Larry Wood, the Executive Director of Benhaven, Inc., picked up his last annual financial report for the organization. During his recent meeting with the Board of Directors, the members had asked difficult questions about the disappointing year-end financial results of Benhaven’s for-profit venture, Benhaven’s Learning Network (BLN). While BLN had met its targets in its first year of operations, the current year had been more disappointing. Larry understood the Board’s concern, but also believed that BLN needed to grow at its own pace.

Linda Grimm currently ran BLN and served as both the Director and Managing Consultant of the venture. As Larry contemplated contacting Linda, he knew that she was usually very busy and probably would not share the Board’s concern about growth. As both a director and BLN consultant, Linda worried more about fulfilling BLN’s social mission, getting the right people for the job, and preserving the strong sense of community amongst her consultants. Larry glanced again at the report and began to wonder if the current structure and processes of BLN would become a problem. With Linda consulting while she managed the organization, did she have the time or energy to ensure growth and profitability while still driving the social objectives?

Benhaven, Inc.

Benhaven, Inc., founded by the mother of an autistic child in 1967, was a non-profit organization that provided services to adults, adolescents, and children with autism. As Benhaven grew and the population aged, the organization expanded its mission to include residential services for school-aged children, residential and employment services for adults, and in-home support to families with disabled children. Benhaven maintained ten locations in greater New Haven, Connecticut, including the Benhaven School which was recognized as a leader in the industry with a strong reputation for quality (see Exhibit 1). Karen Stevens, the Benhaven School Principal, described the school’s reputation:

“Benhaven School has a solid reputation in this state. I think that school districts find us to be thorough, knowledgeable, good with families. I hear from families that it is a pleasure to find a place where their children are accepted for who they are and where their children’s gifts are recognized and celebrated. Families also appreciate our school calendar – open 255 days and closed only 6 holidays – and staff’s commitment to being flexible and creative in planning and working with them and their children. I think our teaching in the community also makes us unique.”
In the mid-1980’s, Benhaven adopted a “person-centered” approach to its planning and execution in response to the dissatisfaction with the limited improvement in the quality of life of the people Benhaven served. The organization could teach its clients and improve their behavior, but the clients often led isolated lives. The new person-centered approach focused the organization’s efforts on creating a “positive vision” for each client and his or her future. The approach encouraged staff and families of clients to imagine the possibilities available in the future, rather than settling for and accepting a life of isolation.

By adopting this methodology, Benhaven changed the way it approached its services. Staff set goals for students to return to their neighborhood public schools instead of attending a school for children with disabilities that was usually far away from home. They also set goals to help children live at home with their families rather than live in group homes and to help young adults work in jobs in community businesses rather than in sheltered workshops separated from society.

Benhaven was not only highly regarded for its school and residential programs, but also for helping people move from special circumstances into more traditional environments. The organization wrote a mission statement in 1988 to emphasize its new approach (see Exhibit 2).

By 2003, Benhaven operated on a $7.7 million budget with 140 employees and served 36 enrolled students, 30 adult clients, and 60 families in the New Haven area. In addition, the organization operated seven group homes for the autistic individuals who required more attention. The mission it had envisioned 15 years before was still a driving force in the organization’s programs.

**Benhaven’s Learning Network (BLN)**

Benhaven’s mission statement emphasized the importance of trying to return autistic children to the community. Yet many local schools had little experience in managing the educational needs of these children. In 2002, Benhaven started BLN as a for-profit consulting services program of Benhaven, Inc. in response to public schools’ need for assistance and training in dealing with their autistic students. Benhaven established BLN as a division in the organization – it was not a separate legal entity. BLN consultants provided advice to the staff of public schools and public school districts that enabled them to understand and work with their autistic students in an effort to keep them in the public school system instead of sending them to a private school like Benhaven (see Exhibit 3 for BLN’s mission statement). Someone who was interviewed during the writing of BLN’s business plan described the service BLN provides to public schools as “on-site expertise they need (and that parents are demanding), while making available a systematic, long-term strategy for building real capacity within the system.”

Returning students to their local schools also had potential financial benefits for local school districts. By law, local school districts were responsible for educating all children, including those with special needs. If placement with a private organization was required, school districts were responsible for covering the costs. Outplacement of students into private schools, such as Benhaven School, could cost a school system over $100,000 per student per year (including transportation).

**Willie’s Story**

BLN often referred to the story of Willie when describing how the idea for BLN began. In 1998, the Director of Special Services in the Farmington, Connecticut public schools asked Linda Grimm, who was the Benhaven School Principal at the time, for help in evaluating their program for Willie, an 8-year-old student with autism. The school did not want Willie in their regular classrooms because of his dangerously aggressive behavior. Other students’ parents had expressed their concern about Willie’s behavior and his participation in their children’s classes. Willie’s parents, on the other hand, wanted to know that the Farmington school exhausted every possibility before sending Willie to a school for special students. In
response, the school set up a desk for Willie in a storage closet from which an educational aide gave him instruction.

Linda agreed to try to resolve the situation. She spent time with Willie and observed that his behavioral problems were caused by his inability to communicate his needs and wants. Further exacerbating the issue was the reality that the staff at the school did not understand how to support an autistic student. Linda suggested a “Person-Centered Futures Plan” and agreed to facilitate the plan. By creating this plan, Linda and Willie’s teachers would learn about his past, learn about who he was at the moment, and figure out how to build on his strengths and capabilities to create a positive future. The plan also identified the things that the team members, including school staff, needed to learn in order to support Willie in achieving a positive future.

Willie’s school and the BLN consultants worked to implement his Futures Plan. The school staff learned how to help Willie express his needs and wants, how to control his emotions, how to structure environments, how to break down tasks, and how to help him feel successful and comfortable in the school environment. Other staff members also learned these skills and some of the parents of other students took the time to understand Willie’s situation.

As a result, Willie was successfully integrated into regular classes at his middle school. He wrote for the school newspaper and was in the school production of Guys and Dolls. Dr. Jane Currie, the special education administrator who requested assistance, wrote:

“In addition to Willie’s great accomplishments, our team of teachers, aides, parents, and therapists has grown tremendously. None of us would be where we are today without the help of Linda and her staff and a lot of hard work together.”

**A New Business**

At first, Benhaven offered assistance to school systems without charging a fee because it fell in line with its core mission. Other schools that had not placed their students at Benhaven School increasingly began to request consulting services. As awareness grew, Benhaven realized that it would need to charge a fee to compensate its personnel for the additional workload they were receiving in addition to their responsibilities at the school.

As demand continued to grow, Benhaven decided to separate its school program from the consulting services being provided in the public schools. In 2002, three of the Benhaven School staff members gave up their positions at the school to consult full-time. Given the success of the consulting services and the continued demand it was receiving, Benhaven made the consulting practice a separate entity with its own budget, office, staff, and management. Although Benhaven, Inc. was a nonprofit enterprise, BLN was designed to be a revenue-generating, for-profit division (see Exhibit 4). Benhaven had the initial financial means to support the venture. However, it viewed the profits that BLN would make as a means to provide greater financial stability to the nonprofit parent, Benhaven, while also expanding the scope of its core mission.

In its original business plan, the organization laid out its financial goals for the first three years. Incidence of autism in Connecticut children was growing and BLN foresaw more demand than it had the capacity to serve (see Exhibit 5). In its first year, BLN anticipated a loss of $57,316 with six full-time consultants.

However, the organization believed it could become profitable fairly quickly as long as it maintained enough consultants to take on the abundant client projects. BLN expected to reach profitability of $483 by the end of its second year with 11 full-time consultants (see Exhibits 6, 7, and 8 for business plan projections).
Despite the existence of potential client projects and high customer satisfaction, BLN suffered a loss of $80,000 after its second year due to revenue growth that was lower than projected. Larry attributed the disappointing revenue to BLN’s inability to reach its target number of consultants.

Leadership Structure and Responsibilities

As Director & Managing Consultant, Linda Grimm was responsible for leading BLN. Linda joined Benhaven soon after earning a Master of Science in Special Education with an undergraduate degree in Elementary Education. She started her Benhaven career as a teacher at the school and moved to the position of Educational Program Coordinator before becoming the school’s Educational Director. She remained in that role for about twelve years before taking on the Managing Consultant role at BLN.

As the Director & Managing Consultant, Linda spent her time working with clients and managing the business and personnel issues at BLN. From a management perspective, Linda saw her role as a coach and made herself available to help people learn and grow. It was her responsibility to find good people, help consultants stay connected, and build a sense of community in the organization. Linda estimated that her management and administrative duties took up about 30-40% of her time and the remaining time was spent consulting. Linda acknowledged that she was often pulled in two directions and sometimes had to let the administrative duties go if there was too much work to do. She noted:

Most people who are good at what we do don’t want to be management. I’m torn between consulting and management. I always feel like I’m giving half. It’s important to do both. I have to stay sharp, and I do that by consulting.”

In contrast, the Educational Director at Benhaven School, Karen Helene, described her main responsibilities as overseeing staff, managing the budget, and providing programmatic support to the teachers – she did no direct teaching. Neither Linda nor Karen relied on a formal job description to outline their main responsibilities or provide a breakdown between the time spent on managerial and administrative tasks versus the time spent consulting or in the classroom. Linda did have a productivity target (in terms of billable hours), which was lower than other BLN consultants’ targets to free up more of her time to manage BLN (see Exhibit 9 for productivity targets and actual performance).

The Managing Consultant at BLN and Educational Director at Benhaven School had the same compensation structure. Both received a salary without bonuses. As Director of Benhaven, Larry determined Linda’s salary and raises. Linda had received a significant jump in her salary since originally becoming the Managing Consultant three years earlier. However, she did not receive a large increase last year since BLN was not yet profitable. Instead, Larry agreed to pay for more of the tuition costs of Linda’s PhD program, which the organization was already subsidizing.

BLN’s Consultants

The Work Environment

Working at BLN required a special skill-set that both Linda and Larry agreed was hard to find. BLN had an office in Wallingford, CT that consisted of several cubicles, some offices, a conference room, a small reception area, and a kitchen. Most consultants, however, worked from home or at a client site and did not regularly come into the office. Consultants relied on email and cell phones to communicate with each other. As Linda commented, “We do a lot of e-mailing. I’m the hub.”

One of the few times consultants regularly saw each other was at the staff meetings that occurred every three weeks. The group used this time to discuss their workload and projects, problems they might be
having, and the support they needed; review tasks from the previous meeting; provide an update on business issues (e.g., billing changes, upcoming conferences); and decide what to discuss in the next meeting. Linda also tried to incorporate a learning topic that interested everyone.

Another important objective of the meetings was to maintain a social connection, and consultants often went to dinner after the meeting concluded. Although staff meetings were not mandatory, employees knew they were expected to attend. Linda described the importance of the meetings:

It’s a priority to be there. This is more important than billable hours. People are on their own so much. If people don’t connect face-to-face it doesn’t work. People need a social connection.

The Skills Needed to Succeed

Since both Benhaven and BLN were known for their deep knowledge of autism, it was important for the consultants to have specific credentials that would help the organization maintain its reputation for quality. All BLN consultants needed to have a teaching background, preferably in special education, and have a state certification in education. Linda also wanted consultants to have a Masters degree or above in either education or psychology. Equally important was a consultant’s previous experience – Linda needed people who had experience working with autistic children and their families.

BLN consultants also needed to have skills that went beyond an understanding of how to work with autistic individuals. School systems often called BLN for help when there was conflict between the multiple interested parties – including special education teachers, administrators, and parents. BLN consultants needed to provide autism expertise while also handling the internal conflict that accompanied the cases. Linda summarized the skills needed: “Consultants have to be flexible, dedicated, committed, intelligent, responsible, and able to handle conflict.” This was not always easy to find. Many of the people who had the background in autism, which was required for consulting, did not have the desire or additional skills to work at BLN. As Karen noted,

The teachers don’t want to work [at BLN] – they want to be in the classroom. Linda’s consultants are more independent and have to be able to handle consulting. Their skills are more evolved and they have to be quick on their feet.

BLN consultants also needed to be flexible in their hours since client demands and schedules often shaped their agendas for the week. One possible benefit of BLN’s work schedule was that the workload followed the academic calendar with slower summers. By contrast, work at the Benhaven School was more structured, though the school was open year-round.

The Hiring Process

The unique skill-set needed at BLN made it difficult to find qualified people. Larry and Linda recognized that potential client work existed, but they often had to turn away projects because there were no available consultants to do the work.

BLN never advertised open consulting positions. Instead, all of BLN’s current consultants were people Linda worked with in the past and who she knew would fit well with BLN’s culture and add value to the organization. Linda typically followed potential candidates for up to year to make sure they had the needed skills to be successful at BLN.

While most of the current staff of BLN came from Benhaven School, Linda did not see this as a likely prospective recruitment area. Although many of the school’s teachers had the autism knowledge needed for consulting, they did not have the other skills BLN needed nor were they necessarily interested in a job move. In Karen’s view, most of the employees at Benhaven School were unaware of BLN or did not have
strong relationships with the consultants. Working for BLN was not considered a “step up” in the organization’s hierarchy, and many teachers preferred to stay at the school so that they could continue to work in the classroom.

BLN did not need to hire new consultants very often; no consultants had left BLN since the organization was started. BLN’s urgent hiring needs stemmed from the scale required for the organization to break even. According to the original financial projections, the organization needed thirteen consultants to achieve profitability.

Despite this, Linda was not in a hurry to add more consultants. Although she was aware of the business plan’s staffing goals, she did not pay close attention to where the organization stood relative to the targets. Linda preferred to let growth happen naturally and let the organization evolve over time. She was also more concerned with filling current skill gaps in the team than breaking even immediately. For example, she was more likely to hire a billable psychologist who could help with child assessments instead of a consultant. She wanted to make sure she had a well-rounded team, and she summed up her feelings by saying, “I’m not going to hire just to hire. I hire to add skills.”

**Orientation and Training**

A formal orientation process did not exist, but new consultants learned about the organization in a variety of ways. Upon starting the job, a new employee met with Linda to review BLN’s mission, philosophy, approach to services, support system, and project assignment method. The consultant also met with the Administrative Assistant or someone from Benhaven’s Business Office to review administrative issues such as payroll, reimbursements, and the process to take vacation days.

New consultants were assigned to a project as soon as possible. To ensure that work was available, Linda would plan ahead and save a project for the new employee. If the project required skills that the consultant needed to develop, Linda would make sure they were partnered with someone who had knowledge in that area.

Consultants were also able to get training. Every year consultants set goals, which were usually focused on training and learning activities. Linda described BLN consultants’ views on training: “This is a learning organization. We thrive on that. It’s really about growing yourself . . . Consultants take responsibility for their own learning.”

Since consultants were so focused on their own learning, Linda used a “just-in-time” approach to training, by which consultants could receive training when they saw a need arise. In addition to these ad-hoc training opportunities, all BLN consultants tried to attend an off-site training event together at least once a year to not only expand their knowledge, but also to spend some time unwinding from their usually hectic schedules. Consultants were also able to get on-the-job training by working on new types of projects. When this happened, the consultant got a buddy who had expertise in the area and worked with them until they developed the new skills. Since it was a small group, the consultants were aware of each others’ skills and these connections could be made informally with assistance from Linda, when needed.

In contrast, Benhaven School employees went through a formal orientation process when they joined the organization and received an assignment to a supervisor with whom they worked closely. Benhaven employees also had regularly scheduled training opportunities. Employees completed a professional development plan and were able to attend conferences throughout the year. They had group learning sessions called “in-services” every month where employees learned about relevant topics.
Reporting Relationships

As Managing Consultant, Linda was responsible for running BLN. Although she reported to Larry for issues such as performance feedback and salary adjustments, Linda had a lot of autonomy in her role. All consultants reported directly to Linda, with the exception of Janette Johnson. Linda determined their salaries, helped them develop performance plans, and provided support when needed.

According to the initial business plan, Janette Johnson was slated to be the Supervising Consultant and report directly to Larry. In practice, Janette operated rather independently and did not use the Supervising Consultant title. She had worked as an independent consultant focusing on autism at Benhaven for over twelve years before BLN’s inception. Once BLN was started, the other consultants joined her but did not work closely with her. Because of her seniority and high productivity level, it made sense to Linda and Larry to allow Janette to operate without much guidance from others.

Linda viewed one of her main management responsibilities as supporting BLN’s consultants. She believed in and tried to practice the “stewardship” form of leadership, a concept introduced by author Peter Block. In his book, Stewardship, Block describes the approach in the following way:

“Stewardship is the set of principles and practices which have the potential to make dramatic changes in our governance system. It is concerned with creating a way of governing ourselves that creates a strong sense of ownership and responsibility for outcomes at the bottom of the organization. It means giving control . . . The answer to economic problems is not more money; it is to focus on quality, service, and participation first.”

Linda believed in giving control to people at all levels in the organization and she used a partnership approach when managing BLN consultants instead of a top-down, hierarchical approach. Linda commented, “I support [the consultants]. I’m not in charge of them. We are all equals.”

An important role Linda held as a manager was distributing client projects to the consultants. New requests for work usually came to Linda who distributed the projects based on expertise and geography. The only exception to this was when a consultant was currently working with a school district that requested a new project. In these situations, the consultant was usually able to determine if the project should be accepted, although they conferred with Linda and made her aware of the situation. Linda tried to delegate projects whenever possible, although there were many complex cases that involved a lot of conflict between the school, parents, or administration. Sorting through this conflict took a lot of experience and skill, and Linda believed it was sometimes in the client’s best interest if she handled these projects.

Having enough billable client hours was something of which BLN consultants needed to be aware. Each consultant had a productivity target they were supposed to reach. Although Linda would sometimes discuss productivity with the consultants, she preferred to focus on how the group was doing as a whole instead of whether each consultant was meeting his/her target. She felt that emphasizing the productivity goals could send the wrong message to consultants about their value to the organization. “I don’t want someone to look at that number and feel that’s how they’re being judged.” In addition, Linda believed there were some dangers associated with being too focused on meeting the billable targets:

When we become responsible to that number, that’s when ethics can be called into question. People can start to shade things and bill for everything . . . It takes you away from what it’s really about . . . I don’t want to get stuck on quantity versus quality.

BLN’s consultants seemed to appreciate Linda’s management style and the benefits she brought to the organization. Larry remarked,
The consultants of BLN . . . see Linda as a highly skilled consultant, a strong manager, and a charismatic leader. They appreciate how hard she works and how committed she is to ‘the cause’ and to them. They very much appreciate that she is holding the enterprise together through her talent and strong will. They are also somewhat aware of the risks and problems associated with this style of leadership. It is very informal, overly reliant on Linda, and affected very much by Linda’s personality.

As both the Managing Director and BLN Consultant, Linda was a driving force behind BLN’s success and worked hard to motivate the consultants to grow and contribute to the organization.

Rewards and Compensation

Formal rewards at BLN were based on Benhaven’s standard benefits package for professional employees. The cost of the benefits to Benhaven was approximately 30% of salary and included the following:

- Salary (see Exhibit 10)
- 26 vacation days
- 10 sick days
- Three personal days
- Fully paid life insurance
- Health insurance – Benhaven covers about 80% of the costs and employees pay for the rest through payroll deduction
- Fully paid dental insurance
- Retirement plan

The Managing Consultant also received financial assistance for pursuing her doctoral degree in leadership. This assistance amounted to $8,500 for the current year, an increase of $1,500 from the previous year.

BLN consultants had a straightforward compensation structure that was based purely on salary, which was higher than the salary they would earn in a teaching position at Benhaven School. There was no opportunity to receive a bonus. Linda commented, “We all want to pay our bills and feel fairly compensated but none of us are in it for the money.” Linda wanted the consultants to determine their own raises but she was concerned that they would split the money evenly, regardless of performance. She decided to determine the increases herself and gave mostly equal raises, although one person got a slightly bigger pay increase. This individual was seen as a vital contributor to the organization who brought valuable skills and billed more hours than the others. In the future Linda wanted to see the consultants develop the ability to learn how to split the money fairly by recognizing and rewarding individual contribution without losing the sense of community they developed.

In addition to the monetary benefits, there were other informal, non-financial benefits, the most important of which was a feeling of community and security. Because of the community environment, people in the organization looked out for each other, and Benhaven and BLN management were willing to help employees when they were in difficult situations. For example, one consultant developed a life-threatening medical condition and needed to be out of work for months. Despite this, BLN continued to pay the employee and even maintained financial support when the employee relapsed a while later. Even though the employee was not bringing in revenue for the organization, management and the other consultants wanted to help. Linda acknowledged that this job security was very valuable to BLN’s consultants and commented, “People want to create security versus picking up a few thousand more dollars.” Creating this feeling of community was important to BLN, and Linda worked hard to provide this benefit to the consultants.
Larry preferred to manage BLN from a distance. He was confident in Linda’s ability to run the organization and only provided suggestions when something was very important to him. As a result, Linda had a lot of autonomy in running BLN. Although there were financial and staffing targets laid out in the initial business plan, it was up to Linda to determine how the organization achieved these goals. Linda spent a lot of time building the culture and was confident the profits would come when the organization was ready. She did not focus on details of the targets but instead explained, “I want to plant the seeds, nurture it, and let it grow. I don’t believe in setting out a plan.”

One of the ways BLN was expected to break even was by reaching scale, which was somewhat of a new concept to Benhaven. As Linda explained, “Benhaven downplays itself. It likes to do what it can, do it well, and stay small. [BLN] changed all that. We have to grow to sustain ourselves.” According to initial projections, profitability would occur when the organization had thirteen consultants. BLN was originally expected to reach that number this year, but staff growth slowed and the organization had only ten employees.

Larry believed it would take another year before BLN could operate in the black since they did not have the staff numbers needed to break even. Larry commented, “We have to let it grow at its own pace . . . But at some point we will need a plan to reach our goal so we can survive.” Benhaven would continue to support BLN as needed; however, the school could not afford to support it indefinitely since it operated at break even. Larry acknowledged that the organization would probably look for ways to reduce costs at BLN in the upcoming year, making profitability more likely. When asked about how BLN would reach its financial targets Linda commented, “I don’t know if we’ll make that ‘magic 13.’ We may have to find other ways. But I think we will be profitable this year.”

Although Linda was aware of BLN’s financial goals, she did not believe this was the only way to measure success and she commented, “It would be nice to have a profit, but that’s not my priority. My priority is to provide to the kids.” To Linda, success could be measured in two ways. The first was through customer satisfaction levels and whether BLN met the outcomes laid out in the initial client contract. This was assessed through BLN’s Customer Survey as well as the amount of repeat business. The other measure of success was whether people could see positive, measurable outcomes for the children and their families. This was similar to the way Karen viewed success at Benhaven School:

I don’t use the budget to measure success. I don’t want to end up in the red, but to me success is: did we improve the student’s and family’s quality of life? Do employees feel they learned something and did good things for the kids? Was it a good place to work?

Larry believed BLN’s success could be measured by how well it was achieving its mission, particularly in regards to customer satisfaction. As Larry explained, “For now, we are focusing primarily on customer satisfaction. At some point, when we feel more stable, there can be more nuanced goals related to building capacity in school systems.” There was also a professional development component included in the mission statement. Larry believed the organization met some of that goal when Benhaven personnel moved to BLN as part of their career development. Larry also recognized that BLN’s mission statement referred to the venture’s financial strength. Although the organization exceeded its goal for the first year, it had been behind target in subsequent years. Initially, they hoped to break even in year two, although this goal had been moved to the current year.

As Larry reviewed the financial report for BLN, he thought about ways in which he could help stimulate revenue and hiring growth. Were there changes he and Linda could make in the organization that would help BLN achieve profitability? What impact would a focus on growth and the bottom line have on the organization’s culture and its employees? He wondered if he should simply let the organization grow at its own pace, even if it meant missing growth targets.
Endnotes

1  Dean and Frederic D. Wolfe Professor of Management and Entrepreneurship, Yale School of Management.
2  Deputy Dean and Professor in the Practice of Management, Yale School of Management
3  Yale School of Management, 2005
4  Yale School of Management, 2005
Exhibit 1: Customer Letter of Support

Fred R. Volkmar, M.D.
Yale Child Study Center
230 South Frontage Road
PO Box 207900
New Haven, CT 06520-7900

Re: Willie

Dear Dr. Volkmar:

I am writing to thank you for referring us to Linda Grimm and her staff at Benhaven to serve as consultants to Farmington regarding Willie’s school program. As you will recall, you and your team evaluated Willie last November. Our decision to work with Benhaven was most definitely the right one.

Linda and her staff have conducted themselves in a highly professional, but approachable, manner throughout the time they have spent with us. They have conducted information sessions for parents of Willie’s classmates, for teachers and other staff members at East Farms School, and for his peers. They have met weekly with our school-based team to map out a plan and to ensure that it was followed, always recognizing areas of growth and areas for concern. They have assisted with curriculum modification, room and teacher selection, and all other aspects of Willie’s program in a way that has lead to ongoing progress.

Last week we held Willie’s Annual Review meeting. He had met or exceeded every goal that was set for him! But most exciting was an event that interrupted our meeting. We all left to go to the gymnasium where the second graders were engaged in a talent show for peers and parents. Willie and his best friend donned their contracting baseball caps, picked up a microphone and sang a duet! They took turns singing contrasts, e.g. “I like to sing high...” “I like to sing low...” then switched roles for the second verse, alternating use of the microphone as each one sang. Willie sang with all of the right (and very amusing) inflection, never missing a word or a beat, in front of a large group of people in a very big room! We were all ecstatic at the progress that he had made, progress that was encapsulated in that shared performance, which, of course, is now on video!

In addition to Willie’s great accomplishments, our team of teachers, aides, parents, and therapists has grown tremendously. None of us would be where we are today without the help of Linda and her staff and a lot of hard work together. Thank you, again, for recommending Benhaven to us. We would be more than willing to serve as a reference to other schools or parents who are considering this option. Please feel free to have them contact us.

Sincerely yours,

Jane H. Currie, Ph.D.
Director of Special Services

cc: Linda Grimm, Principal, Benhaven
    Mike Galluzzo, Principal, East Farms
    Jim and Sharon Geanuracos, Parents

June 17, 1998

Appendix C
Exhibit 2: Benhaven’s Mission Statement

Benhaven will create the conditions that enable people with autism and pervasive developmental disorders to:

- Participate in community life
- Exercise productive control over their own lives
- Have meaningful relationships and associations
- Be gainfully employed
- Experience happiness and personal satisfaction

Exhibit 3: Benhaven’s Learning Network’s Mission Statement

The mission of Benhaven’s Learning Network (BLN) is to provide the various kinds of support school system personnel may need as they develop their capabilities to serve students with autism effectively. The venture will also provide a positive financial contribution to the parent organization and give professional development opportunities for Benhaven, Inc.’s staff.
Exhibit 4: Organizational Chart

Note: Prevalence rate is the percentage of children with autism over the entire school-age population.
**Exhibit 6: Pro Forma Income Statements from Business Plan**

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<td>733,571</td>
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<tr>
<td>Support Salaries</td>
<td>40,720</td>
<td>42,756</td>
<td>44,894</td>
</tr>
<tr>
<td><strong>Total Salaries</strong></td>
<td>$475,550</td>
<td>$688,327</td>
<td>$983,144</td>
</tr>
<tr>
<td>Benefits</td>
<td>$137,154</td>
<td>$198,822</td>
<td>$284,280</td>
</tr>
<tr>
<td><strong>Total Personnel Costs</strong></td>
<td>$612,704</td>
<td>$887,149</td>
<td>$1,267,424</td>
</tr>
<tr>
<td>Occupancy</td>
<td>$33,812</td>
<td>$34,522</td>
<td>$35,253</td>
</tr>
<tr>
<td>Cell Phone Expense</td>
<td>3,870</td>
<td>5,670</td>
<td>8,450</td>
</tr>
<tr>
<td>Mileage</td>
<td>32,110</td>
<td>47,251</td>
<td>74,174</td>
</tr>
<tr>
<td>Contracted Consulting</td>
<td>13,950</td>
<td>15,000</td>
<td>6,600</td>
</tr>
<tr>
<td>Other Non Personnel Expenses</td>
<td>12,500</td>
<td>18,900</td>
<td>27,300</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,400</td>
<td>5,400</td>
<td>8,200</td>
</tr>
<tr>
<td>Share of Administrative Costs</td>
<td>61,970</td>
<td>85,600</td>
<td>113,800</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$772,316</td>
<td>$1,099,492</td>
<td>$1,541,201</td>
</tr>
<tr>
<td><strong>Excess / (Deficit) of Revenue / Expense</strong></td>
<td>$(57,316)</td>
<td>$483</td>
<td>$97,999</td>
</tr>
</tbody>
</table>

**Notes to Pro Forma Income Statements:**

1. Managing Consultant revenues are based on 700 billable hours in Year One. The expectation is reduced in subsequent years as the number of staff and hours increases. This position must transition from direct consulting to the critical administrative tasks of recruiting, training, and generating new business.
2. Lead Consultant Salary: For Year One, the actual salary is used. A 5% increase is assumed for Years Two and Three.
3. Consulting Team Salaries: For Year One, these are the sum of the actual salaries for the four consultants in place. For Year Two, an additional three consultants are added at salaries of $60,000 each, and an additional 5% is included for raises. For Year Three, an additional four consultants are added at salaries of $62,000 each, and additional 5% is included for raises.
4. Support Salaries: For Year One, includes the actual salary for a full-time Administrative Assistant, as well as $2,600 per year for hourly technical support provided by a Benhaven Employee from Benhaven’s School. The total is increased by 5% for Years Two and Three.
5. Benefits: Calculated at 29% of salaries, which the current actual.
6. Contracted Consulting refers to consulting provided by staff from other areas of Benhaven. This is expensed at the salary cost only, which currently averages $25-$30 per hour. Since the distribution of this work is uncertain, an average cost of $30 per hour is used for the first two years, and an average of $33 is used for Year Three. Annual hours are projected at 500 for Years One and Two, and 200 for Year Three. Projected hours are lower for Year Three because it is believed that these hours will decline after staff transition to BLN full-time in subsequent years.
7. Share of Benhaven Administrative Costs are a share of overall Benhaven costs, based on BLN’s proportionate share of overall direct expenses. This includes the salaries of the Executive Director and Business Manager, as well as payroll and billing staff. This also includes a share of insurances, postage, audit and legal fees, and interest on Benhaven’s line of credit. For Year One, this represents 10.75% of approximately $575,000. Overall costs are projected to rise 3% for non-personnel, 5% for personnel, and 15% for insurances. BLN’s share of overall program expenses is projected to rise 14.25% in Year Two and 17.75% in Year Three. A specific breakdown of projected expenses is provided below.

![Projected Benhaven Total Administrative Costs](image)
Exhibit 7: Pro Forma Cash Flow Statements from Business Plan

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Beginning</td>
<td>$</td>
<td>$486</td>
<td>$606</td>
</tr>
<tr>
<td>Revenue Accrued</td>
<td>715,234</td>
<td>1,100,347</td>
<td>1,639,746</td>
</tr>
<tr>
<td>Revenue Collected</td>
<td>706,773</td>
<td>1,074,631</td>
<td>1,603,371</td>
</tr>
<tr>
<td>Subsidies</td>
<td>87,000</td>
<td>39,100</td>
<td>(53,200)</td>
</tr>
<tr>
<td>Expenses - Fixed</td>
<td>741,167</td>
<td>1,052,244</td>
<td>1,467,026</td>
</tr>
<tr>
<td>Expenses - Variable</td>
<td>32,121</td>
<td>47,267</td>
<td>74,199</td>
</tr>
<tr>
<td>Capital Expenses</td>
<td>20,000</td>
<td>14,100</td>
<td>8,800</td>
</tr>
<tr>
<td>Cash End</td>
<td>$</td>
<td>$486</td>
<td>$606</td>
</tr>
</tbody>
</table>

Exhibit 8: Business Plan Staffing Targets

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal</td>
<td>6</td>
<td>11</td>
<td>13</td>
</tr>
<tr>
<td>Actual</td>
<td>7</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Difference</td>
<td>+1</td>
<td>-2</td>
<td>-3</td>
</tr>
</tbody>
</table>
Exhibit 9: Business Plan Productivity Targets vs. Actuals

Comments:

• The business plan for the first year called for six full-time consultants for the full year. The fifth full-time consultant (Consultant #4) began in July, but did not bring in significant income until September. The sixth full-time consultant (Consultant #3) was working part-time for the group but became a full-time employee in October. A seventh full-time consultant (Consultant #5) was added in September due to high demand for services and the availability of a qualified consultant.

• The target for the Senior Consultant #1 was originally set at 700 hours in the business plan but was later changed to the number above (990 hours).

• Part-time consultants brought in the income given in the box labeled “Contracted Consulting Revenues.” Most of these individuals were Benhaven School employees who wanted to do a little consulting or who were recruited to bring specific expertise to a case. The seventh full-time consultant was recruited from among this group. The income (and expenses) earned by the part-time consultants was not included in the annual budget for the first year.

• The standard billing rate for consultation was $110 per hour for this first year. There were some exceptions to this rate. Some exceptions were higher; most were somewhat lower.
Comments:

- The business plan called for 11 full-time consultants for the entire second year. The organization was unable to find enough qualified people to reach that goal and operated with essentially nine full-time consultants for the year. One of the consultants (Consultant #3) became seriously ill, which impacted the number of hours worked. The two new consultants (Consultants #6 and #7) started at the beginning of the year (July), transferring from another part of Benhaven. It took several months for both individuals to achieve workloads that approached projections. One of these two consultants (Consultant #7) is with BLN 80% of her time and 20% with another Benhaven program.

- The standard billing rate year two was $115 per hour, again with exceptions. Senior Consultant #2 was typically billing $125 per hour. On the other hand, the two new consultants, #6 and #7, brought along existing consulting work that paid less than the standard rate. Over time, #7 was able to switch some of her time to the standard rate. Most of #6’s work was performed at a lower rate.

- The target for billable hours for the year by the Managing Consultant (Senior Consultant #1) was reduced to 625. This was to give her time to manage the enterprise. Anticipated duties included developing contracts, supervision of consultants, customer relations, recruiting new staff and being available for urgent requests from either consultants or customers.
Exhibit 10: Historical Salary Information

<table>
<thead>
<tr>
<th>Name</th>
<th>FY 2002/03</th>
<th>FY 2003/04</th>
<th>FY 2004/05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Consultant #1</td>
<td>92,995</td>
<td>94,848</td>
<td>96,759</td>
</tr>
<tr>
<td>Senior Consultant #2</td>
<td>95,881</td>
<td>97,792</td>
<td>100,000</td>
</tr>
<tr>
<td>Consultant #1</td>
<td>57,954</td>
<td>63,063</td>
<td>64,993</td>
</tr>
<tr>
<td>Consultant #2</td>
<td>62,770</td>
<td>68,289</td>
<td>70,220</td>
</tr>
<tr>
<td>Consultant #3</td>
<td>N/A</td>
<td>63,000</td>
<td>51,386 (hours reduced to 30/week)</td>
</tr>
<tr>
<td>Consultant #4</td>
<td>65,013</td>
<td>66,319</td>
<td>68,250</td>
</tr>
<tr>
<td>Consultant #5</td>
<td>55,058</td>
<td>64,018</td>
<td>65,949</td>
</tr>
<tr>
<td>Consultant #6</td>
<td>N/A</td>
<td>50,037</td>
<td>51,480</td>
</tr>
<tr>
<td>Consultant #7</td>
<td>N/A</td>
<td>65,149</td>
<td>66,632</td>
</tr>
<tr>
<td>Consultant #8 (added year three)</td>
<td>N/A</td>
<td>N/A</td>
<td>60,002</td>
</tr>
<tr>
<td>Admin. Asst.</td>
<td>38,395</td>
<td>39,156</td>
<td>42,042</td>
</tr>
</tbody>
</table>

A few of the pay rates (Senior Consultants and Consultants #1-3) were set with some reference to productivity or value – particularly Senior Consultant #1 and Senior Consultant #2. All pay rates were influenced largely by the credentials a consultant holds, experience, and, for individuals transferring to BLN from another part of Benhaven, previous salary.