Canadian Health Leadership Network (CHLNet)

Business Plan
2013-2016
Our Vision...

_Better Leadership, Better Health—Together_

Our Mission...

_Advancing exemplary health leadership in Canada through the efforts of a network of organizations and leaders._

Our Values...

- **Trust:** Trust is demonstrated through mutual respect for the leadership expertise of our partners and for the relationships between these partners and their respective individual members.

- **Reciprocity:** Reciprocity is represented through mutual sharing and interdependence among our partners; putting in as much, or more than you take out.

- **Transparency:** Transparency is exemplified through open and honest dialogues and being clear about what we are doing for our Network Partners and for growing leadership capacity throughout the health system.
Introduction...

The Canadian Health Leadership Network (CHLNet) is pleased to present our Business Plan for 2013-2016. This plan complements CHLNet's Strategic Plan for 2013-2016 by providing more detailed information on specific programs and activities to be undertaken in support of our "top ten" priorities over the coming three years. Its overall intent is to give Network Partners (NPs) some comfort that what is being proposed in the new Strategic Plan is realistic from a resourcing perspective. It will be a living document, building on what we know today to plan for tomorrow.

This Business Plan sets out the ways and means of supporting the priority initiatives and activities of our value network. It builds off of a "social enterprise" platform where we assume CHLNet will retain a not-for-profit, unincorporated status as we work together to form the LEADS Collaborative. The Business Plan outlines some of the important unknowns, which will become clearer as we move forward. It also presents and assesses a number of options to align sources and uses of both cash and in-kind resources. It will be updated annually in conjunction with the presentation of the annual Work Plan and Budget (Appendix A).

CHLNet Overview...

The Canadian Health Leadership Network is a not-for-profit, unincorporated organization of partners. Health and health care organizations from across Canada have come together to grow our collective leadership capacity, knowing that better leadership will lead to better health care and better health for all Canadians.

Networks are facilitated or enabled, not administered. Accordingly, CHLNet is extraordinarily lean in terms of its administrative overheads and serves as a catalyst for shared efforts rather than as a delivery agent of health leadership programs and services.

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1 Value networks form when no one organization has the capacity to address a large and growing strategic challenge and where there is a significant benefit from working together. The early history of CHLNet is set out in "From Concept to Reality" and can be found on www.chlnet.ca under "About Us: Background".

2 Social enterprise is a collaboration or business whose primary purpose is to achieve a common good. In this instance, the social good is health leadership. In an application of Hardin's (1968) theory of the "Tragedy of the Commons", the proposition is that we are observing the depletion of a shared resource (quality health leadership) by organizations, acting independently and rationally according to each one's self-interest, despite their understanding that depleting the common resource (quality health leadership) is contrary to their long-term best interests.

3 The LEADS Collaborative is an initiative spearheaded by the Canadian College of Health Leaders, its LEADS intellectual property partners and CHLNet to ensure that the supports—in terms of programs, models, tools and instruments—are in place to support health organizations in Canada who wish to implement LEADS.
The 2013-2016 Strategic Plan sets out CHLNet's core functions or "value streams" as follows:

- Research, Knowledge Mobilization and Evaluation;
- Dialogue and Engagement;
- LEADS Framework and Tools; and
- Canadian Health Leadership Strategy.

As a value network, CHLNet relies extensively on Network Partners' cash contributions and in-kind contributions, including volunteers and donated services/facilities in executing on these priority value streams. NPs contribute $5,000 per annum and commit over a three-year planning period. Notably, the Canadian College of Health Leaders (CCHL) serves as host Secretariat providing considerable in-kind support for the network (please see chlnet.ca "About Us" and Annual Report for full audited financials).

Taking Stock...

CHLNet is nearing the end of what might be described as its "start-up" phase (see Figure 1 below) and entering its consolidation and renewal phase. We have worked to: fine tune and secure our overall value proposition to Network Partners and to "Friends of CHLNet"; put in place a low maintenance governance system in keeping with our unique mandate; and be realistic in our undertakings within our modest financial means.

Figure 1: From Start-Up to a "Going Concern"

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4 The full list of partners can be found on www.chlnet.ca under "Network Partners". Individuals can follow CHLNet activities by becoming for free a "Friend of CHLNet." Friends receive regular electronic communication.
That said, as Figure 1 suggests, CHLNet has come a long way. Highlights since the inception of the network include:

- Expanding the Network Partners from 12 to 36, with a number of other organizations actively looking at joining;
- Helping secure and administer an $850,000, multi-year, peer-reviewed research grant into action learning around health leadership;
- Helping develop and disseminate *LEADS in a Caring Environment* (hereafter referred to as LEADS) across most jurisdictions, and 100s of organizations across Canada;
- Working with a few partners (Royal Roads University, Health Care Leaders Association of British Columbia and the Canadian College of Health Leaders) to assemble a host of *By Health, For Health* LEADS-based services and tools, with the imminent launch of the LEADS Collaborative as a new business model for the delivery of these programs and tools;
- Sponsoring or co-sponsoring a series of *By Leaders, For Leaders* dialogue sessions to shine a light on exemplary leaders and sharing leadership learnings (seventh in the series);
- Participating in expert committees to reframe Accreditation Canada’s governance and leadership standards based on the LEADS framework; and
- Working with partners to establish a growing community of practice of health leadership across Canada and over the various stages of leadership development.

Financially, the biggest danger most start-ups face is undercapitalization. This is certainly the case with CHLNet. We started with a brave new bold vision "Better Leadership. Better Health" but a negative balance sheet. Over the past three years, with the growing number of NPs, securing a number of government grants, relying on pro bono work by a number of "CHLNet Champions", and significant in-kind contributions from the Canadian College of Health Leaders and others, CHLNet has not only managed to build a movement around LEADS and leadership, but has also been able to build up a positive balance sheet that now permits looking at some small strategic investments for the future while providing some security for sustaining the CHLNet Secretariat.

**Our Plans...**

The challenge is now to take CHLNet to its next level and make it a "going concern" worthy of further investments. As Figure 1 suggests, the time has come to move on to the next value curve. As will be described, the imminent creation of the LEADS Collaborative provides the impetus for this shift.
What "taking it to the next level" means exactly will continue to be interpreted somewhat differently by NPs and preoccupy partners over the next year, but the extensive strategic planning and priority setting process gives us some important guideposts. These include:

- **We will** work to deepen and broaden our engagement with current Network Partners and work to create more value for senior health leaders and health care organizations. This means growing the number of Network Partners from over 30 to 50 by 2016.

- **We will** work to secure the future of our current health leadership research network and create a robust evaluation framework that helps answer questions like: how do we know that LEADS works? Or, how do we know that we are getting value for money for our investments in health leadership?

- **We will** work with the LEADS Collaborative to ensure that the LEADS framework is ever-greened and continue to "listen for direction" from our NPs in terms of the emerging markets for new *By Health, For Health* leadership development and support tools.

In executing on our ambitious plans, we must respect the fact that individual Network Partners are also under pressure and are also looking for ways and means to add value for their individual members. So, CHLNet must be clear about what it can and cannot do. We must avoid treading on toes and continue to look for the "blue ocean" or the "whitespace" of health leadership. We must also be clear about what we can do directly versus what we do through and with the LEADS Collaborative and our Network Partners.

CHLNet has some basic building blocks for the future, both in terms of current partners and ongoing "value add" activities. Taking CHLNet from its "current state" to its preferred "future state" can be depicted as set out in Figure 2 below. To get from "here to there" over the next three years will require strengthening the network, including its financial footing, and a concerted, focused effort in support of a comprehensive pan-Canadian health leadership strategy.

The framework reflects the findings of our year-long series of consultations with both current and prospective health leadership partners (through an online process). These consultations suggested that CHLNet was basically on track in terms of its core activities or "value streams" but needed to present a clearer and even more compelling value proposition for NPs. Each of the three current value streams has been expanded to reflect the growing complexity of the community of practice of health leadership and to expand the relevancy of our value network. The consultations also suggested that CHLNet needs to serve as a catalyst or champion for change and for the development of a pan-Canadian consensus around a health leadership strategy, hence the four value streams on consensus-building and communication.

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5 Value streams are used in lean organizations as a technique to optimize the flow of products and services to create more value for customers while using resources efficiently.
We continue to see a growing health leadership gap, both because of the increasing complexity of the health care system..."from corner stores to conglomerates"...and because "demography is destiny"...the growing concern over the age profile of current senior leaders. A pan-Canadian approach is required because of the increased mobility of health leaders and the need for concerted action across jurisdictions.

**Figure 2: From Current State to Future State**

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<thead>
<tr>
<th>Where we are today...</th>
<th>Canadian Health Leadership Strategy</th>
<th>Where we are going...</th>
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<tr>
<td>• 30+ members</td>
<td></td>
<td>• 50+ members</td>
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<tr>
<td>• LEADS framework</td>
<td></td>
<td>• Engaged communities of practice</td>
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<td>research activities</td>
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<td>• Calendar of opportunities for dialogue and sharing</td>
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<td>• Leadership dialogues</td>
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<td>• Research and Knowledge Mobilization Network</td>
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<td>• Leadership evaluation framework including national and leadership metrics</td>
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<td>• Shared tools</td>
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<td>• International linkages on health system leadership strategies</td>
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<td>• More LEADS leaders</td>
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This new Business Plan for CHLNet presents a series of issues and options relating to delivering on our new Strategic Plan. But first, we need to explore in more detail the deliverables expected coming out of the strategic planning process.
Top Ten Deliverables ... According to "Value Streams", by 2016

Each of the top ten strategic priorities identified in the Strategic Plan is highlighted below and translated into deliverables by value stream. A proposed series of actions with each action item having a proposed timeline are included. As indicated by Network Partners, the two biggest priorities are to update the leadership development inventory and database of performance metrics (i.e. repeat of the Conference Board of Canada benchmark study).

Value Stream I – Dialogue and Engagement

1. A Sustainable Governance and Business Strategy

A sustainable governance and business strategy is required to support the network and ongoing evaluation and feedback mechanisms. We must find new ways to communicate our success and make CHLNet more relevant to senior health leaders. There is a need to sustain our current NPs as well as to continue to grow our value network. This requires listening carefully to the needs of our current partners, not all of which are equally engaged.

We must do a better job of determining why other health organizations are not joining. A periodic survey of both member and non-member organizations on "value missing" will be undertaken. The recent strategic planning process suggests that CHLNet’s value proposition is not clear enough and/or not communicated as clearly as it needs to be. Our value adds will be properly communicated.

Targeted Timeline: Ongoing, however partner survey early 2014
Estimated Cost: Staff time
Measures of Success: i) Over 50 active Network Partners participating in a well-functioning, affordable, sustainable value network; and ii) CHLNet has a diverse range of revenue sources that leverage up and match partner contributions.

"Exceptional leaders see the future faster."
Dr. Michael Jackson

2. Communities of Practice in Health Leadership

Leaders need more opportunities to share and learn from each other. The By Leaders, For Leaders dialogue sessions are now, after the seventh in the series, part of the CHLNet persona. They are an opportunity to shine a light on exemplary leaders (health and non-health) and promote "crucial conversations" about the future of health and health care. These dialogues are currently planned biannually to coincide with the NPs Roundtable and are now limited to approximately 80 participants to maintain the atmosphere of trust and safety. With the recent addition of sponsors, dialogues are now offered on a cost recovery basis on a go-forward basis.
CHLNet (co)hosted the inaugural meeting of organizational development (OD) and human resource (HR) experts from across the country to share experiences around use of LEADS in the workplace. This was held in conjunction with the National Health Leadership Conference as a satellite session at the end of the conference. Working with our friends at Capital Health (Halifax), a group of approximately 50 OD and HR experts shared notes around talent management challenges. Working under the banner of the LEADS Collaborative, there is a renewed commitment to work together and to hold a second LEADS Talent Management Workshop. From a financial point of view, the only cost incurred by CHLNet is the indirect costs of staff support and travel. From a strategic point of view, CHLNet efforts to support the growing communities of practice of leadership can and should be factored into the Canadian Health Leadership Strategy deliberations again discussed further in this document.

**Targeted Timeline:** Biannual dialogue sessions  
**Estimated Cost:** Cost recovery  
**Measure of Success:** CHLNet members rate dialogue sessions highly.

3. **Enhanced "Online" Leadership Support Tools and Education**

It has been several years since the Leadership Development Resource Locator has been updated. This project, initially funded through a $100,000 grant from Health Canada, developed the first comprehensive inventory of well over 100 health leadership and development programs available across Canada. This inventory is "pre-sifted and sorted" based on the LEADS framework and is available on a password-protected basis (online) for CHLNet partners and their members. It is hoped that Network Partner leadership development activities and other tools will also be included within the inventory.

As well, enhanced online support tools (e.g. LEADS-based Self-Assessment tool and LEADS-based Organizational Diagnostic) are required for NPs to provide more value to their individual members enhancing their own organizational leadership capacity. Brokering other online leadership education such as webinars (building on those recently held with the Academy of Canadian Executive Nurses and Emerging Health Leaders) and "lunch and learn sessions" will be explored further.

**Targeted Timeline:** Leadership Development Resource Locator, fall 2013  
**Estimated Cost:** $25,000  
**Measure of Success:** CHLNet has the technology and program supports to ensure the timely deployment of innovations in leadership and leadership support tools for current and emerging health leaders.
4. Leadership "Exemplars" Showcased

One of the founding principles of CHLNet revolved around the need to identify, develop, support and "celebrate" exemplary leadership, which led to the establishment of the joint MacNaught-Taillon Leadership Award in Health Policy, Health Information & Health Informatics, first presented at the Montebello Summit in September 2008 (co-sponsored by the Justice Emmett Hall Memorial Foundation). It was last awarded in 2011 at the National Health Leadership Conference in Halifax. A selection process and presentation is involved.

One of the reasons for holding our biannual leadership dialogue sessions is also to shine a light on exemplary leaders. Building on this, CHLNet will look at other means of showcasing health leadership innovations across Canada. Our environment scan needs to be resuscitated; we need to look at how best to disseminate the results of the first cycle of PHSI interviews across six nodes; we need to move from "innovation by accident, to innovation by design"; and we could even consider a CHLNet health leaders "Hall of Fame" (named after Tommy Douglas?). Any considerations will also be factored into a pan-Canadian Health Leadership Strategy.

Targeted Timeline: Ongoing
Estimated Cost: Staff time
Measure of Success: CHLNet partners are thriving individually in growing and developing ever-increasing numbers of exemplary leaders as measured through an annual Network Partner survey.

5. Enhanced Online Presence with Effective Communication Vehicles

CHLNet needs to enhance its online presence and communication vehicles of leadership innovations for current and emerging health leaders. These would build on existing mechanisms of LEADS Bytes, the Top Ten, and LEADERShip at a Glance. Vehicles such as a bi-weekly "blog" on most recent developments using the process of appreciative inquiry to spark a leadership dialogue would be considered.

However to begin, a functional assessment of the current CHLNet website to look at the ways and means of promoting more interactive, online dialogue, will be conducted. Technical and financial considerations will be taken into account. In the short-term, CHLNet can and should be tracking number of visits to our website and use/access to online tools and other communication vehicles. Also with approval from the College, who have intellectual property rights, we hope to provide online access to the LEADS self-assessment tool to drive traffic to other CHLNet products, as well as to the LEADS Collaborative itself (see below).

Targeted Timeline: Website audit spring/summer 2013
Estimated Cost: $5,000 to $10,000 unless NP in-house expertise donated
Measure of Success: CHLNet.ca has 25,000 visitors per year to a viable, interactive, and customer-friendly website.

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Value Stream II – Research, Knowledge Mobilization and Evaluation

6. Health Leadership and Evaluation Network

There is an ongoing need to support applied research around health leadership and to answer research questions such as: how do we know LEADs works and are we getting value for money in our investments in health leadership. To this end, CHLNet will bring together and support a health leadership and evaluation network that cuts across senior health service researchers and health decision-makers from across Canada. We have precedence as CHLNet was critically involved in applying for and receiving the initial research funding from the Canadian Institutes of Health Research (Partnerships for Health System Improvement or PHSI grant) and the Michael Smith Foundation (British Columbia). The early results of the six case studies across the country are just beginning to come in and CHLNet will be play an important role in disseminating the key leadership learnings of this research.

There was consideration of responding to a request for proposals that is coming forward under the NCE "Knowledge Mobilization Initiative" (KMI) program. A "Notice of Intent" was submitted and accepted by Industry Canada. Unfortunately, there was insufficient time to mobilize the research group and secure the partnering funding to meet the January 10, 2013 deadline for a more detailed "Letter of Interest". CHLNet will work with its Network Partners to ensure a high state of readiness for the next KMI offering (possibly fall 2013) and to explore other possible funding sources (e.g. private or provincial foundations). This is a very time sensitive opportunity with the prospect of being a real game changer for leadership in health and for CHLNet.

Targeted Timeline: Winter 2013/14  
Estimated Cost: Grant project funding  
Measure of Success: CHLNet has secured the resources necessary to maintain an internationally renowned "network of centres of excellence" in health leadership research.

7. Database of Common Leadership Performance Metrics

CHLNet hopes to develop a database of common leadership performance metrics against which to measure/benchmark the impact of leadership investments. Over the course of the coming year priority consideration will be given to establishing a new baseline assessment of leadership capacity either by replicating/improving on the Nov. 7, 2007 Conference Board study or by establishing a new methodology.

Longer-term, there has been preliminary discussion around the need to define and measure a category of health professionals called "leaders" by: working with CIHI and CCHL to define categories of health leaders, starting with designations and levels (costs would be beyond CHLNet's capacity). This deliverable could also be on the agenda as part of the proposed Canadian Health Leadership Strategy deliberation discussed further in this plan.
Targeted Timeline: Fall 2013 for metrics  
Estimated Cost: $25,000 (plus additional investments by partners)  
Measure of Success: CHLNet has a database of health leadership metrics to assess performance over time.

"If you can't measure it you can't manage it"  
Peter Drucker

Value Stream III – LEADS Framework and Tools

8. Functioning LEADS Collaborative

There is a need to develop and deploy a model in support of health leadership. CHLNet is a LEADS Collaborative partner, a freshly forming social enterprise in support of health leadership in Canada. As we move ahead as a full partner in the Collaborative, we must look at new and innovative ways to finance and administer the growing range of LEADS-related health leadership offering. The mandate and business model for working together with CCHL and other members of the Collaborative is still evolving.

The LEADS Collaborative, in short, can be seen as the delivery or business arm for both CCHL and CHLNet (and possibly other members of the Collaborative). CHLNet’s role is to ensure that the perspective of its partners is represented at the LEADS Collaborative Steering Group and the LEADS Operations Council. CHLNet membership on these will need to be confirmed by mid-June. The "good offices" of CHLNet will continue to be important in "brokering" LEADS-based products and services for which CHLNet will receive an offset from the Collaborative. Developing a fully formed new Business Plan in support of CHLNet, which takes into account the advent of the LEADS Collaborative, is not expected to require a net financial outlay from CHLNet. It is proposed that responsibility for its development be assigned to the Secretariat, supported by the Executive Director.

Targeted Timeline: Ongoing  
Estimated Cost: Staff time  
Measures of Success: i) A vibrant, sustainable LEADS Collaborative that is successful in serving clients across the country. CHLNet annual Network Partner survey shows steady growth in both awareness of the importance of leadership and the use of the LEADS framework as a model of change.

In 2008, the LEADS in a Caring Environment capabilities framework was first developed in British Columbia (BC) and then beta-tested outside BC (with help from Health Canada and CHLNet). It was subsequently updated to reflect key learnings for 2010. The LEADS Collaborative partners will ensure the LEADS framework is refreshed on a periodic basis. It is not an immediate priority to do so.

Experience over the past three years reaffirms the basic construct validity and face validity of the framework. So, the LEADS Collaborative does not expect major changes. There will, however be a need to update case studies, blend in (as appropriate) key learnings from the evolving literature and the PHSI case studies. Graham Dickson and Bill Tholl have also been contracted (by Springer Publications) to write a reference text due for release in the fall of 2013.

In terms of other LEADS-based tools, CHLNet can play a variety of roles, including continuing to look for "new markets" or white space for LEADS-based tools. First and foremost, we should/could do more to "listen to NPs" and their leadership development needs. We also expect to continue to see opportunities to work through/with the emerging LEADS-based talent management community of practice, looking at, for example, developing LEADS-based interview instruments.

Targeted Timeline: Ongoing
Estimated Cost: Staff time (LEADS booklets to be borne by the LEADS Collaborative)
Measures of Success: i) LEADS framework and support tools are broadly disseminated and adopted across Canada on a not-for-profit basis but also as an open source for Network Partners; and ii) Health care organizations from across Canada are actively working from a LEADS-based leadership framework, across a full spectrum of health professions.

Value Stream IV – Canadian Health Leadership Strategy

10. A Pan-Canadian Health Leadership Strategy

CHLNet partners see a need for CHLNet to play a stronger advocacy role in support of a concerted effort across Canada to: better manage our current talent pool of quality leaders; to better plan for future health leadership needs in the context of overall health human resources planning (especially around succession planning); to do a better job of mentoring and coaching the next generation of health leaders in Canada; and to take advantage of the considerable momentum at the moment to engage in more joint work (e.g. Premiers' Health Care Innovation Working Group). An ad hoc Health Leadership Strategy Working Group has been created to help jump start this work and a white paper will be produced. It is hoped that the framework for such a strategy will be fleshed out further at a one-day, co-hosted Health Leadership Policy Forum in November 2013.
CHLNet has a number of key assets to bring to the task, including the fact that we are a national network that cuts across most jurisdictions and many of the health disciplines. We also have access to cutting-edge research into leadership efforts across the country (through the PHSI project discussed earlier). And, finally, LEADS is not just a leadership learning platform, but also a change management tool that can be used to help build the consensus that will be needed to realize the vision of a Canadian Health Leadership Strategy.

That said, CHLNet neither has the mandate nor the resources to deliver a full-fledged plan. Sufficient resources would have to be made available to support the small working group and perhaps contract some research support in terms of inviting input into the major elements of a strategy.

**Targeted Timeline:** 2013/14  
**Estimated Cost:** $5,000 to $10,000  
**Measures of Success:** i) CHLNet has championed a broad-based consensus around a long-term, sustainable pan-Canadian Health Leadership Strategy; and ii) CHLNet has increased its category of "Friends of CHLNet."

> "When robbing Peter to pay Paul, you can always depend on the support of Paul."  
> George Bernard Shaw

### Aligning Sources and Uses of Funding: Issues and Options

Executing on the proposed Strategic Plan for 2013-2016 will require enhanced resources, both cash and in-kind. This section sets out some of these issues and options. It is important to note that the options presented below are not necessarily mutually exclusive. These options require more discussion over the upcoming year in alignment with the Work Plan and Budget previously approved in December 2012 (Appendix A).

**REVENUES**

CHLNet relies on both cash and in-kind support to move its strategic agenda forward. What follows are options to increase the overall **cash** available to CHLNet over the strategic planning period.

**1. Strategic Investment of $50K of CHLNet Reserves**

In terms of the current financial picture, CHLNet is now in a much stronger position than in previous years. We paid off the initial "line of credit" with the College in 2010 ($40,000), incurred while ramping up in the first year of operations. This year, less than three years later, the balance sheet will be showing a positive balance of approximately $150,000. The plan was to build up reserves gradually to facilitate transition and succession planning.
In terms of the 2012 operating statement, despite revenues falling short of projections (due to the difficulty in securing even very targeted funding from the federal government), we project an operating surplus of about $50K. This is due to increased pro bono work and client-supported CHLNet's accommodation and travel expenses.

**Option 1: Invest $50K from reserves to targeted priorities in the Strategic Plan**

**Pros:** Ability of CHLNet to raise additional investment $s in year one will be limited; could leverage $25K cash and $25K in-kind; would have to "buy change"; needs to be very targeted.

**Cons:** Could make it more difficult to attract new ED to job; we don't know which NPs will be able to continue to support the network.

**NOTE:** Network Partners approved proceeding with up to $25K for the proposed update of the benchmark study from 2007 and up to $25K for the update of the LEADS-based leadership development inventory (December 11, 2012).

2. **Increasing and/or Re-Weighting Network Partner Annual Fees**

The number of NPs continues to grow, but much more slowly than over the early years as we hit the "flattening of the curve". That said, it is realistic to look at increasing the number of NPs by 10% per year over the period of the Business Plan.

Network Partner fees have been fixed at $5,000 per annum since the formalization of CHLNet in September 2009. Revenues from NPs have increased from about $60,000 to approximately $150K for fiscal year 2012.

Some noteworthy considerations might include:

- Total operating budgets of NPs ranges from less than $10,000 to more than $100 million per year. This raises the option, which was discussed early on in the genesis of CHLNet, of levying fees on a percentage of annual operating budget basis. However issues around ability to pay and ability to benefit would need to be considered.

- Different organizations contribute in-kind resources to a varying degree. Some, like the College and its provision of administrative/IT/other support contribute substantially to CHLNet operations (in lieu of an annual fee). The CEOs and senior staff of other NPs contribute substantially as volunteers of various committees or working groups of CHLNet. Still others contribute little or nothing other than their annual fees.

- Some organizations (2-3) have requested some leeway in adjusting fees (downward) or deferring fees for this year until next year due to special circumstances. CHLNet does not have any policies in place to deal with this and the Secretariat has dealt with these requests on a "one-off" basis.
Annual fees have not increased over the past 3-4 years. If they were to increase, by how much? What percentage makes sense in a near zero inflation environment and where many NPs are actually facing budget cutbacks of 5-10%?

**Option 2. Overall NP fee increase option**

**Pros:** Fees have not increased in 3-4 years; investments in leadership are especially important during times of fiscal constraint; CHLNet will need to increase revenue flows to be able to shift to permanent, paid staff.

**Cons:** Most NPs are facing freezes or cutbacks; value proposition not being communicated in a clear and compelling way (may run risk of killing existing funding).

**Option 3. Sliding scale of NP fees based on ability-to-pay**

**Pros:** More equitable; would help increase overall numbers and multiplicity of perspectives of other health professionals; increased legitimacy in advancing concept of Canadian Health Leadership Strategy.

**Cons:** Cumbersome to administer; does not reflect "ability to benefit" as well as "ability to pay" (larger organizations could or are "going it alone"); could not be introduced quickly.

NOTE: Network Partners rejected the proposal for an increase in annual fees, but approved of proceeding with assessing options for a sliding scale, which would be considered for year two of the Business Plan (December 11, 2012).

3. LEADS Collaborative Funding

As explained above, the LEADS Collaborative has tremendous potential as a "social enterprise", one that could and should be looking to have outside sources of funding (e.g. Business Development Bank) to help accelerate its response to the rapidly growing market for LEADS here and abroad (e.g. LEADS Australia).

**Option 4: Grow LEADS-related consulting revenues**

**Pros:** Helps support NP fees and is a relatively easy way to both increase CHLNet visibility and increase revenue flows.

**Cons:** Isn’t CHLNet’s core business; depends on current background/experience and volunteer effort of current ED; creates potential confusion in the marketplace unless done expressly under the umbrella of the Collaborative.

With efforts expended by CHLNet to drive business to the Collaborative, CHLNet will continue to generate what revenues it can through consulting/facilitation fees but only through subcontracting for the Collaborative. The goal, in this case, would be to maintain the current budgeted gross revenues of $15K in 2014.
NOTE: Network Partners agreed to keep consulting revenues in the same order of magnitude as for 2012, but look forward to further discussions with the LEADS Collaborative vis a vis some form of operating agreement that provides for offsetting direct incremental (marketing/brokering) costs incurred by CHLNet on behalf of the Collaborative (December 11, 2012).

4. Seek Government Project Specific Funding

While government funding is very competitive, it also tends to be very targeted to particular priorities. The federal government is withdrawing from any discretionary involvement in health and health care. The good news is that CHLNet has already secured one targeted grant and will be seeking others. We received $24,000 over three years in administrative fees to help defray some of the costs in servicing the PHSI project. The other positive consideration is that leadership is beginning to climb up the list of provincial priorities as the pool of senior leaders grows older.

**Option 6: Apply for project funding as appropriate**

**Pros:** CHLNet now has an established network of health services researchers that we can partner with to, for example, update the LEADS inventory; would continue to ensure that CHLNet is not dependent on any one revenue source to sustain core operations.

**Cons:** Can be a draining process; takes a lot of time unless there is an "in" or an "angle" that makes sense.

NOTE: Not a priority for Network Partners for 2013, but encouraged staff to continue to respond as appropriate to promising opportunities that support strategic objectives (December 11, 2012).

5. In-Kind Support

Turning to the in-kind sources of support, CHLNet would again flag the substantial office and administration support of the CCHL, estimated at about $30K/yr. We would look for other (larger) Network Partners to look at a range of options that could substantially assist CHLNet and perhaps allow network resources to be reallocated to core programs or to new strategic priorities.

Options might include:

(1) Putting in place an internship program for 1-2 spots each year for a period of 6 months, where emerging leaders would have an opportunity to assist in advancing the research agenda, or helping advance the strategic planning process, or helping with updating the LEADS tool box (e.g. inventory project). This could be a tremendous "win-win" opportunity.
(2) Assisting with legal issues as they arise. For example, CHLNet is still trying (after 3 years and almost $3,000) to protect its mark and the LEADS Collaborative is about to initiate a similar trademark protection process for the LEADS logos and wordmarks. Larger NPs have legal staff that could possibly help out in terms of sharing IP expertise.

(3) Building a better CHLNet.ca web portal. Rather than spend up to $5K to do a thorough diagnostic and rebuild of our website, perhaps one of the (larger) NPs might be able to share their IT expertise.

NOTE: Network Partners authorized staff to proceed subject to availability of funds and working with the Secretariat (December 11, 2012).

Wrap-Up

The intention of this Business Plan is to inform the strategic planning process and to ensure that we continue to live within our modest means. There are both challenges and a great series of opportunities. The proposed Work Plan and Budget for 2013 represents a very conservative approach, both on the revenue and expenses side of the ledger.
Appendix A

December 2012 Financial Update and 2013 Work Plan and Budget

Purpose: To update the CHLNet partners on estimated operating revenues and expenses to the end of FY 2012; and to request NP approval for proposed FY 2013 Work Plan and Budget.

Background: As an unincorporated Social Enterprise, CHLNet does not have a formal financial and auditing process. We rely extensively on the host Secretariat (Canadian College of Health Leaders or CCHL) to ensure that we meet the normal requirements for financial reporting and oversight. All financial transactions by or on behalf of CHLNet are approved by the CHLNet Executive Director and signed off by the CCHL President and CEO. Year-end financials are subject to the same normal auditing procedures observed by the College.

The CHLNet Transition Board approved a three-year financial plan in September 2009 along with a three-year Strategic Plan. A new Strategic Plan for the 2013-2016 period has been tabled with Network Partners. The annual Work Plan for 2012 was approved by Network Partners in December of 2011.

This Work Plan was developed without the benefit of the roundtable discussion/direction around both the proposed Strategic Plan and Business Plan (outline).

Update: Over the past year, the College has continued to reliably and professionally track and report out on CHLNet financials. Monthly income statements and balance sheets continue to be available on request. We have also regularized the invoicing process vis-à-vis Network Partners and this has helped in terms of predicting cash flow.

The Work Plan and Budget for the current year are in keeping with the current three-year Strategic Plan and were based on certain basic assumptions that continue, in most cases. These include:

- CHLNet is and shall remain unincorporated;
- Canadian College of Health Leaders to continue to serve as Secretariat through to December 2014, providing for office/administrative support (in lieu of cash) and serving as the "legal entity" for purposes of approving/signing contracts;
- Network Partners agree to contribute $5,000 per year fees (with some allowance for "ability to pay" to accommodate small or nascent organizations);
- Network Partners agree to share fairly in any unanticipated financial shortfalls in relation to formally approved activities (there have been none over the past three years);
- CHLNet will not pursue individual members (e.g. charging annual dues) but should encourage enhanced awareness about the network and about health leadership developments through "Friends of CHLNet"; and
- CHLNet to pursue expanding organizational partners (goal of retaining current partners and reaching total of 50 partners by December 2016) as well as continuing to pursue, as they arise, opportunities for federal/provincial government support, grants-in-aid and LEADS Collaborative contracts (i.e. brokering fees).
**Multiyear Budget:** Estimated revenues and expenses to year-end are set out below as compared to the previously (Board/NP)-approved initial budget as follows:

**Fiscal Years (Ending December 31)**

<table>
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<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
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<tr>
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<td>$10,000</td>
<td>$10,647</td>
<td>$10,000</td>
</tr>
<tr>
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<td>$10,000</td>
<td>$10,647</td>
<td>$10,000</td>
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<tr>
<td>Publications</td>
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<td>$1,000</td>
<td>$5,770</td>
<td>$7,000</td>
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<tr>
<td>Other</td>
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<td><strong>Total</strong></td>
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<td>$25,000</td>
<td>$25,000</td>
<td>$25,000</td>
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<td><strong>Expenses:</strong></td>
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<td></td>
<td></td>
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<td>Secretariat/Contractors</td>
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<td>IT/Mktng</td>
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<td>$153</td>
<td>nil</td>
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<tr>
<td><strong>Total</strong></td>
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<td>$112,721</td>
<td>$200,000</td>
<td>$145,239</td>
<td>$267,500</td>
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* See attached Income Statement and Balance Sheet (to Dec. 31, 2012) for details.
** One-time only transfer to the Justice Emmett Hall Foundation in support of the MacNaught-Taillon Award.
*** Strategic planning (Contracts with Strachan and Loeffler).
Discussion: From a financial perspective, CHLNet’s third full year in operation has seen a few surprises, with positive and negative variances as follows.

Key Developments

- The number of Network Partners has increased to 36, falling short of the target of 40. This target remains well within reach, as at least 5-6 organizations are in the pipeline. We are also in danger of losing 2-3 due to financial considerations, at least for a one-year period.

- CHLNet's primary objective is to increase leadership capacity rather than necessarily just increase the number of partners. Accordingly, whenever possible, umbrella organizations will be approached to extend the CHLNet/LEADS reach.

- Health Canada was unable to come through with $450,000 in funding under a "global ask". Project-specific funding is now being considered and preliminary analysis of approaching foundations has been initiated.

- Consulting fees have grown and sponsorships (Calian Technologies) have partially offset the revenue shortfall from Health Canada. Greater reliance on sponsorships needs to be pursued, but in a manner/means that respects current relations between NPs and their corporate sponsors.

- Last year, the Canadian College of Health Leaders extended the host Secretariat arrangement through to 2015. This arrangement is working well, especially as we are now poised to launch the LEADS Collaborative.

- There is no longer any "Brokering Agreement" as there was with the Health Care Leaders Association of British Columbia to reflect the considerable efforts made by CHLNet to drive traffic to LEADS (Collaborative). There is an acknowledgement that this needs to be clarified on a go-forward basis.

- As in previous years, expenses related to CHLNet have been kept to a minimum by taking advantage of other contracts to pay the majority of travel and accommodation expenses and by renegotiating third-party supplier contracts.

Overall, CHLNet is in a healthy, positive financial position. As per most recent financial statements, CHLNet will again post a positive balance on our operating statement this year and is expecting a positive balance sheet of about $175,000. This should help provide a solid financial base to move forward in terms of succession planning for CHLNet.

Proposed 2013 Work Plan and Budget Assumptions: Looking ahead to 2013, and in light of the approved new three-year Strategic Plan and Business Plan, we propose conservative revenue targets/assumptions as set out below.

(1) that we set 40 as a new intermediate stretch target in terms of the total number of Network Partners (again allowing for the fact that smaller organizations joining may not be able to commit to the full $5,000/year for three years);

(2) that we look at setting a target of $35,000 in consulting fees under the formalized LEADS Collaborative initiative (see separate agenda item), 50% of which would continue to go to a sequestered ever-greening fund maintained by CCHL on behalf of the Collaborative, with the remaining 50% helping offset CHLNet administrative expenses;
(3) that we continue to work toward securing federal funding, but through a series of targeted project grants in three areas: (1) Updating the LEADS inventory (estimated at $25K); (2) working with Emerging Health Leaders to host a national leadership mentorship/sponsorship workshop; and (3) support for the Policy Forum in Health Leadership (November 2013); and

(4) that CHLNet be more proactive in seeking out partners/sponsors for our dialogue sessions (growing, for example, our relations with Calian) and that we look for opportunities with foundations, now that the endowments have begun to grow again (modestly).

Turning to the expense side of the ledger, due to limited finances, we deferred a number of initiatives from the original three-year Strategic Plan that we would plan on taking on in 2013. These include:

(1) Update inventory: The inventory is a flagship of our online value proposition. It is estimated that the cost of refreshing it will be substantially less (approximately $20-25K) than the original build cost ($100K). This is now back into the proposed 2013 Work Plan and Budget under Special Initiatives

(2) Update Conference Board of Canada Study: This study was done in 2007. It requires both strengthening and updating (approximately $25K). It too is now back into the proposed 2013 Work Plan and Budget.

(3) The Secretariat/consultants line item is projected to rise substantially in anticipation of action on the “succession planning” front and/or enhanced administrative/analytical capacity front.

(4) The budget anticipates that up to $50K in cash and in-kind (on a 50:50 base) will be made available from CHLNet in support of the NCE/KMI application or other funding opportunity.

That said, a balanced budget was proposed/approved in December 2012.

Approved
Network Partners
May 22, 2013