A 12-Step Recovery Process

Recovery Process Overview

Bridge → Reform → Transform

• **Bridge**
  - Mobilize: Form a team
  - Stabilize: Buy time, create confidence
  - Diagnose: Discover nature of problems
  - Apply retrenchment tactics
  - Develop recovery plan

Recovery Process Overview

Bridge → Reform → Transform

• **Reform**
  - Execute the recovery plan
    • Monitor, manage, adjust
  - Further develop long-term strategies
  - Initiate formal long-term financial planning
Recovery Process Overview

Bridge → Reform → Transform

• **Transform**
  – Institutionalize long-term planning
    • From once-a-year event to a way of life
  – Realize new methods for delivering service
  – Become financially “resilient”
    • Adaptable and regenerative

Take-Aways

• Recovery has three basic steps
• Use the recovery process to survive…
• …But also use it to ultimately thrive!

Keys to Bridging

• **Recognize**
  – Get arms around the situation
  – Enlist others
  – Create a sense of true urgency (not panic)

• **Mobilize**
  – Form a recovery team of executive managers
  – Form other teams to help with key tasks
  – Analyze stakeholders

Keys to Bridging

• **Diagnose**
  – Create a fiscal health model
    • A fiscal health model guides the diagnosis
    • Gives the process credibility
  – Question practices and assumptions
  – Validate findings
A Fiscal Health Model

- Financial Stability
  - 1. Financial Position & Parameters
  - 2. Budget Practices
  - 3. Liabilities
  - 4. Political & Economic Environment

Keys to Bridging

- Develop a long-term forecast
  - Essential for authentic recovery
- Present financial information in clear & compelling format
  - Know your audience
  - Establish your credibility

Keys to Bridging

- Retrenchment tactics
  - Use to stabilize condition
  - Can be implemented quickly
  - May or may not be sustainable
  - May have negative side-effects

Keys to Reform Phase

- Written Recovery plan
  - Doesn’t need to be long
  - Should be broad in scope
    - Revenue & expense, soft & hard issues
    - Designate time-frames & accountabilities
- Develop long-term strategies
  - Contribute to longer-term sustainability
  - Often challenge prevailing assumptions
Keys to Transform Phase

• Institutionalize long-term financial planning
• Become better able to withstand outside shocks
• Become more adaptable to a changing environment
• Become better able to recover from problems
• In a word…become “resilient”