

TWO CURVE ORGANIZATION



Accelerating Business Capacity of Aging Service Providers

LEARNING BRIEF #2

This learning brief is one in a series of three that collectively showcase the accomplishments, challenges, and learnings of five community-based organizations that participated in the Marin Community Foundation's Accelerating Business Capacity of Aging Service Providers (ABC) initiative. The ABC initiative was a three-and-half year program designed to build business acumen among Marin County, California older-adult service providers committed to pursuing and securing partnerships with healthcare organizations. For more background on the initiative, please see page 1 of Learning Brief #1.



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TWO CURVE ORGANIZATION

In his book *The Second Curve*¹, futurist Ian Morrison argues that during times of widespread transformational change, organizations must simultaneously move along two curves. The first curve represents today's way of doing things: the organization understands how everything works, knows the rules and has enough historical information to anticipate the outcomes of its decisions with a reasonable degree of accuracy. The challenge though is that, as a result of changes happening all around, this curve is becoming stagnant.

This brings us to Morrison's second curve, which represents the emergence of tomorrow's way of doing things. As the first curve is falling, the second curve is rising in a way that calls for organizations to look for signals that hint at what the future may hold, plan for that future, learn through experimentation, and become adaptable in the face of change.

Even if the implication is that organizations must make the leap from curve one to curve two over the long term, the near term reality is that successful organizations must be adept at managing both curves at the same time if they are to not only thrive in the present but also prepare to thrive in the future. For this reason, it is vital that community-based organizations (CBOs) learn how to become two-curve organizations – simultaneously strengthening (and evolving) core operations while building new models capable of creating future growth.

In becoming a two-curve organization, a CBO doesn't only secure its own capacity to succeed during times of transformation. It positions itself to be a more valuable partner to the healthcare sector, which is undergoing its own transition from curve one to curve two as it moves from the fee-for-service reimbursement world to one that rewards better health outcomes – **thereby turning the healthcare sector's second curve imperatives into the social sector's curve two business opportunities.**

As participants of the ABC initiative, two California CBOs – Whistlestop and Marin Center for Independent Living – learned about Morrison's second curve model and how it applies to the two-curve strategies they are pursuing for their own organizations.

1 Morrison I. (1996). *The Second Curve: Managing the Velocity of Change*. NY: Ballantine Books.

THE TWO-CURVE ORGANIZATIONS



While Morrison's two curve concept was introduced late in ABC, the Marin Senior Coordinating Council, DBA Whistlestop (Whistlestop) and Marin Center for Independent Living (Marin CIL) were already familiar with the realities of running two parallel strategies inside their own organizations. **While sustaining – and even expanding – their core services with funding from traditional sources, both have looked to partnerships with healthcare organizations as a key strategy for driving curve two growth.**



**Marin Senior Coordinating Council,
DBA Whistlestop | whistlestop.org**

- Started in 1954
- Provides specialized transportation, nutrition, social connection, and information and assistance for older adults and persons living with disabilities through the power of human connection
- Today, the largest non-profit serving older adults in Marin County

As Whistlestop's Chief Executive Officer Joe O'Hehir puts it, his CBO's first curve focuses on "the development of evolutionary strategies for the growth of our core programs and services," while the second curve entails "acting like a startup, coming up with the revolutionary thing that furthers our mission but does so from a different perspective and through a novel approach."

With a 65-year track record in providing transportation, nutrition, social connection and information for older adult and special needs populations, Whistlestop relies on the revenue it earns from its core services and is committed to remaining relevant in these areas by continually evolving them in ways that improve their efficiency and effectiveness. This said, they have recognized that partnering with healthcare entities to offer core service packages through new channels will provide a path to greater revenue and service reach. They have also realized that their pre-ABC strategy to combine affordable housing with social services in a healthy aging campus could be enhanced with the addition of healthcare partners.

For Marin CIL – an independent living center founded in 1979 – curve one is similarly oriented toward maintaining and growing the programs they've delivered in



**Marin Center for Independent Living
marincil.org**

- Founded in 1979
- Provides person-centered care coordination and housing preservation services and engages in advocacy for older adults and persons living with disabilities
- Recently became the ninth Aging and Disability Resource Connection (ADRC) in California

adherence to state and federal standards over the span of more than 40 years. Their second curve reflects rising demand for cross-sector partnerships to expand long term service and support options in Marin County. Executive Director Eli Gelardin describes the main thrust of their second curve as a new strategy that brings together healthcare partners and a network of aging and disability service providers in an eco-system that embraces a no-wrong-door-philosophy. "Whether you come to us directly or come in through the county or through a healthcare organization, you're going to receive a comprehensive assessment and the appropriate referral to the right set of organizations or services that you need as an individual."

RIDING THE SECOND CURVE



Technical assistance and infrastructure grants provided by ABC allowed both Whistlestop and Marin CIL to advance their curve two strategies, put the right resources and capabilities in place, and learn important lessons about what it takes to successfully operate a true two-curve organization. In particular, they found that success in riding two curves simultaneously requires CBOs to:

- **Identify, understand and react to the signals and patterns of change**
- **Balance operations**
- **Raise their standards to meet rising expectations**

Identifying, Understanding and Reacting to the Signals and Patterns of Change

For CBO leaders who have been paying attention to the changing healthcare system, the opportunities emerging at the intersection of medical care and social services may seem obvious. In fact, the signals can be found nearly everywhere they look – at conferences, in articles and reports, in conversations with peers. "We started experiencing the energy around the evolving market opportunity at events like the American Society on Aging National Conference [ASA] and reading about it in much of the literature and materials that organizations like ASA and the Aging and Disability Business Institute distribute on this topic," says Whistlestop's O'Hehir.

For Marin CIL, researching the changing healthcare landscape started with identifying and reaching out to informants and leaders in cross-sector partnerships at the local, regional, and statewide levels. "Each conversation would prepare us for the next one. Over time, we built up a strong foundational understanding of the landscape and how it was changing. We also engaged in site visits, whenever possible. It was incredibly valuable to witness innovation firsthand," described Executive Director Gelardin.

One of the predominant themes Marin CIL identified through their research was that CBOs could provide value to health systems by increasing engagement and navigation to care and services.

But seeing the signals of change is just the first step in a rigorous approach by which an organization comes to understand what change actually means for them and develops a sound strategy for translating change into new opportunities for growth. For example,

Whistlestop used an ABC external market assessment tool, tapped into healthcare experts they met through ABC convenings, and followed a structured business planning process to identify new demand for some of their core services, new healthcare partners that would pay for them, and the new realities of competing against for-profit providers for market share. This resulted in Whistlestop launching several cross-sector pilots that would act as proof of concept for its curve two strategy.

Through monitoring signals of change, thorough market research and healthcare key informant interviews, it became obvious to Whistlestop that patient no-shows were a big issue for healthcare providers, both clinically and economically. According to a recent publication, 3.6 million individuals forego medical care each year due to transportation issues², and one study suggests that no-shows cost the U.S. healthcare system more than \$150 billion annually.³

Whistlestop's O'Hehir explained, "We thought we could help healthcare organizations improve this issue by packaging our transportation services in a way that could be integrated into the healthcare delivery system. We just needed to find a willing healthcare partner to gain proof of concept."

Hence, they launched an initial pilot with a neighboring Federally Qualified Health Center (FQHC) in which they co-designed a transportation service called MARS, the Missed Appointment Reduction Service.

BALANCING OPERATIONS

When a CBO commits to pursuing a two-curve strategy, one thing becomes clear: The organization must be ready to balance two very different operating models, ensuring that both have the resources, funding and direction necessary to succeed.



Attempting to do more with the same talent, capabilities, funding and expectations is generally not an option because, as Joe O'Hehir put it, "When you have a successful CBO to run, you can't rob Peter to pay Paul." For both Whistlestop and Marin CIL, this meant striking the right balance between their legacy and their future in several key areas.

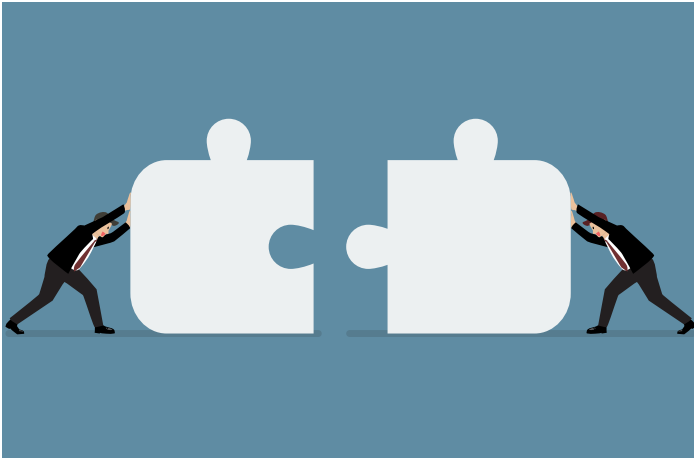
2 Health Research & Educational Trust. (2017). *Social Determinants of Health Series: Transportation and the Role of Hospitals*. Chicago, IL: [Author]. Accessed March 8, 2020 at <http://www.hpoe.org/Reports-HPOE/2017/sdoh-transportation-role-of-hospitals.pdf>.

3 Gier J. (2017). Missed appointments cost the U.S. healthcare system \$150B each year. Accessed March 8, 2020 at <https://www.scisolutions.com/uploads/news/Missed-Appts-Cost-HMT-Article-042617.pdf>

TWO CURVES, TWO TEAMS:

Recognizing that pursuing curve two would require not only more hands, but different heads than they had in their existing organizations, both Whistlestop and

Marin CIL used ABC infrastructure grant money to bring in outside talent who would be responsible for new, non-traditional initiatives.



This approach served two main purposes: it allowed the existing core team to remain focused on meeting the demands associated with the current model, and it ensured that the people tasked with innovation had the requisite skills and experience.

"We didn't want our existing management team to take their eye off curve one," explained O'Hehir. "For

example, we couldn't expect our transportation general manager to lose focus on the 300,000 plus rides we provide each year. So, we used some of our ABC grant to hire outside contractors— first of all to do market analysis and assessment, and second to work on our strategy and business plan for addressing this new market opportunity."

While Whistlestop would ultimately hire some of these individuals as full-time staff, starting with a team of outside contractors allowed the CBO to maintain clear lines between their core services and the development of a new model.

Marin CIL used external technical assistance to support the structuring of a strategic thinking team that was initially made up of the Marin CIL leaders, select board members, and a couple of outside advisors. The strategic thinking team, primarily operating as the organization's innovation function, was tasked with **understanding and dissecting trends that could create opportunity (or threat), engaging in future thinking and forecasting, providing relevant expertise, acting as evaluators of concepts and potential new services, and developing unique messaging** that elevated the CBO's exposure within the healthcare sector.

Additionally, Marin CIL engaged a consultant to help them design a curve two pilot with a local FQHC to

While setting up a curve two team can provide benefits in terms of focus, capabilities and expertise, CBOs run the risk that the rest of the organization will view curve two initiatives as wholly disconnected from the organization's core operations. This can result in confusion, fear, uncertainty, or even envy among existing staff.

To counter development of these negative forces, both Whistlestop and Marin CIL engaged in ongoing strategic conversations with the board, employed clear and consistent communication with staff, and promoted transparency and dialogue across the entire agency about new initiatives.

offer person-centered care and housing preservation services (i.e., support for individuals who are precariously housed or at risk of losing their housing). The pilot placed particular focus on individuals with complex needs, including those with a traumatic brain injury, recently acquired disability, or homeless status.

To implement the pilot, leverage learning, and ultimately replicate the service arrangement with other healthcare organizations, Marin CIL brought on several “new guard” staff members. These new leaders were hired because they showed evidence of being **creative, technologically-savvy, adaptable, and passionate** about spreading person-centered care interventions. As Marin CIL Deputy Director Susan Malardino explained:

“We really hired the right people with the right values, with the right skills, that are in alignment with not just where we are at but where we’re going.”

NEW MODEL, NEW FUNDING:

The CBOs recognized that riding two curves effectively would require not only new human resources, but also new financial resources.

While curve two services – by definition – would ultimately be paid for by healthcare providers and payers, the CBOs faced the challenge of securing support for curve two work before they had proven their value to healthcare organizations.

Whistlestop raised capital to conduct several MARS (Missed Appointment Reduction Service) pilots as a way of proving the concept first to themselves and second to the healthcare organizations that could ultimately purchase the services. For example, Whistlestop pursued and secured a private grant to fund

a MARS pilot with a local FQHC, and they combined a private grant and a grant from a local community hospital to fund a MARS pilot with that hospital. On the heels of positive pilot results, Whistlestop decided to make a further investment in healthcare partnering work. As Joe O’Hehir explained, “And now we’ve actually put a five-year financing plan in place, and we’re borrowing about 1.5 million to fund our market growth opportunity in healthcare, because we do see there’s opportunity.”

Marin CIL used grant funding to design an initial pilot with a local FQHC to offer person-centered care coordination and housing preservation services to individuals with complex medical needs. During implementation of the pilot, Marin CIL covered its own operating expenses, including staffing. After the initial pilot, both organizations agreed to share costs. Executive Director Gelardin explained, “Marin CIL was able to leverage funding through Marin Community Foundation’s ABC initiative to launch the pilot. As the successful pilot concluded and a partnership was formalized, the FQHC saw the value of our work and is now a financial partner in this effort.



Neither CBO lost sight of the fact that growth along the second curve will be funded by healthcare businesses. So, even as Whistlestop and Marin CIL leveraged their pilot studies into larger paid agreements with local healthcare providers, both set their sights on the larger opportunity that at this time lies with payers.

Given that payers work with entire networks of providers, one payer partnership has the potential to offer more scale than any single provider partnership in terms of both revenue opportunity and number of individuals served.

THE BRIDGE BETWEEN THE PAST AND FUTURE:



The second curve calls for organizations to build something fundamentally different – with different teams, different sources of funding, different business models, and more. But Marin CIL and Whistlestop both found that second curve innovation is most successful when it is aligned with the organization's core purpose and leverages the organization's proven capabilities.

Marin CIL's Eli Gelardin describes the dynamic like this: "Everyone here is mission-focused, even when we're doing innovative work. We never lose track of

our core purpose – that we're here to help people who are experiencing hard times or struggling with social isolation. That underlying mission is what has driven us for 40 years and it'll continue to drive us regardless of how our business model evolves over the course of the next 40."

Embracing the organization's legacy provides critical focus when it comes to identifying the right solutions to pilot and the strongest proposition for partners. Marin CIL's no-wrong-door strategy has been successful, in part, because the CBO has been able to serve new populations through new relationships with Marin-area healthcare providers, in an established service area for which it has built a 40-year track record: care coordination and housing preservation.

Further, Marin CIL recognized that even if new partnerships would theoretically offer access to new types of clients – for example, individuals with complex needs requiring ongoing medical management – it would serve its partners and the community at-large best by staying focused on the clients it already knew best: those struggling with social factors who need more routine check-ins and follow-ups.

Similarly, Whistlestop identified a strong match between one of their core services – transportation – and missed appointments as a significant pain point for healthcare providers and payers. "You can build the best healthcare system in the world, but you won't be very effective if people can't get to it," said O'Hehir. "We saw that healthcare companies understood the value of transportation services like what we offer but didn't necessarily want to get into the business themselves. We'd already had 50 years' experience in transportation and through pilot studies could make the case that we could help our partners reduce the number of missed appointments among their patients."

RAISING STANDARDS TO MEET RISING EXPECTATIONS

In exploring new models for new markets, CBOs must recognize that they are entering a very different ecosystem of customers, collaborators and competitors. Thriving in this new, larger landscape requires CBOs to evolve not only their service offerings and business models but also the way they think about the market, craft and communicate their value proposition, use data to support business development, and evolve their infrastructure.

UNDERSTANDING NEW COMPETITION:

Competing for healthcare funding for social service delivery often means competing with for-profit alternatives that have scale and are able to provide regional or national solutions to healthcare payers and providers. **Understanding the wider competitive landscape becomes a critical capacity for CBOs looking to succeed amidst pressure from national organizations, for-profit startups, and the 'build vs. buy' decisions that healthcare businesses make every day.**



After losing a transportation bid to a lower-cost, for-profit competitor, Whistlestop's Joe O'Hehir real-

ized, "This is one of the harsh realities of competing with for-profits for cross-sector business. They have deep pockets and deep balance sheets, so they can afford to undercut our pricing." Given this, it is important that CBOs learn to compete not on price but on differentiators like quality of service, longevity and track record, and local market knowledge and expertise.

At the same time, CBOs should consider ways to collaborate with potential competitors. For example, Whistlestop collaborated with a for-profit ridesharing company and a for-profit gurney transportation provider in its MARS pilots and continues to explore new opportunities with these same collaborators.

COMMUNICATING VALUE:

When they began engaging with healthcare organizations, Marin CIL found that – despite decades of success in core services like care coordination, care transitions, home modifications, and resource navigation – they struggled to convey their value in a way that would appeal to decision-makers. **This realization led them to rethink the ways in which they tell their story, communicate their value, and make their business case.** Among other things, Marin CIL developed new marketing materials, a new website and even a new logo that put the benefits of their services into a healthcare context.

BECOMING MORE DATA-DRIVEN:

Every CBO knows, it's all about outcomes. And when it comes to measuring outcomes and proving value to funders and partners, data is the key. "Data tracking and data collection, data sharing, and technology are ongoing challenges" for CBOs, according to Marin CIL's Eli Gelardin.

In fact, Marin CIL has put data strategy at the core of its cross-sector partnership approach. “We were very deliberate in building data protocols to enhance the effectiveness of our pilot. We worked out data sharing strategies before jumping into the financial arrangements. We learned early in the process that we need to start with a clear sense of what we are trying to achieve and the corresponding outcomes to measure, where the necessary data will come from, who will analyze it and how data will be shared between partners.”

INVESTING IN THE RIGHT INFRASTRUCTURE:

Naturally, collecting and analyzing data require hardware and software infrastructure – but these are just two areas in which CBOs may need to consider investing in technology infrastructure to support curve two work. Marin CIL and Whistlestop both found that building and running second curve services required updated and upgraded IT infrastructure.

First, by implementing Basecamp project management internally, **the organization was able to streamline process and track performance** as it developed its new curve two strategy. Second, it could **deliver services at a higher standard** and better meet the expectations of healthcare partners by automating ride scheduling and tracking.

Joe O’Hehir explained: “We needed a new software system to support this MARS product for the healthcare field, meaning a better scheduling and tracking system. When a MARS client called in, we needed a system that would permit us to book a passenger ride, communicate continuously with the client, and track that ride to its destination.” Whistlestop was able to secure a capital grant to purchase the new software needed for MARS.



Whistlestop, in particular, found that investing in new technology could create advantages in two key areas.

WHAT'S NEXT?

Marin CIL's pilot project with a local FQHC to provide person-centered care coordination and housing preservation services for individuals with complex needs demonstrated positive outcomes pertaining to social determinants of health. This enabled Marin CIL to negotiate a new contract with the FQHC for care coordination and housing preservation services that has recently begun implementation.

As Marin CIL looks to the future, it retains a commitment to its curve one core social services, with funding from public and private grants, while also pursuing the implementation of the larger-scale, curve two system of coordinated care delivery via a network of CBOs in partnerships with healthcare organizations.

As Marin CIL's Aging and Disability Resource Connection (ADRC) Service Coordinator Julia Hales explained, "It's not that any of Marin CIL core services are going anywhere, we are just seeing the need for services like what we offer to be delivered at scale, and in response we are creating a coordinated system of social care delivery that brings common language and cohesion between healthcare organizations, community based organizations and independent living centers."

Whistlestop also remains committed to simultaneously riding two curves. In fact, each curve has an important role to play in the ongoing and future growth of the organization. **By continuing to evolve their core programs (curve one), Whistlestop aims to double the number of people they serve by 2022. This milestone corresponds to a key milestone on curve two as well, with the organization targeting a mid-2022 opening for their healthy aging campus.**

Opening the campus doesn't mark the culmination of Whistlestop's revolutionary ambitions; it's just one in a long line of social service innovations on their long-term plan for reinventing their offerings. Reading the signals of change and leaning into emerging demands from healthcare organizations, **Whistlestop is planning to expand upon their transportation pilots and offer services in collaboration with payers; develop their next big ideas for nutrition and housing; and expand their work into nearby Sonoma and Solano counties** to meet the needs of their healthcare partners who are working in those geographies.

Whistlestop's startup-style roadmap is matched by another startup-style realization: that it may be another five years before they see a positive return on investment (ROI) from these initiatives. As O'Hehir put it,

"This is a marathon, not a sprint.

Any CBO looking to implement a two curve strategy needs staying power.

It's a long-term, multi-year commitment.

You have to have your leaders and your board bought into that. You have to have your funders bought into that. And you

need to have both the talent and the financial capacity to be able to stay the course over the length of time that curve two strategy can take to pay off."

IF YOU ARE A CBO

- Even when faced with sweeping change and while building toward the future, **stay true to your organization's mission and core values**, as these will provide the clarity that guides you to sound strategic decision-making and a foundation that ensures that you never lose site of the community you serve and the value you provide.
- Recognize that this is a long journey requiring **patience, persistence, commitment and focus**. A two-curve strategy is a marathon, not a sprint – push past obstacles, endure strain on your capacity, and prepare for slow return that may not come until years after you begin.
- **Build the right teams**. You will likely need separate teams responsible for the two curves, instead of expecting the same team to handle it all. It's also vital that you make the most of the right people at the right time – even if this means hiring from outside the organization or tapping expert consultants to bolster skills that are underrepresented in your own team.
- **Consider creative financing strategies** (such as securing growth capital or shoring up reserves to take risks) to finance the changes required to pursue both curves simultaneously. It is important not to put your organization in a position where you need to take money from your core services (curve one) to fund new initiatives (curve two). On the other hand, don't starve curve two by under-allocating money and resources.

IF YOU ARE A FUNDER

- **Provide funding to CBOs that recognizes the full costs** for them to deliver on their missions.
- **Encourage the development of strong reserves** that provide CBOs with access to capital for risk-taking.
- **Invest in capacity-building supports** that prepare CBOs to transition to the second curve.
- **Fund advocacy efforts** that accelerate changes incentivizing cross-sector partnership.
- Anticipate that today's investments in curve two initiatives will not achieve immediate return on investment; **look to measure return—including increased revenue and improved health outcomes—over the long term.**