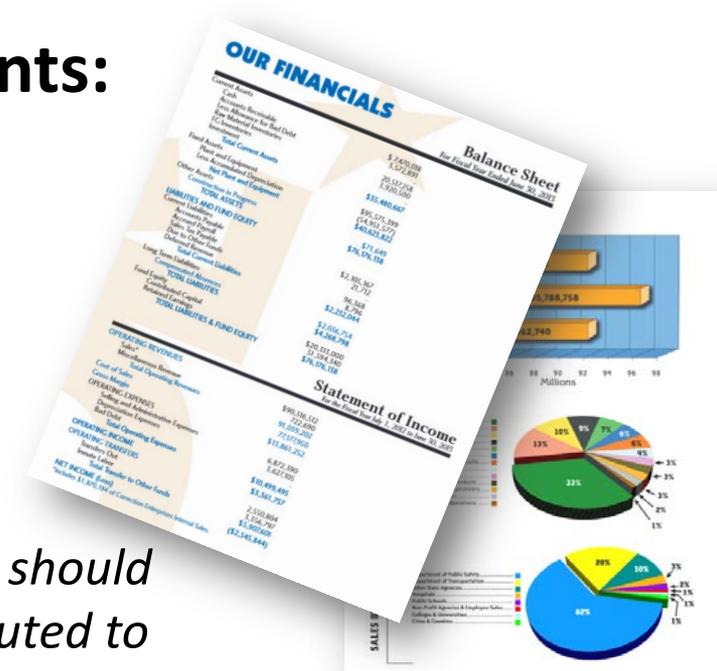


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# Financial Statements

## Primary Types of Financial Statements:

- Balance Sheets
- Profit and Loss Statements
- Statement of Cash Flow



*At a minimum, financial statements should be generated monthly and distributed to executive, operational and sales management for analysis and adjustments in operations and sales.*



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# Maintain Positive Cash Flow

*An Enterprise fund should maintain two months worth of operating cash.*



**Cash Conversion Cycle** – The period of time beginning with the initial outlay of cash for raw materials and ending with payment for goods and services provided.





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# Cost Driven Business Model

Legislation (Mandates or Preferences) price competitiveness and low cost directives usually mandate that Correction Industries operate a *Cost Driven Business Model*.

Cost Driven Models are characterized through lean cost structure, low price value proposition, inexpensive labor, etc.

Must monitor legislation and budgets to determine how budget cuts will affect your organization.





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# Cost Driven Business Model

**A Cost Driven Business model must be cost and customer driven:**

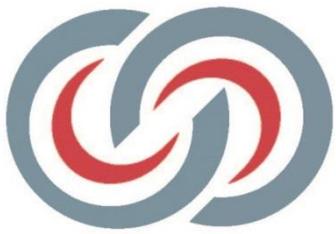
- Competitive Pricing
- On-Time Delivery
- Exceptional Customer Service
- Consistent Quality of Product
- Diversified Customer Base



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# Enterprise Resource Planning





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# Enterprises Resource Planning

Off the Shelf  
Manufacturing ERP System

Think ROI When Evaluating  
ERP Software

How much of a return will you  
receive on your investment with  
ERP software?



Click an ERP software application to learn more



Advanced Planning  
and Scheduling



Customer Relationship  
Management



Electronic Data Interchange



Financial Solutions



Global Applications Builder



LabelWriter



Materials Solutions



Preventative Maintenance



Project Management



Quality



Sales Solutions



Shop Management  
Solutions



Technology Solutions



Time and Attendance



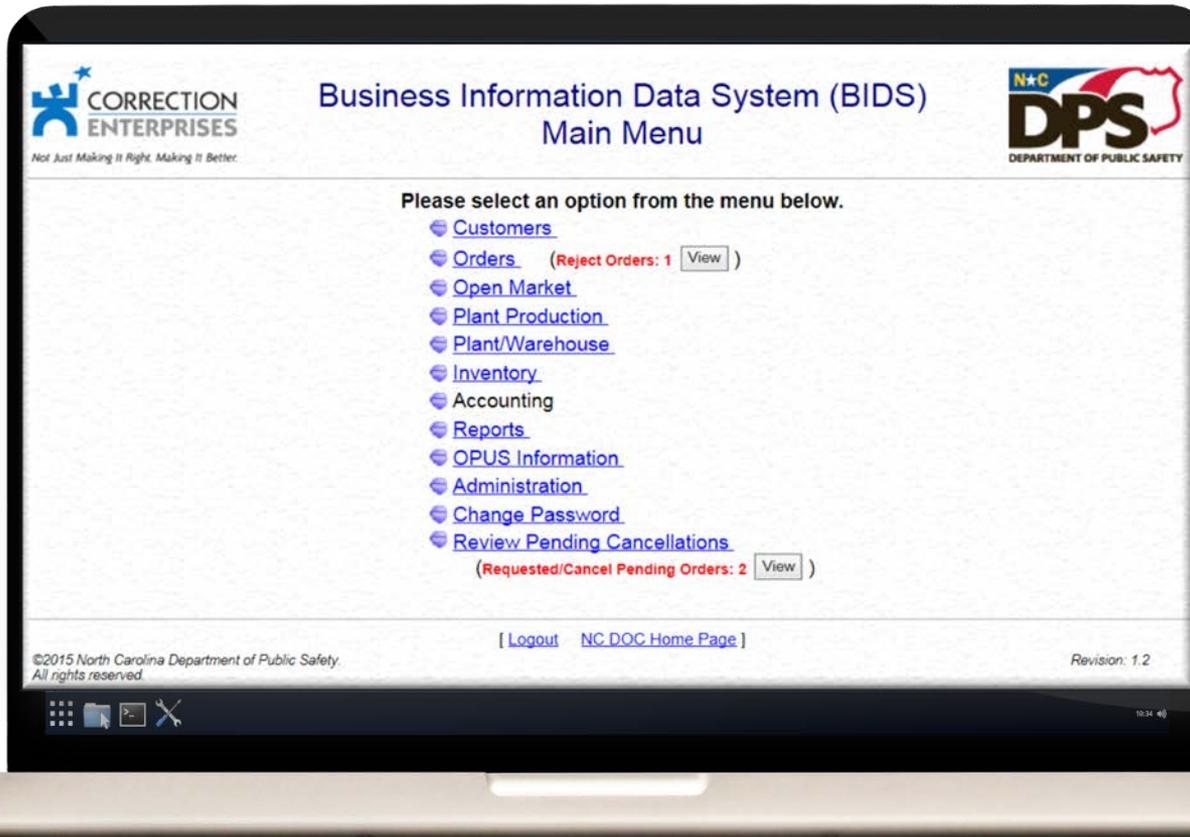
Process Documentation  
and Training (PDT)



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# Enterprises Resource Planning

## North Carolina Correction Enterprises ERP System





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# Questions?

