# EJHS Business Case

**Future of EJHS's Association with**

**John Howard Society of Alberta**

September 19, 2023

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**Prepared by: JHSA Review Ad Hoc Committee**

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## A. Executive Summary

Edmonton John Howard Society (EJHS) has served the Edmonton community for over 70 years and has been part of the John Howard Society of Alberta (JHSA) and the national John Howard brand for decades. There has been frustration for many years with the value being received from the John Howard Society of Alberta (JHSA) as well as the performance of the Executive Director (ED) and Board. There has also been evolution in the programs and services offered by EJHS as well as evolution in the community sector, community safety space and needs of individuals and families served. EJHS's evolution of programs and services coupled with JHSA's decreasing value and performance (and inability to adapt) caused the EJHS Board to reflect on its continued association with a provincial association and brand that no longer reflects the mission, values and operations of EJHS nor the needs of the individuals it serves.

The first step taken by the EJHS Board was to request that the EJHS CEO gather information from the other local John Howard (JH) societies to identify the opportunities and challenges with the current association with JHSA (like EJHS, other local JH societies voiced concerns over the value and performance of JHSA). This work took place in October of 2022.

An Opportunities & Challenges (O & C) document was provided to the EJHS Board Chair and in turn shared with the JHSA Board Chair (November 2022) with the intention to begin a governance dialogue about the issues raised by the local operating JH societies.

JHSA did not appropriately deal with the O &C document, including ignoring the Terms of Association process for dispute resolution. After months (November 2022 to January 2023) of attempting to create open dialogue with JHSA into the value and impact of their role; and after requesting an intentional and transparent response to the O & C document, EJHS Board made the difficult decision to stop its attempts to work collaboratively with JHSA to resolve longstanding issues.

The EJHS Board put in place (February 2023) an Ad Hoc Committee of the Board to review options moving forward in anticipation of not being able to resolve long standing issues.

The Ad Hoc Committee completed eight months of work, including: meetings with JHSA (EJHS Board Chair and JHSA Board); meetings with Connective in BC; meetings with other community agencies with a federated model of governance; attempts to meet with JHSC (National); and meetings with legal counsel. The Committee's work also included a half day planning session to review options and risks (options included: name change only and remain part of the JH association; name change and leave the association; and status quo.

Based on due diligence by the Ad Hoc Committee, the Board determined status quo was not an option given the inability to productively work with and receive value from JHSA. The other two options were given considerable consideration and the final recommendation from the Ad Hoc Committee to the Board is for EJHS to terminate its involvement with the JHSA Terms of Association. This business case is being provided to the Board for strategic decision-making purposes.

## B. Issue

EJHS has attempted to work with JHSA to enhance collective value, impact and relationship for many years (over a decade). In 2023, EJHS made a significant attempt to collaboratively work with JHSA through an Opportunities & Challenges document prepared by local Executive Directors and shared by the EJHS Board Chair with the JHSA Board Chair. Unfortunately, the JHSA Board & Executive Director have not been responsive to a collaborative approach. Furthermore, JHSA's relevancy and impact in the community safety space is declining. This has been recognized and experienced in Alberta, BC and other provinces, with some JHs leaving the brand completely and forming new organizations. JH National does not appear interested in working with provincial associations or local societies to improve value, impact and relationships.

After a difficult and non-collaborative meeting with the JHSA Board and Executive Directors in January 2023, the other Alberta JH locals decided to remain status quo and not "rock the boat." EJHS did not think this was a strategic or sustainable option and continued its due diligence on the best path forward for the viability of EJHS and the programs and services it offers.

**C. Opportunity**

EJHS recently approved a new strategic direction and organizational structure. The strategic direction recognizes the growth and evolution of EJHS's work as well as the changing needs of individuals and families. The new strategic direction also recognizes the changing external landscape, especially in the community safety space.

There is opportunity for EJHS to rethink its involvement with a provincial and national brand that does not reflect the diversity or the needs of individuals and families in the crime prevention, community safety and related spaces.

Local John Howard societies in BC have left the provincial and national brand and now operate under the Connective brand. There is an opportunity for EJHS to rethink its future and how best to move forward for maximum impact in the community safety space.

**D. Options**

The Ad Hoc Committee considered three options:

| **Options** | **Background** |
|---|---|
| 1. Status Quo | Remain as is (part of the JH brand) and continue to pay dues to JHSA; do not rock the boat and continue to diversify programs and services under Edmonton John Howard Society |
| 2. Name Change | Change our name to better reflect the evolution and diversity of programs offered and people served and remain part of the JH brand and JHSA |
| 3. Leave JH Brand/Association and Rebrand | Leave the JHSA and disassociate completely with the JH brand and change our name to better reflect the evolution and diversity of programs offered and people served |

The first option was eliminated by the Board given the significant shifts in the external environment and internal diversity of programs offered. The ability to have maximum impact in the community under a brand based out of $18^{th}$ century British penal reform is not sustainable. Furthermore, there does not appear to be a desire or ability for JHSA or National to consider renewal.

Options two and three were given significant consideration and the risks and opportunities associated with each option are outlined below in the Risk Management section.

## E. Risk Management

| 1) NAME CHANGE ONLY | | | | | |
|---|---|---|---|---|---|
| **RISK** | **IMPACT** | **LIKELIHOOD** | **SEVERITY** | **MITIGATION** | **ADDITIONAL CONTEXT** |
| EJHS remains associated with an organization and brand that has not evolved (not reflective of today's community safety needs) and does not reflect EJHS's diverse offering of services | 5 | 5 | 25 | • Continue to work collaboratively with local JH EDs as a way to focus forward<br>• Continue due diligence on other viable options for EJHS governance and brand | Local EDs appear to want to continue to evolve programming, etc. and this could be a good way to affect small changes along the way. |
| JHSA continues to be the public voice for community safety issues | 4 | 5 | 20 | • Comprehensive and proactive communications plan, including social media impact stories on EJHS platforms | There were past issues with JHSA inappropriately messaging to media and the public. EJHS would need to manage its messaging tightly and lean on our longstanding and positive relationships with stakeholders. |
| Messaging could be complicated among funders and partners | 4 | 4 | 16 | • Comprehensive and proactive communications plan | EJHS has longstanding and positive relationships with government and community stakeholders. We can use our reputation as a provider of community safety programs and services to drive our messaging (JHSA does not deliver programs/services).<br><br>Business as usual for EJHS with a name change that reflects the evolution of the work we do.<br><br>Early indications show that stakeholders |

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| | | | | | would welcome a name change. |
| JHSA may ask EJHS to leave and they may message the departure negatively | 4 | 3 | 12 | • Comprehensive and proactive communications plan<br>• Joint messaging with JHSA about our name change and continue to work together on community safety<br>• Board to Board discussions | This may be a positive for EJHS (if JHSA asks us to leave) as long as the messaging is jointly provided about the departure.<br>Could use 'Connective' brand as temporary measure until new name/brand in place. |
| Risk of arbitration by JHSA | 3 | 3 | 9 | • Follow the Terms of Association (ToA)<br>• Continue to demonstrate support for the values of JH and the locals<br>• Complete legal precedent review (see separate document provided by T. Bosse) | ToA state that EJHS "shall pay annually to the Provincial Society the membership fee pursuant to clause 13"; however, the next sentence states that the annual fee is "required as an acknowledgment and desire to associate and cooperate with all societies in the joint use of the name "THE JOHN HOWARD SOCIETY."<br><br>JHSA may attempt arbitration but EJHS could argue per the ToA that it is not an arbitrable issue (do not need to pay fees if you do not use the name). |
| Removal from global insurance policy | 3 | 3 | 9 | • Continue to demonstrate support for the values of JH and the locals<br>• Continue in similar lines of business | From the insurer's perspective, we can stay (name change does not affect coverage). From JHSA's perspective, they have a lot to lose if they ask us to leave the insurance arrangement as EJHS is the largest entity (significant economies |

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| | | | | | of scale would be lost for the other entities). |
| Removal from self-insured and shared benefits plan (ASO) | 3 | 2 | 6 | • Continue to demonstrate support for the values of JH and the locals<br>• Continue in similar lines of business | Self-insured benefits are not a sustainable model (we've had two cash calls in 2022-23). It is an opportunity to look at other benefit options for our agency (which is currently underway with JH locals). |
| Risk of other legal action | 3 | 2 | 6 | • Follow the Terms of Association<br>• Continue to demonstrate support for the values of JH and the locals<br>• Maintain comprehensive documentation of our proactive approach to discuss the opportunities and challenges and find a way forward together | JHSA chose not to accept or appropriately deal with EJHS's proactive and diplomatic approach to improve relations and operations (JHSA ignored the ToA and governance policies when provided feedback through the O&C document). |

**2) LEAVE JHSA & REBRAND**

| RISK | IMPACT | LIKELIHOOD | SEVERITY | MITIGATION | ADDITIONAL CONTEXT |
|---|---|---|---|---|---|
| Risk of arbitration by JHSA | 3 | 2 | 6 | • Follow the Terms of Association (ToA)<br>• Continue to demonstrate support for the values of JH and the locals<br>• Complete legal precedent review (see separate document provided by T. Bosse) | ToA state that EJHS "shall pay annually to the Provincial Society the membership fee pursuant to clause 13"; however, the next sentence states that the annual fee is "required as an acknowledgment and desire to associate and cooperate with all societies in the joint use of the name "THE JOHN HOWARD SOCIETY." |

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| | | | | | JHSA may attempt arbitration but EJHS could argue per the ToA that it is not an arbitrable issue (do not need to pay fees if you do not use the name). |
| Messaging could be complicated among funders and partners | 4 | 2 | 8 | • Comprehensive and proactive communications plan | EJHS has longstanding and positive relationships with government and community stakeholders. We can use our reputation as a deliverer of community safety programs and services to drive our messaging (JHSA does not deliver programs/services).<br><br>Business as usual for EJHS with a name change that reflects the evolution of the work we do.<br><br>Early indications show that stakeholders would welcome a name change. |
| Soured relationships with the local JHs | 3 | 2 | 6 | • Continue to meet and partner (similar to other community agencies) | Currently, the locals have no jointly funded work. If we do before we change our name and/or disassociate, it could lead to more difficult relationships. |



### F. Communications Plan

The following communications plan outlines the audiences and key messages required for each audience should EJHS determine to rebrand and leave the JH association. This plan will be completed when a final decision is made by the Board.

| Audience | Key Message | Who | When |
|---|---|---|---|
| JHSA | | | |

| | | | |
|---|---|---|---|
| Alberta Local JH partners | | | |
| National JH | | | |
| Funders<br>• Federal (CSC)<br>• Provincial (each ministry)<br>• AHS<br>• United Way<br>• Foundations<br>• Homeward Trust<br>• Reach<br>• JH National | | | |
| Community partners<br>• Various (name each) | | | |
| Others<br>• Tenants | | | |

**G. Financial Implications**

If EJHS were to leave the JH brand, the following financial effects would need to be considered during transition and potentially in the first year or two:

- **Insurance:** While EJHS can remain part of the existing globalized and shared insurance policy with the Alberta JH locals (like organizations with like mandates can be part of globalized insurance plans), JHSA may request that EJHS depart the plan. If this is the case, the financial effect will mean that EJHS will need to negotiate its own insurance (preliminary modeling was completed and it could be 10-12% increase; last year we paid $150K and on our own we could pay $167K)

- **Benefits:** Unlike insurance, EJHS will not be able to remain part of the existing shared benefits plan with other Alberta JH locals. The current self-insured (ASO) plan requires a parental relationship (Terms of Association). That said, a self-insured model is not sustainable for the JH locals and work is already underway to move to a more sustainable benefits plan. This is a good time for EJHS to review benefits options.

  A preliminary market analysis has confirmed that the current JH shared and self-insured (ASO) plan is not resourced appropriately. Regardless if EJHS chooses to leave or not, a JH shared benefits plan will cost more to make sure it is sustainable (having cash calls throughout the year is not good business).

  The preliminary market analysis is indicating that EJHS may experience a 30-35% increase for health premiums (includes: inflation, cost of claims paid from June 2022-July 2023 and how far behind we are in the current plan, e.g. the $80,000 cash call by GroupSource to all JHs in 2023 – EJHS covered $30,000). Once the final market analysis is complete, more information will be provided. EJHS currently pays $30,000/month to be part of the shared, self-insured plan.

- **Annual Dues:** EJHS will save $12,000 annually by not paying dues to JHSA.

- **National JH contract (CBSA):** EJHS currently receives funds from JH National for its CBSA work. This funding could be at risk if EJHS leaves the JH brand ($135K). That said, this work is under resourced and CBSA is disorganized. BC moved away from this program for those reasons.

- **Marketing & Communications:** EJHS leadership completed preliminary research into the cost of a name change. The cost and time are estimated at $80K to $100K for the brand and marketing strategy (stakeholder engagement, website, social media, new name, etc.). This does not include hard costs like signage, etc. Connective shared that they spent $250K and this included the brand consultant as well as internal staff time (they completed their website, letterhead, etc. internally). We are applying for community grants to cover some of these expenses.

The summary table below shows an ongoing increase to administrative costs of approximately $50K. In order to finance this, the agency would need an additional $333K in program funding (assuming a 15% administrative rate). This is the equivalent of the Guns & Gangs program that ended last year, or a combination of smaller programs, like the addition of Shift and IOM this year.

| **Description** | **Incremental Increase/(Decrease) in Surplus of revenues over expenditures** | **Notes** |
|---|---|---|
| Insurance | ($6,800) | Approximately 40% of the total insurance costs are not allocated to programs |
| Employee Benefits | ($32,400) | Approximately 30% of the total benefits costs are not allocated to programs |
| JHSA Dues | $12,000 | All admin costs |
| CBSA – admin allocation | ($20,250) | Administrative allocation from the program |
| Marketing & Communication | ($100,000) | Promotional activities are a permitted use of gaming proceeds (AGLC) |
| **Total** | ($147,450) | Note that the Marketing & Communication costs are a one-time cost, half of which to be funded using AGLC funds. |

## H. Non-Financial Implications

In addition to the risks and financial implications identified earlier in this business case, EJHS must also consider its organizational health. “Organizational health describes an organization’s ability to operate effectively, grow sustainably and adapt smoothly to change.”[1]

[1] [Healthy Leadership and Workplace Health Promotion as a Pre-Requisite for Organizational Health - PMC (nih.gov)]

EJHS has undergone a significant amount of change in the last 18 months including a new CEO, a new strategic direction and a new organizational leadership structure to achieve the new direction. This has been invigorating for many employees and also fatiguing. While the organization is becoming more effective and sustainable in its operations (more transparent and strategic, more growth opportunities for employees, enhanced compensation and decreased side of desk work) change is still work and adapting to change takes time and effort.

In addition, client acuity is high in some of EJHS's programs given the post-COVID world we live and work in. With a new leadership team and changing expectations of leaders and front-line employees, EJHS must balance any new major change with organizational health.

Much support is being provided to all levels of the organization to adapt to a new strategic direction and structure, including leadership training, wellness opportunities, increased appreciation efforts, increased compensation, etc.

While a rebrand will be welcomed by many, we will need to be strategic in our timing. We do not want to move too slow and lose momentum and we do not want to move too quick and risk unmanageable change fatigue.

EJHS must also consider the reputation risk of remaining with JHSA, which is not effective in its representation of EJHS's programs, services and strategy. JHSA will continue to be the spokesperson for community safety issues as long as EJHS remains part of JHSA. This is a risk because funders and community stakeholders are evolving too and have higher expectations of organizations operating in the community safety space.

**I. Strategic Fit**

Strategically, this initiative (name change and/or leaving the JH association) is ideal because EJHS's strategic direction includes three priorities, one of which is "build our story." Also, the community safety space is receiving a significant amount of attention from all levels of government and many community agencies. This is a good time to rethink our brand and how we want to serve community.

While our reputation remains solid in the community, there does exist some confusion with our role and the role of JHSA. The community town halls that EJHS hosted to announce its new strategic direction helped alleviate some of the confusion. Rebranding and/or becoming clearer about our story and impact will help us diversify funding and strengthen current funding. This initiative will also support all employees seeing themselves in the work we do at EJHS.

EJHS has momentum stemming from its new strategic direction and it is a good time to consider a strategic initiative like a rebrand and/or departure from an association that is not willing or able to adapt or collaborate. There is also a trend occurring in the community with other agencies undertaking brand renewal (Radius Health, Islamic Family & Social Services Association, BGCBigs).

**J. Related Board Motions**

At the Board's September 19, 2023 meeting, the Board approved the following motion:

That the EJHS Board, subject to a special Board meeting to review and receive additional information on a sustainable benefits option:

- Terminate its involvement in the Terms of Association between the JH Society of Alberta, Calgary JH Society, Edmonton JH Society, JH Society of Grande Prairie; Lethbridge JH Society; JH Society of Red Deer; JH Society of Cold Lake
- Provide notification of termination to JHSA and each local society in writing by January 1, 2024
- Confirm EJHS's intention to continue in the shared, globalized insurance policy and if not agreed to by JHSA, seek its own insurance plan

**Moved by S. Burford/Seconded by G. Erikson**
**Unanimously Carried**

**K. Recommendation**

That the EJHS Board amend the September 19, 2023 motion as follows:

- Terminate its involvement in the Terms of Association between the JH Society of Alberta, Calgary JH Society, Edmonton JH Society, JH Society of Grande Prairie; Lethbridge JH Society; JH Society of Red Deer; JH Society of Cold Lake by June 30, 2024 subject to:
  a) financial resources in the 2024-25 budget to support transformation to the new brand, including marketing and communications
  b) a new benefits program for the agency to be effective on termination date of the Terms of Association
- And upon a) and b) being satisfied:
  - Provide notification of termination to JHSA and each local society in writing
  - Confirm EJHS's intention to continue in the shared, globalized insurance policy and if not agreed to by JHSA, seek its own insurance plan