Additional Case 3

The YMCA of London, Ontario

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As Shaun Elliott, chief executive officer, prepared for the last senior management planning session in 2005, he reflected on what the YMCA of London (the London Y or the association) had achieved in the last four years. Since joining in 2001, Elliott had led the organization from a deficit of $230,000[1] to a projected surplus of almost $1 million by the end of this fiscal year. This turnaround had been accomplished through a careful balance of internal cost cutting and growth through partnering and program expansion. Innovative partnerships with other organizations had allowed the London Y to expand its programs and facilities with minimal capital investment. In addition to its now solid financial performance, the London Y was on track to exceed its targeted participation level of 46,500 individuals by the end of 2005. It was now time for Elliott to turn his attention to achieving the next level of growth: participation levels of 102,000 individuals by 2010. He knew that to achieve an increase of this magnitude, senior management would need to increase their focus and its capacity and that he would need to spend more time on longer term strategic initiatives and community relations. He wondered if this was possible given the current situation.

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Pat MacDonald prepared this case under the supervision of W. Glenn Rowe solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

THE YMCA

The Young Men's Christian Association (YMCA) was an international federation of autonomous not-for-profit community service organizations dedicated to meeting the health and human service needs of men, women and children in their communities. The YMCA was founded in London, England, in 1844, in response to the unhealthy social conditions resulting from the industrial revolution. Its founder, George Williams, hoped to substitute Bible study and prayer for life on the streets for the many rural young men who had moved to the cities for jobs. By 1851, there were 24 YMCAs in Great Britain and the first YMCA in North America had opened in Montreal. Three years later, in 1854, there were 397 separate YMCAs in seven nations, with a total of 30,400 members.[2]

From its start, the YMCA was unusual in that it crossed the rigid lines that separated the different churches and social classes in England at the time. This openness was a trait that would lead eventually to YMCAs including all men, women and children regardless of race, religion or nationality. In 2005, the YMCA was in more than 120 countries around the world and each association was independent and reflected its own unique social, political, economic and cultural situation. YMCAs worldwide shared a commitment to growth in spirit, mind and body, as well as a focus on community service, social change, leadership development and a passion for youth.[3]

A similar, although separate organization, the Young Women's Christian Association (YWCA) was founded in 1855 in England.[4] It remained a separate organization; however, some YMCA and YWCAs chose to affiliate in order to best serve the needs in their communities.

THE YMCA IN CANADA

The London Y was a member of YMCA Canada, the national body of the 61 Canadian member associations. YMCA Canada's role was to foster and stimulate the development of strong member associations and advocate on their behalf regionally, nationally and internationally. YMCA Canada was a federation governed by a national voluntary board of directors which oversaw national plans and priorities. Volunteer board members were nominated by the member associations. YMCA Canada's President and CEO was accountable to the board for national operations. The national office had only 20 employees in 2005, reflecting the relative autonomy of the member associations.

As in the rest of the world, YMCAs in Canada served people of all ages, backgrounds and abilities and through all stages of life. They were dedicated to helping people attain a healthy lifestyle and encouraging them to get involved in making their community a better place. As charities, the YMCA member associations relied on the support of their communities, the private sector, governments and other agencies. YMCA fundraising campaigns helped to provide better programs and facilities, as well as greater accessibility and financial assistance to include as many people as possible.[5]

Earlier in 2005, YMCA Canada, in conjunction with its member associations, had developed a strong association profile, which comprised a wide range of performance measures similar to a balanced scorecard. Implementation of this measurement tool was voluntary, although YMCA Canada encouraged individual associations to use it to assess their performance and to compare their performance with other associations. According to the YMCA Canada strong association profile, a strong YMCA position profile is as follows:

- Demonstrates that it is having an impact on individuals' spirits, minds and bodies, while building strong kids, strong families and strong communities;
- Assists people to participate in the YMCA who otherwise could not afford to be involved;
- Is seen as a valued contributor to the community;
- Has the capacity to influence the community relative to its strategic priorities;
- Has quality programs that help members meet their personal goals;
- Demonstrates growth in participation over time;
- Offers a variety of programs that are accessible to the community;
- Has a culture of involving their members continually by encouraging them to give their time, talent and treasure to the YMCA;
- Has identified key audiences and has a communications plan that addresses each audience.

The London Y had piloted an earlier version of the strong association profile and had already set annual targets for 2005 through to 2010 (see Exhibit 1). The London Y planned to implement these targets and measures as part of its 2005 strategic planning cycle.

THE YMCA OF LONDON

Founded in 1856, the YMCA of London was a multi-service charity that described its mission as providing "opportunities for personal growth in spirit, mind and body for people of all backgrounds, beliefs and abilities."[6] Its articulated values and the principles by which it operates were:

- **Honesty:** to tell the truth, to act in such a way that you are worthy of trust, to have integrity, making sure your actions match your words.
- **Caring:** to accept others, to be sensitive to the well-being of others, to help others.
- **Respect:** to treat others as you would have them treat you, to value the worth of every person, including yourself.
- **Responsibility:** to do what is right, what you ought to do, to be accountable for your behavior and obligations.

The association served almost 28,000 children annually through child care and camping at 16 child

Exhibit 1 The YMCA of London Participation Targets

	2005	2006	2007	2008	2009	2010	5 yr Increase	Average Increase
Childcare								
Infant	70	70	70	70	70	70	0%	0%
Toddler	140	140	140	140	140	140	0%	0%
Preschool	608	672	736	832	928	1,024	68%	14%
School Age	316	316	316	316	316	316	0%	0%
Childcare Total	**1,134**	**1,198**	**1,262**	**1,358**	**1,454**	**1,550**	**37%**	**7%**
Camping and Educational Services								
CQE	1,815	2,215	2,215	2,439	2,471	2,471	36%	7%
Day Camp	5,350	5,457	5,566	5,677	5,791	5,907	10%	2%
Outdoor Education	5,800	6,960	9,048	9,953	10,948	12,043	108%	22%
Children's Safety Village	12,000	13,500	14,000	14,000	14,000	14,000	17%	3%
Community School Programs	1,630	1,880	2,130	2,380	2,630	2,880	77%	15%
Camping Total	**26,595**	**30,012**	**32,959**	**34,449**	**35,840**	**37,301**	**40%**	**8%**
Health Fitness and Recreation								
CBY full fee	5,450	5,580	5,750	5,825	6,000	6,200	14%	3%
CBY asisted	2,210	2,330	2,450	2,500	2,525	2,650	20%	4%
CBY programs	4,200	4,580	4,975	5,750	6,875	8,050	92%	18%
BHY full fee	1,500	1,525	1,900	2,100	2,400	2,700	80%	16%
BHY assisted	300	305	380	420	480	540	80%	16%
BHY programs	1,600	7,565	9,100	10,195	11,480	13,125	720%	144%
ELY full fee		1,025	1,050	1,050	1,075	1,200		
ELY assisted		205	210	210	215	240		
ELY programs		4,085	5,010	5,280	5,755	6,225		
SCY full fee	481	865	1,155	1,155	1,155	1,155	140%	28%
SCY assisted	26	74	100	110	110	110	323%	65%
SCY programs	773	826	865	905	925	945	22%	4%
WDY full fee	1,822	1,844	1,879	1,913	2,400	3,040	67%	13%
WDY assisted	373	405	426	449	600	760	104%	21%
WDY programs	4,900	5,680	6,480	6,935	8,140	9,375	91%	18%
New location full fee	n/a	n/a	n/a	5,000	7,000	7,000		
New location assisted	n/a	n/a	n/a	1,250	1,750	1,750		
HFR Total	**18,735**	**31,214**	**35,250**	**49,797**	**57,135**	**63,315**	**238%**	**48%**
Grand Total of Participants	**46,464**	**62,424**	**69,471**	**85,604**	**94,429**	**102,166**	**120%**	**24%**
Volunteers								
Childcare								
Camping								
CBY								
BHY		55	60	65	70	75		
ELY		15	20	25	30	35		
SCY	20	23	27	30	35	40	100%	20%
WDY	35	38	42	45	60	80		
Total	**55**	**131**	**149**	**165**	**195**	**230**		

(*continued*)

Exhibit 1 Continued

	2005	2006	2007	2008	2009	2010	5 yr Increase	Average Increase
Member Retention Rate								
CBY		76%	76%	76%	76%	76%		
BHY		55%	64%	68%	69%	70%		
ELY		55%	64%	68%	69%	70%		
SCY		55%	65%	68%	72%	75%		
WDY		80%	80%	82%	82%	82%		
New Location								

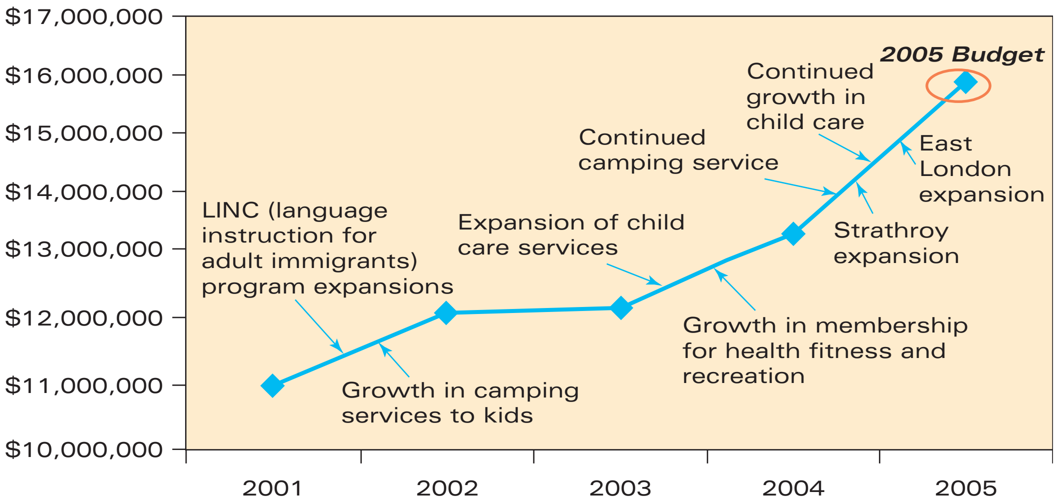
Source: YMCA of London, 2005 Strategic Planning Documents.

care locations, two residential camps, one outdoor education center and numerous summer day camps and after school program locations. In 2004, the London Y had provided 13,025 health, fitness and recreation (HFR) memberships for children and adults at five branches: three in London, one in Strathroy and one in Woodstock. In addition, the St. Thomas YMCA was operated by London Y senior management under contract. To ensure that no one was turned away because of an inability to pay, in 2004, the association provided 2,994 assisted HFR memberships, 1,100 assisted "camperships" and assistance to 310 children in child care. The association had a very positive brand position in the community and its internal research had shown that referrals were the number one source of new members and participants.

The last four years had been a time of renewal and change for the London Y (see Exhibit 2). Revenue had increased by 50 percent and the association had transformed an operating deficit of $230,000 in 2001 to an expected $1 million operating surplus by the end of 2005 (see Exhibit 3). In 2004, child care contributed 38 percent of total revenue, HFR contributed 27 percent and 16 percent of revenue came from camping (see Exhibit 4 for The YMCA of London—Revenue). The remaining revenue sources included government programs and contracts, community programs, donations and the United Way. Almost 90 percent of the London Y's revenue was self-generated through program and participation fees.

The responsibility for all development and fundraising activity was in the process of being moved

Exhibit 2 The YMCA of London Growth 2001 to 2005



Source: Company files.

Exhibit 3 The YMCA of London Schedule of Operations, 2001–2005

	2005 Projected	Year ended Dec. 31, 2004	Year ended Dec. 31, 2003	Year ended Dec. 31, 2002	Year ended Dec. 31, 2001
REVENUE					
Memberships	$3,647,014	$3,560,527	$3,364,190	$3,139,980	$3,183,699
Child Care	6,811,401	4,958,138	4,037,612	4,516,214	4,576,632
Camp Fees	2,192,237	2,121,787	2,023,885	2,020,531	1,978,414
Community Programs	260,676	442,927	532,606	863,573	414,659
Program Service Fees	328,495	228,500	342,727	302,069	299,177
United Way	205,999	185,250	169,989	164,619	178,818
Ancillary Revenue	544,748	519,225	458,768	633,102	252,935
Donations & Fundraising	341,701	297,917	371,996	416,779	128,190
Employment Initiatives	989,141	891,815	792,983		
International Contributions & Grants				41,239	46,023
Total Revenue	$15,321,412	$13,206,086	$12,094,756	$12,098,106	11,058,547
EXPENSES					
Salaries & benefits	$9,550,594	$8,525,862	$7,663,975	$7,718,093	$7,288,194
Program costs	973,935	1,357,277	1,237,143	946,329	1,013,640
Facilities	2,060,400	1,830,450	1,746,122	1,918,676	1,878,400
Promotion	165,180	178,053	140,143	183,441	164,600
Association dues	163,543	157,570	137,985	136,795	132,777
Travel & development	214,130	222,013	238,060		
Office expenses	285,302	276,835	284,382		
Professional & other fees	247,592	247,430	302,695		
Miscellaneous	149,741	168,117	128,503		
Administration				840,048	763,095
International Development				41,239	46,023
Total expenses	$14,399,676	$12,963,607	$11,879,008	$11,784,621	$11,286,729
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	$ 921,736	$ 242,279	$ 215,748	$ 313,485	$ (228,182)

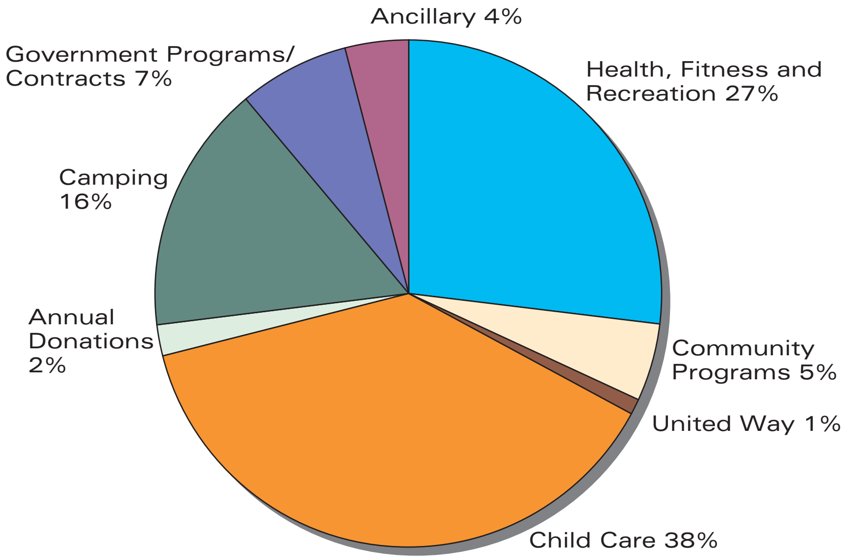
Source: The London YMCA Annual Reports 2004, 2003, 2002, 2001.

into the YMCA of London Foundation, an affiliated but separate organization which had a strong record of investing and securing grants. In its newly expanded role, the foundation was expected to support capital campaigns, conduct annual campaigns and enhance planned giving.

The London Y's structure included the CEO who was accountable to a volunteer board of directors (the board). Seven general managers and one manager reported to the CEO along with three senior directors and one director. The general managers and manager were responsible for service areas or locations including camping and outdoor education, child care, community services, London HFR, the Woodstock District YMCA, the St. Thomas Elgin Family YMCA, the Strathroy-Caradoc Family YMCA, overall facilities, and employment initiatives. The senior directors and director were responsible for finance, development, human resources and communications, respectively (see Exhibit 5). The number of senior managers had not increased in the last four years.

With the introduction of the strong association profile framework for performance measurement, all senior managers would have performance agreements and work-plans that they had planned together. Measures of participation, program quality and financial performance would be tracked and accountability would be to the group. Once the measures and targets were well established, it was

Exhibit 4 **The YMCA London Percent Composition of Revenue, 2004**



Source: The YMCA of London Annual Report 2004.

expected that compensation decisions would be based on each senior manager's performance against their plans.

In 2005, the association had over 500 permanent staff with an additional 200 seasonal staff. Full-time employees made up 35 to 40 percent of the total and the remaining 60 to 65 percent were part-time employees. Annual staff satisfaction surveys consistently showed high levels of both satisfaction and commitment to the association. However, wages were a persistent issue with staff in the child care centers and finding suitable HFR staff had been particularly challenging.

During the last four years, the board and senior management of the London Y had identified partnering as a key strategy to achieve the association's long-term strategic objectives in its three core service areas: HFR, child care, and camping and outdoor education. Senior management moved quickly to seize opportunities for a number of new partnerships.[7] A new HFR facility in East London was developed in partnership with the London Public Library. Partnerships were established with Kellogg Canada Inc. and John Labatt Ltd. for the London Y to operate their on-site HFR facilities. Child care services had grown more than 50 percent, primarily as a result of a partnership with the University of Western Ontario.

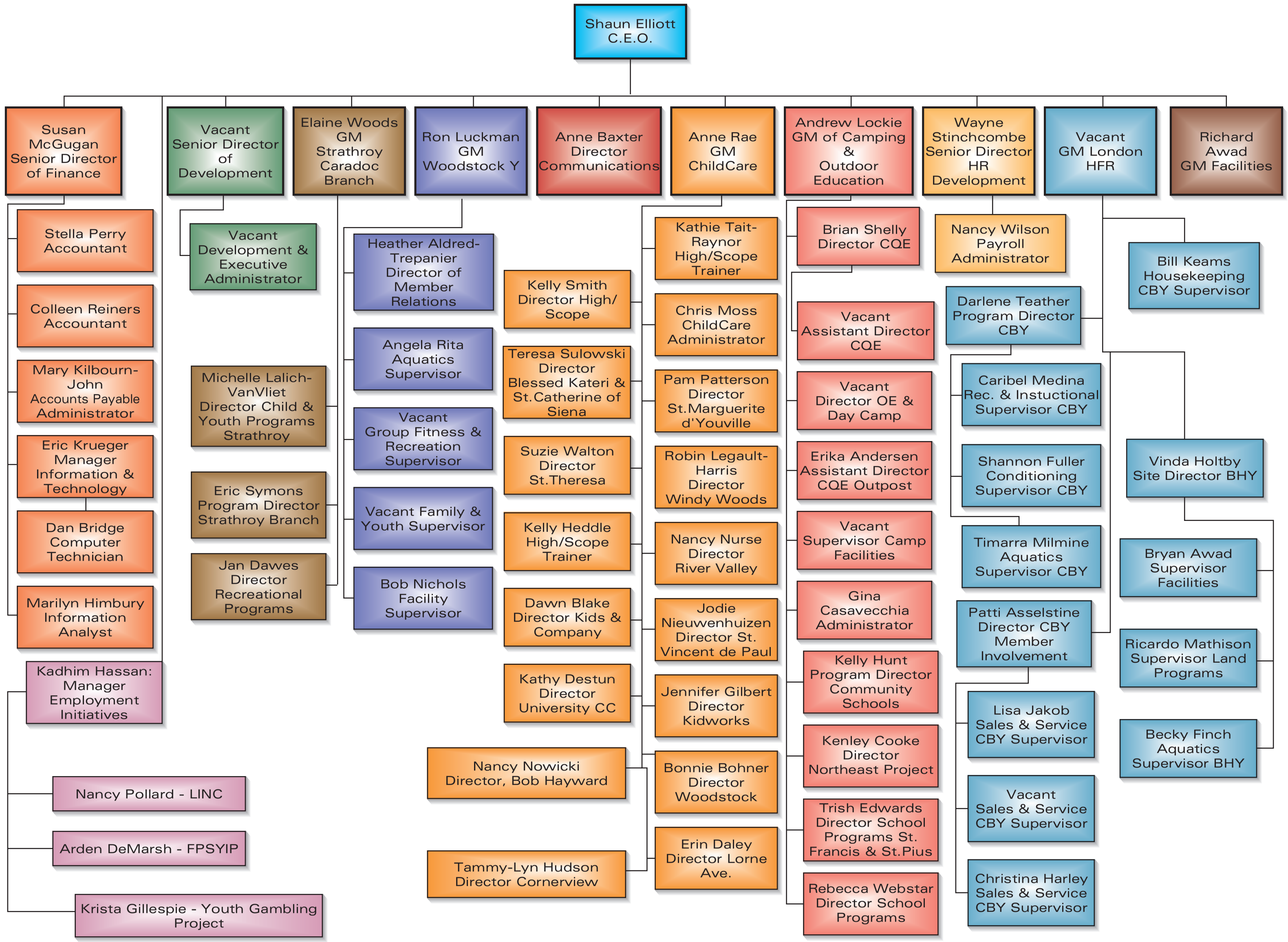
Some partnerships were opportunistic or tactical but were nonetheless guided by their fit with the long term goals and values of the London Y. For example, a partnership with the Children's Safety Village made resources available to pursue a new full service HFR location in an underserved area of the city, thus expanding service and programs. In the absence of a significant capital infusion, senior management believed that new partnerships were critical to the London Y achieving its participation target of 102,000 individuals by 2010.

CORE SERVICE AREAS

Health, Fitness and Recreation

One of the longest standing services that the London Y provided was HFR. These services were offered through five branches each led by a general manager. These included: the London Centre YMCA (CBY), the Bob Hayward (BHY) and East London (ELY) all located in London; The Strathroy-Caradoc Family YMCA (SCY) located 40 kilometers west of

Exhibit 5 **The YMCA of London Organization Chart, September 2005**



London; and The YMCA of Woodstock and District (WDY) located 50 kilometers east of London. By 2005, the London Y had served more than 18,700 individuals through its HFR programs and by 2010 the association had a target of serving more than 63,000 in six locations, an increase of 238 percent. The St. Thomas Y was located 35 kilometers south of London.

The branches were membership-based and offered health and fitness programs for children, families and adults. Twenty-five percent of the London Y's members received an assisted membership and paid one-third of the cost on average. Programs for children and youth were estimated to cost more than four times the association's programs for adults, yet generated lower fees. Children's programs and services often ran at a loss. The London Y depended on full fee paying adult HFR members to cross-subsidize assisted memberships and children's programs.

The largest challenge to the London Y attracting full fee adult members was the proliferation of fitness facilities for adults. Market-research commissioned by the London Y in 2002, indicated that approximately 30 percent of the 193,845 adults in London would join a fitness facility and that 25.5 percent of adults were already members of a fitness club. The potential for market growth was assessed as limited. The research also showed significant penetration of the market by private sector providers with the primary competition in London coming from the Good Life Clubs with 37 percent market share and The Athletic Club with 22 percent of the market. The London Y was third in the London market with a share of 12 percent. The competition had increased recently with the entrance of the Premier/Mademoiselle chain of fitness clubs into the City of London.

The private clubs operated under a very different economic model than the London Y, typically leasing equipment and facilities. They targeted the adult market only and they did not offer pools or as wide a range of programming as the London Y. In contrast to the private operators, the London Y owned relatively large facilities with pools. Only the two newest branches in London and Strathroy (ELY and SCY) did not have pools, although interest in adding a pool to the SCY had already been raised in the community.

A number of the London Y facilities were aging and required significant capital reinvestment or replacement. The CBY was 25 years old and required ongoing maintenance and refurbishment. The BHY in East London and the WDY were each 50 years old and were not wheelchair accessible. Both buildings required significant capital investment to meet and maintain modern standards. Unfortunately, the BHY was not ideally located so the potential for new members would be limited. More positively, the City of Woodstock had expressed an interest in partnering with the association to develop a new community facility as part of the city's master recreational plan. Replacing the WDY building was considered to be an imperative and partnering with the city was the association's preferred strategy.

Senior management of the London Y believed that to remain relevant in the HFR market as well as meet its targets, the association must develop new facilities in London's north and west ends. The City of London's master recreational plan supported partnership in the delivery of recreational programs and the association had begun discussions with the city regarding development of a new HFR facility in the north end. The city's plan also identified the southwest of the city as a priority site for a HFR facility.

Retention was a key part of membership growth as research showed that two-thirds of new members leave within the first year. Currently, the London Y had relatively high retention rates for members that lasted beyond one year at CBY (76 percent), WDY (80 percent) and BHY (75 percent). ELY and SCY had been in operation less than two years, and retention rates while high were expected to decrease. The association had targeted overall HFR retention rates of 55 percent at BHY, ELY and SCY next year increasing to more than 70 percent by 2010. While the association planned to continue its focus on families and to differentiate itself as a values-based organization, it also planned to offer specialized programs targeted at specific groups such as cardiac rehabilitation, weight loss, osteoporosis treatment, etc. to enhance both member retention and new member attraction. This would require increased staff with increased qualifications, resulting in increased costs. To offset these expected cost increases HFR management would need to determine ways to increase revenues or fees.

Although the CEO managed most of the HFR facilities, each facility was run as a separate unit by its general manager. Each branch did its own hiring, staff training, uniform purchasing, program development, and sales and promotion materials. This had resulted in inconsistencies in program quality, program delivery, member service, staff management, facility maintenance and housekeeping between branches. There were significant economic and operational inefficiencies as well. Senior management believed that increased consistency would contribute to increased efficiency, allowing the association to serve more members and to retain more of the existing members. However, there were no coordinating mechanisms for HFR other than the CEO. With financial stability and revenue growth as his priorities, he had not had sufficient time to work with each of the HFR general managers. Also, the CEO was not himself an experienced HFR manager, having spent his career in financial services prior to joining the association.

HFR staff tended to be young and at the beginning of their careers. Finding and retaining appropriate HFR staff had been challenging for the London Y. Work had begun on developing relationships with the local Community College and University to establish a placement/apprentice program to identify strong candidates. Also a skill/aptitude profile of HFR staff was in development based on YMCA Canada's standards and training for HFR staff.

The senior management team had developed a number of strategic initiatives for HFR for the coming year. In summary they were:

- Develop a new facility in London in partnership with the city of London.
- Develop a new facility in Woodstock.
- Manage and promote the Bob Hayward and East London facilities as one branch.
- Initiate discussions with the town of Strathroy for the development of a pool.
- Focus on program development and quality, and develop a new revenue structure to support increased quality of service.

Child Care Services

Child care services were the London Y's largest source of revenue. These services were offered through 16 child care centers located in London (12 locations), Strathroy (two locations), St. Thomas and Woodstock (one location each). The centers were mostly located in leased premises with only the Woodstock center operating in a facility owned by the association. In 2004, the London Y had served 1,139 children in three categories: infant, toddler and preschooler. By 2010, the association planned to serve an additional 415 preschoolers, for a total of 1,554 children. The London Y child care centers were similar to other providers in offering full-time, part-time and flexible care options and its fees were set between the midpoint and the high end of fees charged in London. Infants are considerably more expensive to serve due to the higher staff-to-child ratios required.

Child care is highly regulated through Ontario's Day Nursery Act (DNA). The DNA prescribes staff-to-children ratios by age, as well as physical space design, procedures, food preparation and all other aspects of operations. Wage enhancement subsidies were established by the provincial government 10 years ago, as private centers were made public and regulations were established. The subsidies were considered to be necessary for the financial feasibility of centers; however, they had remained at the same levels since their introduction in the early 1990s. Many levels of government were involved with the regulation and funding of child care, including the Province of Ontario, the Ministry of Community and Social Services, the Ministry of Health, cities and counties, and in some instances, boards of education. It was expected that the landscape of child care would undergo significant change in 2006 and beyond based on provincial initiatives and programs resulting from proposed increases in federal funding.

Subsidies for child care fees are available to low income families through the cities and counties. These subsidies did not typically cover all of the fees and the London Y absorbed the shortfall as part of its support to the community.

There were two other large child care providers in London: London Children's Connection with 13 centers and London Bridge with 11 centers. Unlike these service providers, the London Y offered unique programming through its use of the High Scope curriculum and its values-based programming. In fact, the London Y's curriculum and values focus were key reasons that The University of Western Ontario decided to partner with the association. In addition to the High Scope curriculum, the London Y also offered HFR memberships to each full-time child, discounts for HFR family memberships, summer day camp discounts for customers, swimming as part of their programs and family input through parent advisory committees.

The number of children aged zero to four was expected to decline until the year 2012 in the communities the association currently served. However, senior management believed that opportunities for expansion existed in some of the rural communities and counties that were near existing locations. To continue to maintain full enrollment, the association would need to closely monitor local demographics, competitors' expansion and new subdivision development.

The London Y employed a large number of early childhood educators. Wage scales in the industry were lower than in many other industries. While the London Y had made every effort to provide reasonable compensation and reward good performance, staff satisfaction surveys consistently identified wages as an issue. It was now suspected that the London Y was paying slightly below the average child care wages in the city of London. Management realized that they must carefully balance wage increases and additional managers against their goal of maintaining a surplus.

Communication and consistency among the centers seemed to require constant attention. Some operational processes had been centralized, such as subsidies and collections, while most processes remained with each center, including the purchasing of supplies and food preparation. Procedures had been standardized with a common operation manual, although there were still many opportunities for greater consistency and standardization.

With more than 50 percent growth in child care since 2001, the general manager's scope of authority had become very large. By 2005, she had 18 people reporting directly to her, including all 16 center directors. This created significant barriers to relationship-building, both internally with staff and externally with parents, potential partners, funding organizations and regulators. It was also a challenge during budget review when the general manager of child care had to review 16 center budgets and the overall child care budget in the same time frame as, for example, a general manager in HFR whose one budget might be smaller than one of the larger child care centers.

While the nature and the extent of the changes in programs and program funding were unclear, senior management believed that the complex regulatory environment gave a distinct advantage to an experienced and competent child care provider. The London Y was confident that it had good working relationships with the cities of London, Woodstock, Strathroy and St. Thomas, the counties in which it operated, and with both the Public and the Roman Catholic School Boards.

Partially in response to the changes expected in the child care environment, the London Y had begun to explore partnership or merger opportunities with other service providers. In addition to operating advantages, management believed a partnership might also enhance their ability to influence government funding.

The senior management team had developed a number of strategic initiatives for child care services in the coming year. In summary they were:

- Explore partnerships or mergers with other providers.
- Identify and initiate opportunities in rural areas.
- Enhance wage structure in balance with budget limitations.
- Monitor changes in government policy, acquire the best and earliest information and develop appropriate contingency plans.

Camping and Outdoor Education

The London Y expected to serve more than 26,500 participants through camping and education programs in 2005. Residential camping programs were delivered in July and August to almost 2,000 children aged 6 to 17 at two sites in Northern Ontario, Camp Queen Elizabeth and Camp Queen Elizabeth (CQE) Outpost. Summer day camps served more than 5,000 children aged 3 to 15 with a variety of programs running from traditional day camps to sports camps and other specialty camps. During the school year more than 1,500 children were served through community school programs delivered in cooperation with school boards. Another 12,000 children were served annually through programs given by police and firefighters at the Children's Safety Village located in the Upper Thames Conservation Authority area near the city of London. Finally, almost 6,000 children and adults participated in outdoor education programs including leadership and team building programs offered at various locations.

Camp Queen Elizabeth had been in operation for 50 years and had an excellent reputation. Each year the camp was booked to capacity and each year those bookings occurred earlier. Similar to other residential camps, much of the activity was outdoors and programming included water sports, crafts and climbing. Fees were among the highest in YMCA camping and the return rate of campers was the highest of all YMCA camps in Ontario. Campers tended to be more homogeneous and from higher income families; however, assisted spots were made available for those unable to afford the fees.

Camp Queen Elizabeth was located on land leased from Parks Canada, a federal department. The current lease was due to expire in 2007 and the London Y had postponed capital investment in the facilities pending renewal of the lease. The association had now received assurance from Parks Canada that the lease would be renewed so a long-overdue refurbishment of the camp's infrastructure could be planned.

The CQE Outpost property had been purchased as a hedge against renewal of the Camp Queen Elizabeth lease as well as for additional capacity to serve older youth with adventure and canoe trips. Service to older youth had not increased as planned and there appeared to be little demand for this type of service. Management was now exploring the possibility of selling the property and using the proceeds towards the renovation of Camp Queen Elizabeth.

The London Y offered a wide variety of day camp and outdoor education programs during all weeks of the summer and, to a limited extent, in the shoulder seasons of spring and fall. During the summer, the association ran a bussing network throughout the city of London to collect and return participants to designated drop-off points. Programming was value-based and emphasized character development more than skill development. Other summer day camp providers included the local university, the city of London, a variety of private businesses and not-for-profit organizations, and churches. The London Y day camps offered the same size groups and staff ratios as other day camp providers and in some cases the offerings were quite undifferentiated. The service needs and selection processes for families and children were not clearly understood by the London Y, although it appeared to management that there were a number of different segments such as skills-based camps, traditional camps and camps that were more like a child care service.

The association had recently invested some capital dollars in its outdoor education program and developed two new sites in partnership with Spencer Hall, run by the Richard Ivey School of Business and Spencer Lodge, run by the Boy Scouts of Canada. With these new partners and facilities the association hoped to increase the number of its outdoor education program participants by more than 100 percent by 2010.

The community school program, funded by the United Way and the London Y, was an after school program aimed at improving the academic performance and the social skills of children in higher risk neighborhoods. The focus was on literacy, social skills and recreation, and the programs were delivered in a number of designated schools. London Y staff worked closely with teachers to identify children who would benefit from participation in the program. This program continued to expand as much as funding and staffing would allow.

Each school year the Children's Safety Village targeted students in grades one to four with its programs on broad safety topics including pedestrian safety, bike safety, fire safety, electrical safety and other household hazards.[8] As a result of their partnership agreement, the London Y's Camping and Outdoor Education operations moved from their dilapidated offices at the association's outdoor education center to the Children's Safety Village site and the London Y took over management of the site. While the London Y was responsible for the physical operation, the Children's Safety Village Board continued to govern the organization, resulting in some overlapping responsibilities.

Camping and outdoor education offered a wide variety of programs in a large number of locations under a number of different names. Each program produced its own sales and promotion materials and parent communications. A number of programs and facilities were not clearly identified as part of the YMCA, such as Camp Queen Elizabeth or the Children's Safety Village. Management believed that there were a number of opportunities to send a more consistent message to the community and to strengthen the London Y's brand.

The senior management team had developed a number of strategic initiatives for camping and outdoor education in the coming year. In summary they were:

- Identify day camp market segments and deliver programs to meet identified needs.
- Sell the CQE Outpost site and use the proceeds to improve Camp Queen Elizabeth, ensuring that current and expected demand can be accommodated.
- Negotiate a new governance model and transfer governance of the YMCA Children's Safety Village to the YMCA of London.
- Ensure that all facilities and programs are clearly identified as part of the London YMCA.
- Leverage opportunities to serve more individuals in outdoor education programs.

ELLIOTT'S CONSIDERATION OF THE SITUATION

Elliott realized that each of the association's three main service areas had very different business models and dynamics and that this created challenges for organizational focus and expertise, resource allocation and communication. He also knew that while the challenges coming from this multi-service approach were abundant and the synergies limited, neither the board of the London Y nor the senior management wished to reduce the range of services that the association provided to the community. Elliott's challenge was how to best manage the association as a whole while appropriately nurturing each of the core service areas. He had a number of concerns.

The recent growth had put significant strain on both the capacity and capabilities of the senior managers. Elliott was concerned that there were simply not enough managers to deliver the targeted growth and, particularly, the new partnership relationships that would need to be established. Over the last few years Elliott felt that he was the "chief business development officer," searching out partnering opportunities with external organizations and developing both the opportunity and the relationship through to the final agreement. The service area leaders had been focusing on operations and did not have the time, or perhaps the inclination, to think about innovative ways for their areas to serve more people. He believed that it was now time for the service area leaders to take on the development role and to identify and create their own growth opportunities.

In addition to greater capacity, Elliott believed that the senior management team needed to increase its focus on higher level strategic issues affecting the whole association. With 12 people at the table, senior management team meetings were not as effective as they might have been and in fact some members only contributed when the discussion was about their specific location. Also, the meetings tended to over-emphasize day-to-day HFR operations simply because there were so many HFR general managers at the table. This meant that they were perhaps under-emphasizing the association's other key service areas of child care and camping.

Along with decreasing senior management's focus on HFR, Elliott knew that he too needed to spend less time on day-to-day HFR operations and more time on strategic initiatives and community relations. However, with four HFR General Managers reporting to him and with HFR representing the biggest operational challenges and the largest growth target, he knew that HFR needed the undivided attention of a capable senior manager. Also, he did not know how the HFR General Managers would respond to any changes that might be perceived as a loss of status or position.

Elliott had real fears about creating a potentially unnecessary layer of management or, even worse, an elite group that would become out of touch with the staff and the various locations. He worried about becoming out of touch with the operations himself. One of the first things that Elliott had done when he joined the association in 2001 was to eliminate most of the so-called "head office" positions, including the chief operating officer, the head of HFR and the head of development. He did not think that the association could afford those roles at that time and he still believed in carefully balancing expenses and overhead with the need for resources to support expansion. Elliott also had concerns about how the community would perceive a charitable organization that significantly increased its senior management personnel. Finally, he worried about moving too quickly.

CONCLUSION

Elliott recognized that in trying to determine what was best for the London Y, he must consider the business model and strategy of each of the core service areas while taking into account the overall mission and values of the association. He needed to be confident that any changes would increase the management capacity and focus within each area as well as free him up to focus on longer term strategic initiatives. Elliott was concerned about introducing more overhead expense just when the association's financial performance was stable. He did not have much time left to ponder as he wanted the senior management team to consider any potential organizational changes in the last planning session which was scheduled for next week.

Endnotes

[1]All funds in Canadian dollars unless specified otherwise.
[2]http://www.ymca.net/about_the_ymca/history_of_the_ymca.html. Accessed February 23, 2006.
[3]http://www.ymca.ca/eng_worldys.htm. Accessed Feb. 23, 2006.
[4]http://www.ywca.org/site/pp.asp?c=djISI6PIKpG&b=281379. Accessed February 23, 2006.
[5]http://www.ymca.ca/eng_abouty.htm. Accessed February 23, 2006.
[6]http://www.londony.ca/. Accessed February 24, 2006.
[7]All of the London Y's partnering relationships have approximately the same legal structure which involves a facilities lease and an operating or service provision agreement. There are no fees paid to the partners as all services are provided on a fee for service basis and the London Y covers the operating costs of the facility.
[8]http://www.safetyvillage.ca/about.htm. Accessed February 28, 2006.