



**2030  
STRATEGIC  
FRAMEWORK**

Completed by:  
Serve Denton Staff  
La Piana Consulting  
2022

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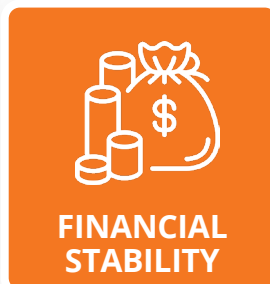


# TABLE OF CONTENTS

Introduction.....	4
Executive Summary.....	6
Key Questions.....	8
Situational Analysis.....	8
Serve Denton’s Strategic Priorities 2023-2030.....	14
Strategy 1: Sustainable Growth.....	15
Strategy 2: Financial Sustainability.....	18
Strategy 3: Succession Planning.....	20
Strategy 4: Board Engagement.....	21
Conclusion.....	22
Appendix A: Implementation Plan.....	23
Appendix B: Developer Management Services (DMS) Business Model...24	
Appendix C: August Board Retreat Feedback.....	27
Appendix D: Business Line Analysis.....	28
Appendix E: Feasibility Study Checklist.....	29

# Dear Serve Denton Board of Directors

We are grateful for your efforts to implement a strategic planning process to help Serve Denton create and fulfill a new vision. On August 18, we held a full-day retreat to discuss the future. Lara Jakubowski from La Piana Consulting led us through a process to have a candid conversation about financial sustainability and growth challenges. Collectively, the Board determined Serve Denton's strategic priorities for the next seven years to include:



Serve Denton is a pillar of Denton County. We continue to excel at creating meaningful partnerships with the agencies serving communities across the county and region. We are excited about the future, and this framework gives us the guidance we need to overcome future challenges.

So much planning and research made this process successful. On behalf of the Board, I would like to thank **Pat Smith**,

**Dale Schmeltzle, Dr. Nora Douglas, Cathy Kerley, Allison Quisenberry, Paul Tanis, Kat Ricardo, and Karla Ortega.** They worked behind the scenes to make this effort a success.

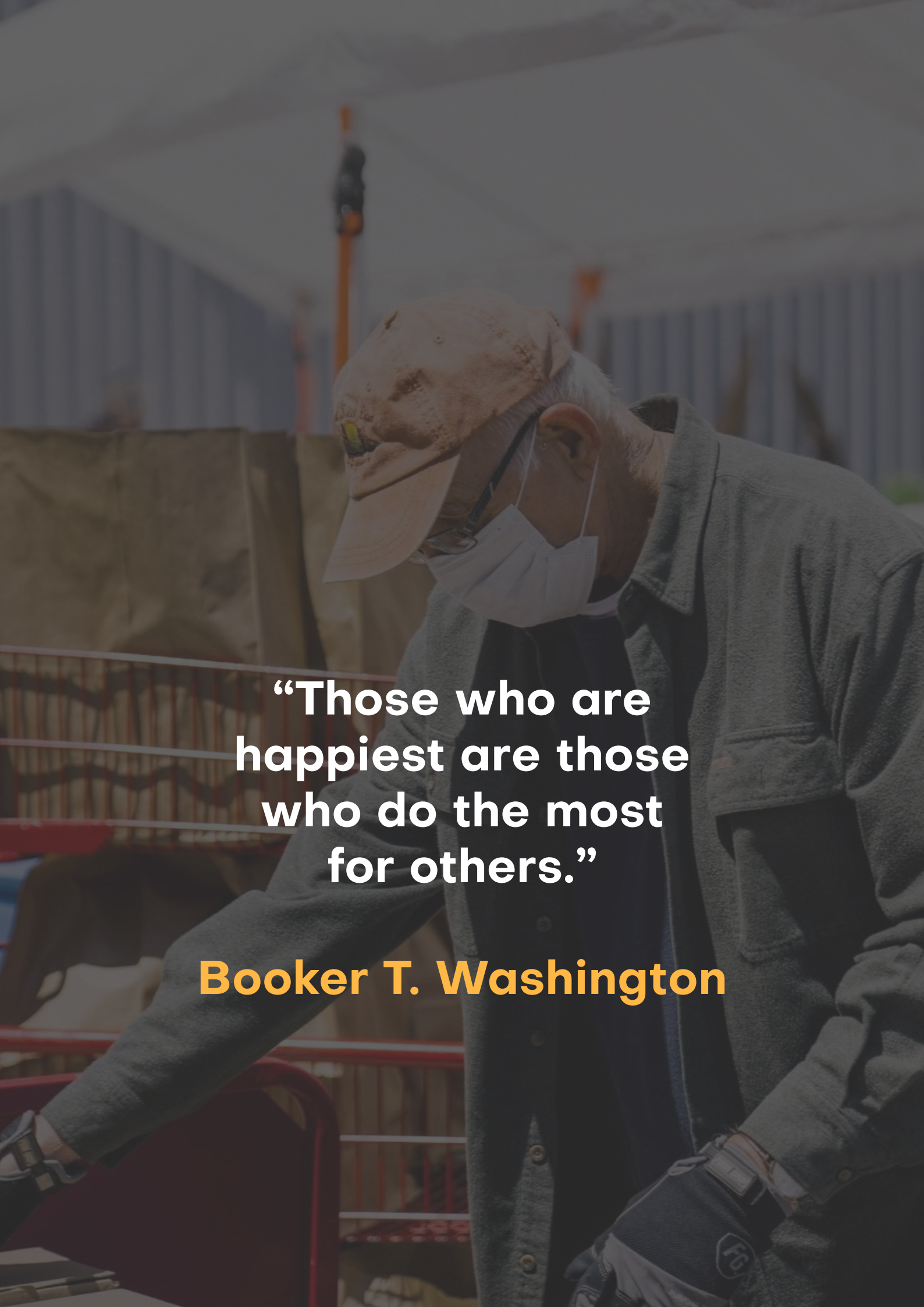
Serve Denton continues to be a place where individuals and families find "hope" to overcome life's challenges and barriers. With God's help, we will continue to serve and build stronger communities for Denton County.



**Roxanne Del Rio, Ph.D.**  
Chair, Board of Directors



**Patrick Smith**  
Chief Executive Officer

A person wearing a light-colored cap and a white face mask is working in a warehouse or industrial setting. They are wearing a grey long-sleeved shirt and dark pants. The background shows a large, open space with a high ceiling and some equipment. The image is overlaid with a semi-transparent dark grey filter.

**“Those who are  
happiest are those  
who do the most  
for others.”**

**Booker T. Washington**

## Executive Summary

Serve Denton is poised to expand its impact. From its inception in 2012 to 2022, Serve Denton enjoyed well-earned success in creating a nonprofit shared space with the help of New Market Tax Credit funding and major philanthropic gifts. It met extraordinary needs throughout the COVID-19 pandemic. Its success in serving the City of Denton and Denton County has attracted interest from other communities to replicate its nonprofit shared space model. Many growth opportunities exist. Over the next seven years, the challenge is to choose wisely, build upon what Serve Denton does well, and maintain financial sustainability to support the mission.

Serve Denton undertook a strategic planning process with La Piana Consulting in April 2022 to plan for the next seven years by analyzing internal capacity, community needs, and external market position. The Board of Directors, led by a subset of members on a strategy team, engaged in this process to collectively determine future strategic priorities. The process involved research and analysis generated by staff, clarifying the most pertinent issues to be addressed, interviews with tenants, and a full-day Board retreat in August 2022.

The result is a four-pronged approach for the 2023-2030 period. Serve Denton's strategic priorities include:

- **Measured growth based on clear strategic criteria.**
  - **Strengthened financial sustainability through five sub-strategies to diversify revenues.**
  - **Increased staff capacity for a smooth transition upon the CEO's planned retirement in 2030.**
  - **Leveraging the Board of Directors to advance the mission.**
-

The framework is the outcome of candid and challenging discussions among many dedicated people committed to Serve Denton's success. It is the best thinking on how to serve the City of Denton while broadening its impact to serve other communities that honors the core of why Serve Denton exists.

It is the overarching goal of everyone involved to continue to excel at partnering with nonprofits to help make services more accessible for people in need. Building on its past success, Serve Denton lays out in this document a framework for how it will achieve its goals for those it serves today and those it hopes to serve tomorrow.

### This framework will focus on the following areas:



**Growth.** Purchase, renovate, and operate Serve Lewisville. Phase 1 will be an 8,000 SF shared space serving 6-8 organizations. Phase 2 will be a 16,000 SF new building that seeks to provide a full-service health center, grocery-store style pantry, offices, and classrooms. Serve Lewisville is a "beta test" to see if Serve Denton can scale. The vision is to create a network of centers across North Texas through public-private partnerships.



**Financial Sustainability.** Secure the resources to meet required debt payments and revenue targets to comply with New Market Tax Credit loan requirements, ending in June 2026. At that time, Serve Denton will refinance any remaining debt using a conventional commercial loan.



**Succession Planning.** Create a succession plan for the CEO that provides immediate (0-2 weeks), short-term (2 weeks-6 months), and long-term (6 months+) game plan to replace the CEO if necessary due to a medical emergency. This plan will outline roles and responsibilities, possible interim CEOs, and search firms.



**Board Engagement.** Provide recurring training to help the Board serve as ambassadors with surrounding communities and support the mission more effectively. Much of this training will focus on communicating Serve Denton's mission, vision, financing, and ways to improve programs and property.



## Key Questions

The strategy team identified, and the Board affirmed, several key questions to be resolved before planning for the 2023-2030 period. Organizations typically have strategic issues in three categories: (1) organizational strategy issues around changes in the mission, vision, or values of the organization, (2) programmatic strategy issues around changes to the approaches, programs, or activities that fulfill the mission, or (3) operational issues around how to implement programs including human resources, governance, communications, financial management, or technology.

The Board identified four areas it needs to address to lay the foundation for the next seven years:

- **Growth – Should we grow, and if so, how? What is the business model if we grow?**
- **Financial Sustainability – How to strengthen the business model to be more financially sustainable?**
- **Succession Planning – How to have a smooth transition for the CEO’s planned retirement in 2030?**
- **Board Engagement – How do we leverage the Board to advance the mission?**

The strategy team, including staff, supported the initial analysis of the four questions leading to a Board retreat in August 2022. Conclusions are included in the Implementation section.

## Situational Analysis

To create a framework for the next seven years, it is helpful to understand the context in which Serve Denton operates. This analysis included an examination of Serve Denton’s strengths, weaknesses, opportunities, and threats shown in Table 1; a broader look at political, economic, societal, and technological trends in Table 2; interviews with current tenants; and a financial analysis.

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# Strengths, Weaknesses, Opportunities & Threats

## Strengths

- Strong reputation in the region as a collaborator and capacity builder.
- Proven experience and expertise.
- Ability to learn and grow.
- Financial management systems.
- It is viewed as investment-worthy.
- Access to subcontractors we trust.
- Knowledge and access to capital markets.
- No one else is doing this mission with the high-level of integration in business systems.

## Weaknesses

- Staff bandwidth—heavily reliant on Pat (single point of failure).
- Operating revenue to support larger staff with benefits (chicken vs. egg).
- Marketing and development capacity.
- No succession plan to grow leadership.

## Opportunities

- Provide feasibility studies and planning assistance.
- Create a toolkit for other communities to replicate/license intellectual property.
- Access to future city leaders with the UNT MPA program.
- Public-private partnerships to raise financial capital.

## Threats

- More demand at SD than partners can handle.
- Longterm reputation could be hurt by having communities ask for our assistance
- Many consultants in the space with “something to sell”—very few operators with experience.
- Diluting our reputation/brand.
- Spreading ourselves too thin.

Table 1

# PEST Analysis

Our Staff also analyzed trends in the environment that may affect the need for Serve Denton's work and its ability to meet those needs or to grow. Table 2 on the right shows the results of our PEST Analysis.



PEST Analysis looks at “big picture” factors that might influence a decision, a market, or a potential new business. SWOT Analysis explores these factors at a business, product-line or product level.

# Political, Economic, Social & Technological Analysis

## Political

- In many cases, state and local governments are unwilling or unable to increase social services and adult education funding.
- Most cities and counties have small staffs that cannot address social service needs.

## Economical

- Inflation at the highest rate in 40 years.
- Tight labor market—historically low unemployment.
- Wages, in many cases, are flat.
- Facing recession compounded by war in Ukraine and increasingly hostile relationship with China.
- Prime rate at levels not seen in 15 years.
- Excess local commercial space due to changes in work styles and space usage.

## Social

- Urban sprawl—lots of houses, few communities, lack of social services safety net.
- 82 people move to Denton County every day.
- Metroplex will ADD 1 million people by 2030.
- Wealth is concentrated in four counties—Dallas, Tarrant, Collin, and Denton.
- Social determinants of health increasingly have a significant influence on community well-being.
- Affordable housing crisis—48% of renters are “housing overburdened”.
- Mental health crisis.

## Technological

- Expansion of fiber into neighborhoods.
- Increased use of virtual meetings.
- The growing use of cloud-based applications.
- Changes in social media use—becoming weaponized, source of disinformation.
- Electrical distribution and water systems are vulnerable.

## High Levels of Tenant Satisfaction

La Piana interviewed select nonprofit tenants to gather more input on Serve Denton's context. Findings included **very high levels of tenant satisfaction**, especially around customer service and the value of being part of the Serve Denton Network. It was noted that the lease rates are very affordable, making it a highly attractive location for nonprofits, given all the amenities provided.

Interviewees also shared concerns about the flipside of affordable rents: lean budgets and operations, and the impact on staff. There were concerns that staff member time may not be allocated to the highest and best uses. Often the staff performs more basic tasks than their expertise might dictate, which should be considered for outsourcing when budgets allow. There were also concerns about whether there was enough cushion in the budget for unanticipated expenses. Interviewees noted that the Board could improve fundraising efforts by highlighting the impact of Serve Denton on systemic improvements it has created in the community.

Lastly, there was a final concern about the organization's dependence on the founder and Chief Executive Officer. The work of Serve Denton is critical to the community. Redundancies should be built into the staffing structure to account for new leadership when the multi-talented Chief Executive Officer retires as planned in 2030.

The staff prepared an analysis of Serve Denton's current financial situation and needs over the 2023-2025 period, as shown in Figure 1. In 2026, the New Market Tax Credit investment will expire, and Serve Denton can refinance the property. Until then, Serve Denton must carefully monitor its financial position and generate \$487,000 in additional income beyond current projections to meet loan covenants. The staff prepared sub-strategies to address this gap, detailed in the next section.



**Serve Denton has been a dream in the community for over 40 years. In the last 10 years, that dream has become a reality.**

# Financial Projections 2022-2025

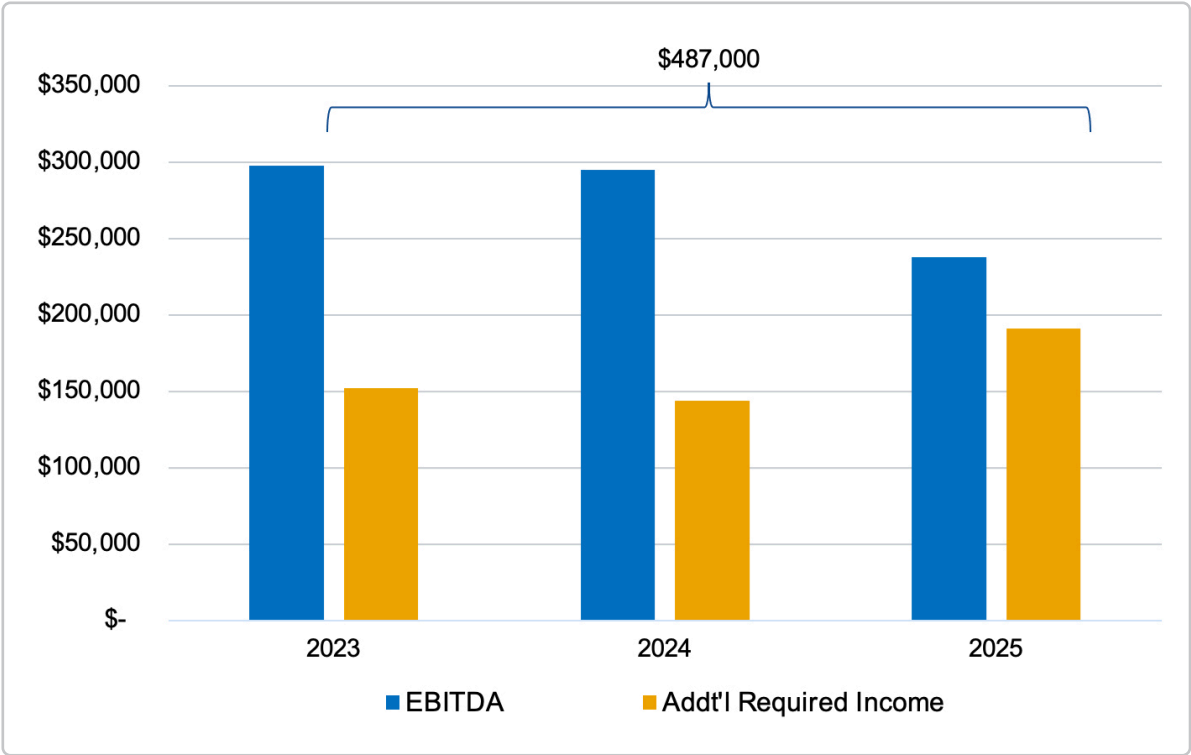


Figure 1



## Serve Denton's Strategic Priorities 2023-2030

The Board of Directors supports the following strategies for the 2023-2030 period to address key issues based on an in-depth review of the organization's activities, strengths and weaknesses, financial position, competitive position in the market, and environmental trends.

**Growth** – Serve Denton will grow in a measured way based on clear strategic criteria.

**Financial Sustainability** – Serve Denton will become more financially sustainable through five sub-strategies to diversify revenues, including raising rents, building an endowment, earning fees from a new line of business (Developer Management Services), major gift fundraising, and fundraising for operational grants.

**Succession Planning** – Serve Denton will increase staff capacity to ensure a smooth transition upon the planned 2030 retirement of the CEO.

**Board Engagement** – Serve Denton will better leverage the time, talent, and treasures of members of the Board of Directors to advance its mission

To this end, the Board of Directors intends to keep Serve Denton's mission statement the same but modify its vision and clarify other elements of its business model (where it works, whom it serves, what programs it offers, and how it is funded). These changes are summarized below in the identity statement.



## Identity Statement

**Mission** – To partner with nonprofits to help make services more accessible for people in need.

**Impact (vision)** – Our nonprofit centers enable communities to grow capacity and better serve their residents.

**Where we work** – Denton, Lewisville, and potentially contiguous counties.

**Whom we serve** – While Serve Denton’s long-term aim is to help people in need, its primary customers are the nonprofits providing health or human services.

**What we do / how we do this (programs)** – Network Partners (tenants), Network Members (affiliate members), Developer Management Services (DMS), and supporting feasibility studies.

**How are we funded** – Development fees, earned revenue, contributed revenue, New Market Tax Credits.

## Competitive Advantage

To set a strategic direction, an organization should clearly understand its identity (above) and its competitive advantage within the environment in which it operates. These are differentiating strengths that set it apart from others. Organizations should be mindful of these advantages as they consider strategic decisions.

Serve Denton built its strategies upon the following competitive advantages:

- Sound business model that is hard to replicate.
- Ability to form strategic partnerships.
- Capacity to raise financial capital.
- Expertise in shared space development and management.
- Know how to build nonprofit capacity.
- Proven success to address systemic social problems.



## Strategy 1: Sustainable Growth

Serve Denton has committed to expanding to a location in Lewisville. The new 8,000-square-foot building is under contract and should open in the spring of 2023. This project will be its first opportunity to replicate the nonprofit shared space model but likely not its last. The Board approved a growth strategy for 2023-2030 based on the following criteria:

- Expand only to locations outside of the City of Denton.
- Pursue new growth opportunities only after Serve Lewisville is substantially underway and only one opportunity at a time.
- The highest priority is Developer Management Services outside of the City of Denton. The staff will conduct feasibility studies only in support of Developer Management Services.
- Development Management Services seminars may occur after the Serve Lewisville project is substantially complete.
- Discontinue shared services on a consulting basis.
- Consider an organizational name change only after the Serve Lewisville project is substantially complete.

The Board will evaluate future growth opportunities according to the following strategy screen. This strategy screen supports the Board's overarching decision to replicate the Serve Denton model when appropriate.



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## Strategy Screen


To evaluate growth opportunities, Serve Denton will use the following criteria:

- **Does this opportunity allow us to fulfill our mission better?**
- **Is this opportunity financially sustainable? Does it increase cash flow per square foot?**
- **Is there demand in new areas or markets?**
- **Do we have the staff and contractor capacity to take it on?**
- **Are we meeting our current mission before taking on more?**
- **Is there someone else who can take this opportunity on rather than us?**

Other communities often approach Serve Denton and request assistance in conducting feasibility studies. The staff developed a checklist to reduce the time involved in helping other communities assess their readiness, which is included in Appendix E.

### Goal for Strategy 1:

The staff will define and refine the startup process for new centers, and create measures of success.



## Strategy 2: Financial Sustainability

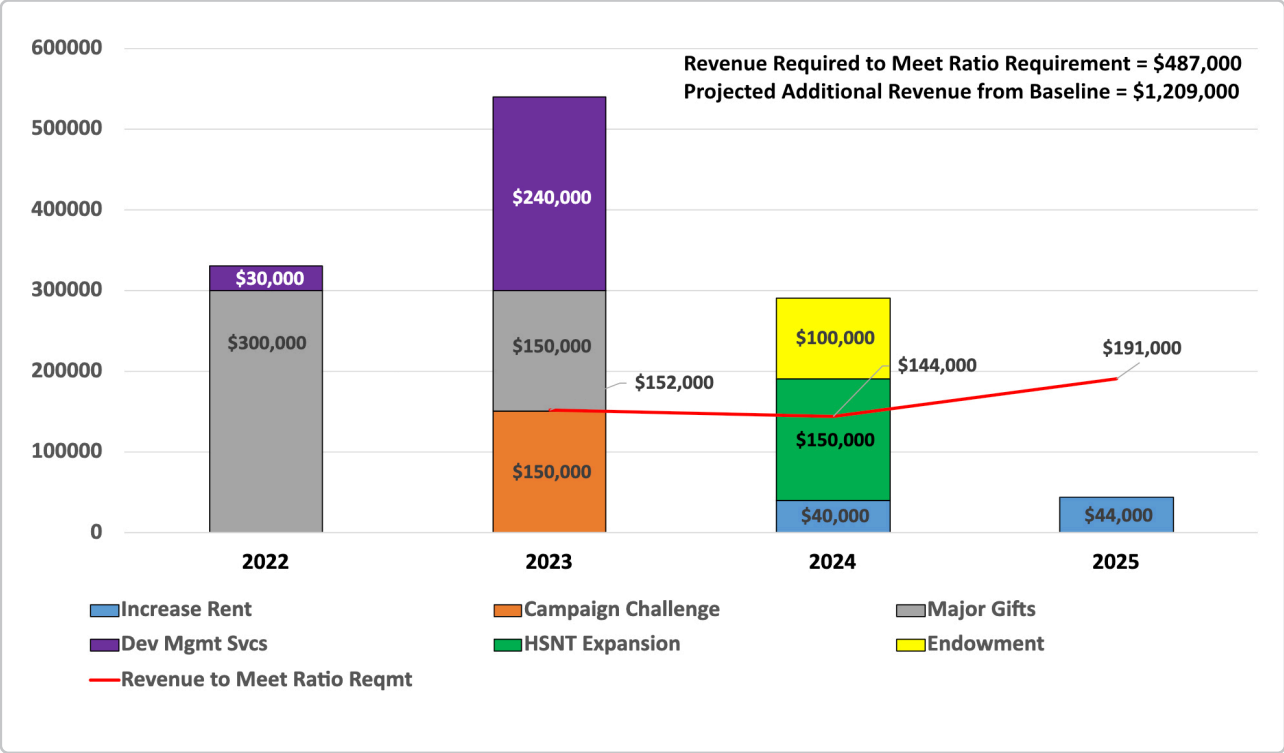
Serve Denton plans to diversify revenues over the next seven years to maintain a strong financial position. There is a three-year timeframe (2023-2025) when Serve Denton must meet New Market Tax Credit requirements. The staff evaluated current and potential lines of business for the potential to meet additional revenue needs related to the New Market Tax Credits and to lay a foundation for future growth. A detailed analysis of the criteria used to identify the best options is included in Appendix C.

The Board selected the following sub-strategies to support financial sustainability with estimated revenues over the 2023-2025 period:

- Increase rent revenue, ~ \$84,000
- Developer management services, ~ \$270,000
- Complete capital campaign challenge grant, ~ \$150,000
- Secure HSNT grant, ~ \$150,000
- Secure major gifts, ~ \$300,000
- Implement planned giving program, ~ \$100,000



# Financial Strategies 2022-2025



## Goal for Strategy 2:

Address near-term needs by generating at least \$487,000 in revenue over 2022-2025 to meet New Market Tax Credits requirements and build sustainability by diversifying revenue sources.



## Strategy 3: Succession Planning

Serve Denton will build capacity for a smooth transition upon the planned retirement of the CEO in 2030 by implementing a succession plan through the work of the Finance and Administration Committee of the Board. These steps include:

- Identify successor candidate(s) and create a development plan to highlight candidate's strengths, gaps and actions needed to close the gap.
- Create immediate, near-term, and long-term plans to fill the leadership gap if the current CEO is no longer available.
- identify emergency personnel to serve in various staff functions.
- Identify two search firms to conduct the CEO search process.
- Complete a compensation analysis to ensure the salary for a new hire is competitive.
- Create a succession plan for the CEO that provides successor candidate(s) and immediate (0-2 weeks), short-term (2 weeks-6 months), and long-term (6 months+) game plan to replace the CEO if necessary due to a medical emergency. This plan will identify successor candidate(s) and outline roles and responsibilities, possible interim CEOs, and search firms.

Additional planning will continue through the Finance and Administration Committee.

### Goal for Strategy 3:

Build staff stability through intentional planning for change.



## Strategy 4: Board Engagement

As Serve Denton grows, the Board will need to engage in new ways to support this growth. The Board is committed to the following initiatives over the next seven years:

- Provide resources to every Board member so they can excel as an ambassador.
- Regularly include deep dives during Board meetings to foster discussion and to learn about complex issues related to Serve Denton's success.
- Develop high-level talking points for Board members to help them consistently explain complex issues to external stakeholders.
- New Board member orientation sessions will include a thorough explanation of financial metrics and New Market Tax Credit financing.

### Goal for Strategy 4:

Every Board member is comfortable and competent as an ambassador.



## Conclusion

In 2012, the original Board sought to create a great nonprofit. Today, Serve Denton is a good organization. The current Board intends to use this framework to help Serve Denton pursue greatness—knowing that greatness is an inherently dynamic process, not an endpoint.

What are the measures of greatness? Jim Collins in his book entitled *Good to Great*, says there are three:

- **Superior Results.** In the social sector, organizations measure performance by the results and efficiency in delivering on their mission. Greatness requires achieving superior results. To use an analogy, a sports team must win championships to be great; if a team does not find a way to win, it is not a great team.
- **Distinctive Impact.** A great organization makes such a unique contribution to the communities it touches and works with such excellence that, if it were to disappear, it would leave a gaping hole that no other organization could quickly fill. If Serve Denton went away, who would miss it, and why?
- **Lasting Endurance.** A great organization succeeds over a long period beyond any idea, market opportunity, or well-funded program. When hit by setbacks, it finds a way to bounce back. A great organization transcends dependence on a single leader. If Serve Denton cannot be great without its current CEO, it is not yet a great organization.

The journey from “good to great” is never over. No matter how far Serve Denton has gone or how much it has achieved, it is merely good relative to what it can do next. It will slide toward mediocrity when it thinks it is great.



# Appendix A: Implementation Plan

Priority	2023	2024	2025	2026	2027	2028	2029	2030
<b>Growth</b>								
Serve Lewisville Phase 1								
Serve Lewisville Phase 2								
Evaluate Serve Lewisville								
Develop Future Center								
<b>Financially Sustainable</b>								
Increase Rent/Space Revenue								
Create/Expand Endowment								
Earn Developer Fees								
Secure Major Grants								
SDC NMTC Deal Unwinds								
HNST/CACNT Leases Renew								
<b>Succession Planning</b>								
Review Succession Plan								
Conduct CEO Search								June 30
<b>Board Engagement</b>								
Review/Improve Marketing								
Conduct Board Training								

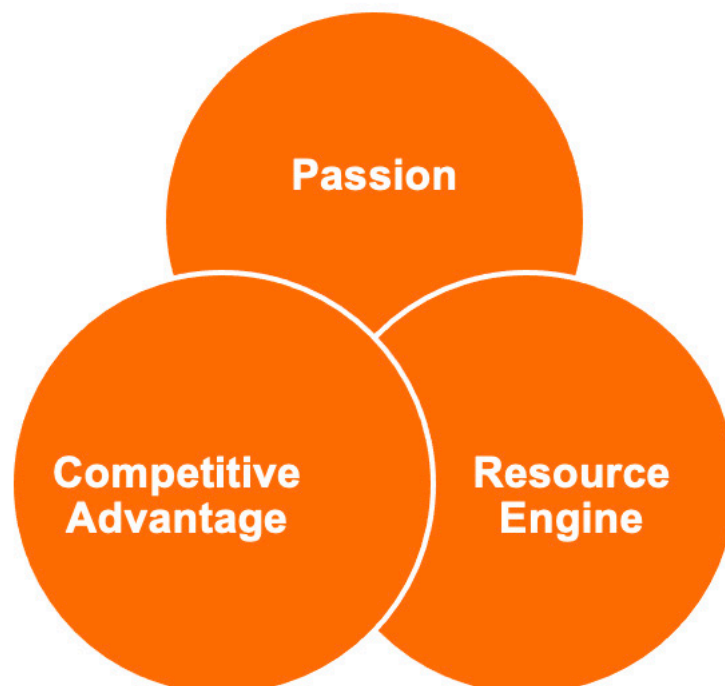




## Appendix B: Developer Management Services (DMS) Business Model

In *Good to Great*, Jim Collins introduced two ideas that characterize great organizations: the “hedgehog concept” and the “flywheel effect.” The hedgehog concept is a “simple, crystalline concept that flows from a deep understanding of the intersection of three circles: 1) what you are deeply passionate about, 2) what you can be the best in the world at, and 3) what best drives your...resource engine.” The hedgehog metaphor is from a Greek parable: “The fox knows many things, but the hedgehog knows one big thing.”

Transformations from good to great come about by a series of good decisions made consistently, well executed, accumulating one upon another over a long time. Collins said, “A hedgehog concept is not a goal to be the best, a strategy to be the best, an intention to be the best, or a plan to be the best. It is an understanding of what you can be the best at.” Developer Management Services is our hedgehog concept because it focuses on our passion, competitive advantage, and resource engine, as shown in Figure 3.



**Figure 3: Developer Management Services Hedgehog Concept**

**Our passion is what Serve Denton stands for and consists of our core values and mission.**

- Our core values are Collaboration, Accountability, Respect, Empathy, and Service.
- Our mission is to partner with nonprofits to help make their services more accessible for people in need.

**As previously stated, our competitive advantage is:**

- Forming strategic partnerships.
- Raising financial capital.
- Developing and managing shared space properties.
- Growing nonprofit capacity.
- Addressing social service systemic problems.

**Our resource engine consists of our people, cash flow, and brand.**

**People:** We are people who want to make a difference. We need to attract people with expertise in property development and management, finance, marketing, fundraising, and human resources.

**Cash Flow:** To grow financially, Serve Denton needs clarity on a single “economic denominator” to increase systematically over time. Cash flow per square foot is the critical ratio that would impact our financial health most.

**Brand:** To grow in our strength, we must become masters at compellingly telling our story and showing large-scale positive impact in the communities we serve.

## The Flywheel Effect

The second concept, the “flywheel effect,” represents a series of propositions linked with an underlying logic. If sound, the propositions build upon one another in a way that propels the organization forward. Our flywheel is linked to our hedgehog concept and has five elements, as shown in Figure 4. It will help us become a more sustainable organization and should be the foundation for all future growth.



**Figure 4: Developer Management Services Flywheel**

## Appendix C: August Board Retreat Feedback

### Top assets Serve Denton should build upon 2023-2030

- Facilities management skill set
- A business model with an underlying asset that generates revenues
- Serve Denton narrative/mission
- Serve Denton building
- Serve Lewisville experience (demonstration of replication of the Serve Denton model)
- Partnership with Toyota
- Staff, Board, and partners

### Top risks to be addressed 2023-2030

- Not sharing the Serve Denton story collectively
- Donors giving to partners instead of Serve Denton
- Establishing and utilizing other revenue streams
- Revenue declines and financial sustainability
- Staffing retention, capacity, compensation
- Transferring knowledge and promoting from within
- Pace of growth
- CEO's retirement
- Absence of COVID/CARES funding

### Board takeaways

- Loan on Serve Denton building
- Importance of real estate to Serve Denton mission
- Demands on CEO from other communities and organizations

# Appendix D: Business Line Analysis

Line of Business	Evaluation Criteria for Options to Fill Financial Gap						
	Consistent with Mission	Builds on our Competitive Advantage	Reflects our Commitment to Racial Equity	Quality – We Can Execute High Quality Processes	Quality – Outcomes Likely to be Consistent with Our Reputation for High Quality	Contributes to Financial Sustainability	Delivering Perceived Value to Community (Meets a Need)
Network Partners – Raise Rent	✓✓✓	✓✓✓	✓	✓✓	✓✓	✓ \$40k, \$44k, \$48k (Yr 1-3)	✓✓
Option 1 Raise an Endowment	✓✓	-	N/A	?	N/A	✓✓✓ \$100k corpus	N/A
Option 2 – Developer Management Services – Serve Lewisville	✓✓✓	✓✓✓	✓	✓✓✓	✓✓✓	✓✓✓ \$90k + mgmt. fee	✓✓✓
Option 3 – Solicit Major Grant	✓✓✓	✓	N/A	✓	N/A	✓✓✓ \$250-400k	N/A
Option 4 – Solicit Operational Grants	✓✓✓	✓	N/A	✓	N/A	✓✓ \$50k	N/A



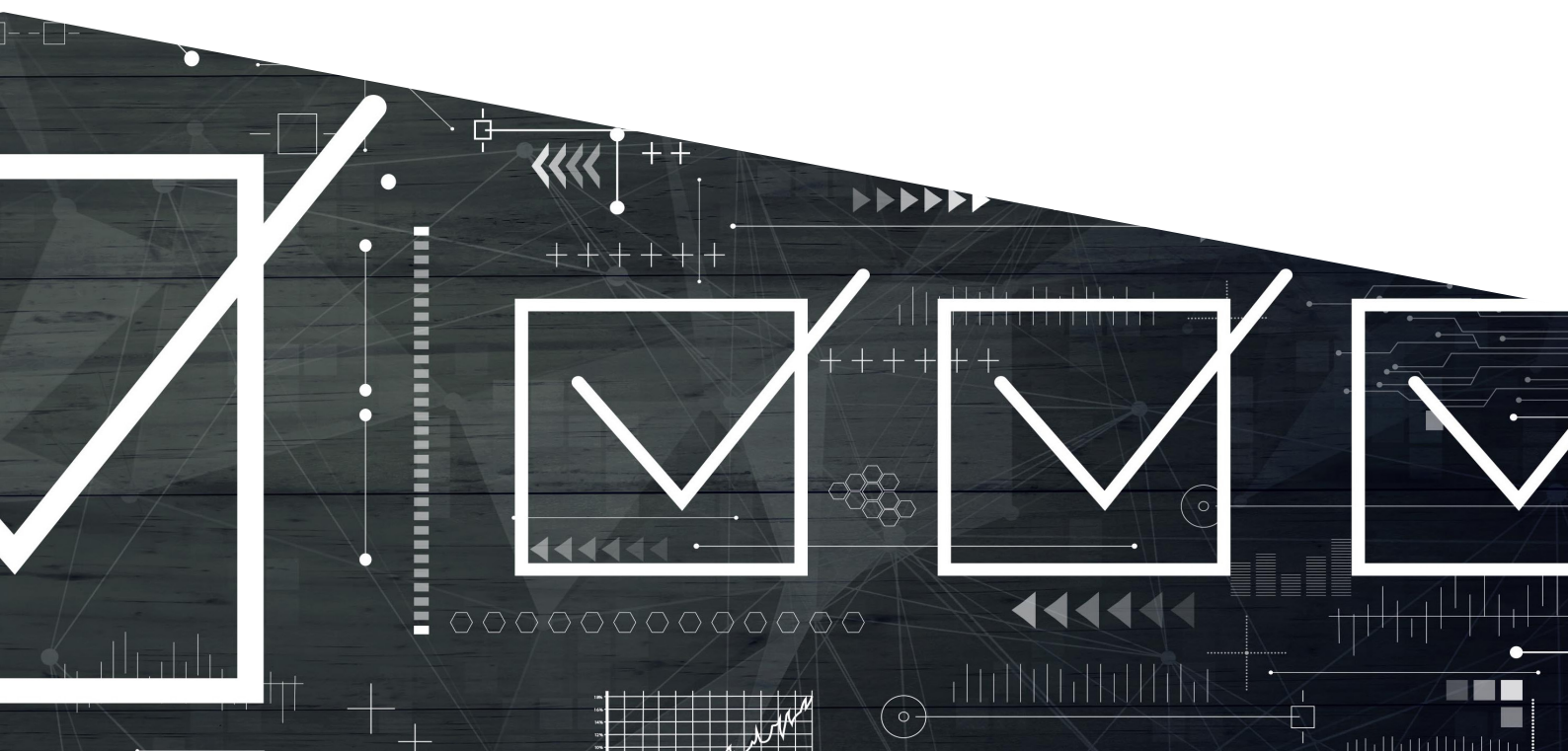
## Appendix E: Feasibility Study Checklist

A task force appointed by the Board to provide oversight will review any feasibility study. Before undertaking any feasibility study, prospective projects must meet the following criteria:

- Building size must be a minimum of 10,000 SF.
- There must be room for expansion.
- The customer has a project manager who is passionate about the idea.
- There is access to capital through city funding or a major foundation.
- The customer is willing to allow the affiliate nonprofit to own, develop, and operate the center.
- City leaders support the project.
- The community has conducted a needs assessment in the last two years.

**Furthermore, two additional guardrails will guide future efforts:**

- We will only consider one project at a time.
- We will only consider projects in Denton, Wise, Collin, Cooke, and Grayson counties in locations that are eligible for New Market Tax Credits.







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