

In Germany a big part of services for people with learning disability is traditionally organised by large institutionalised service providers. These institutions are mostly non-profit, and are in general members of the German 'voluntary welfare associations', for example the Diakonie, Caritas or Arbeiterwohlfahrt. In recent years, however, a significant number of private providers has emerged on the care market. This is at most obvious in the non-residential service sector.

For a several years, the development of the above institutions had been supported by the German Principle of 'Subsidiarity' which means that the state should not interfere with the non-profit sector that can be done by non-governmental organisations – especially those that are members of 'voluntary welfare associations'. The advantage of the voluntary welfare organisations has been abolished by the 'Federal Social Assistance Act' in 1999.

Now the big institutions have become less and less trusted by the general public in providing services for people with disabilities. Surely the basic ideas of Community Care has contributed to this. Especially the principles of emancipation, autonomy and freedom of choice demand a variety of services which shouldn't necessarily be done by just one large provider – or even a small number of them.

Thus the social discussion is focussed on the big institutions' right to exist and calls for their abolishment are getting louder and louder. Unfortunately, this issue is too often discussed at a rather unqualified level.

This is why we'd like to present our future plans for the Protestant Foundation, the Evangelische Stiftung Alsterdorf. We'd especially like to stress the guidelines referring to the abolishment of the old institution and the creation of new, customer-orientated structures.

Here are some of our thoughts:

1. Size is not necessarily a criteria but rather a risk that can be dealt with:

- a) big institutions in general, do not develop their schemes around the individual needs of a disabled person, but they try to fit the people into the services they provide
- b) big institutions are mostly organised in a very structured way and tend to restrict their employees' responsibility to a very big extent
- c) big institutions demand too much bureaucracy and spend too much time and work on organising themselves
- d) transparency is not often to be found in big institutions; there is no such thing as a 'culture of responsibility' as there is hardly any need for personal responsibility. Political tendencies, hidden agendas and personal ties characterise everyday work.

A professional management can deal with these risks once they have been disclosed.

Conclusion: Big institutions should become aware of these risks and include them in strategic management.

2. Big institutions (providing mostly combined services by a multi-professional team) organised as - what we call - a total institution should not survive.

- a) Huge institutions in the social sector in Germany are mostly non-profit institutions. The economic aim is of course not to maximise profit, but to found a solid base that guarantees the continuity of its work, that is to guarantee self-preservation and realisation of the institutions' aims.

A solid economic base demands reliable – and viable – structures.

In conclusion: Large institutions themselves don't have to be questioned, but rather their performance and structure.

- b) The Protestant Foundation Alsterdorf developed the following paradigms and objectives for a new organisational structure:

b.1) A thinking orientated to people's needs. Market-orientation instead of product-orientation. This means products (i.e. services) are not designed beforehand, but the disabled person is asked what service he/she would like and the service is designed correspondingly to his/her needs.

b.2) Individual responsibility. At every level competence, responsibility and accountability are in the hands of the managers. The decentralisation of responsibility should, in turn, ensure a stronger market orientation.

b.3) The big institution as a single unit is downsized into several smaller units (these will be mostly limited companies, in Germany called GmbH). There will be three criteria for the size of the intended companies:

b.3.1) Each unit has to be economically self-sufficient and viable.

b.3.2) Marketwise, its size has to make sense (our idea: it should not be bigger than second biggest provider).

b.3.3) The perfect size should prevent the formation of new bureaucracies. A size that provokes too much occupation with itself has to be avoided. Everything that is not part of the core business should be outsourced or bought on the services sector.

Our picture: No big sluggish supertanker which can only react slowly, but rather a supple and flexible fleet of small boats.

- c) This is best to be achieved by forming a Holding. The Holding can be characterised by the following principles:

c.1) The Holding has strategic functions only.

c.2) The entire operational business is done by the small limited companies in their own operational responsibility.

c.3) As biggest limited shareholder of each operational unit the Holding should not hold more than 50% of partner's share.

c.4) All real property is let by the Holding to the operational units, that are the limited companies.

c.5) Each unit operates at its own risk and with its own economic aims. The Holding is not liable for the single units. If a unit is not workable anymore, it should be liquidated without any interference to the other units (whereas in a big institution one unit's malfunction may put the complete institution at risk).

c.6) The Holding does not control the units' operative daily business.

c.7) There are no contracts about control and shifting of profits. The shareholder's meeting decides about appropriation of the profit.

c.8) Each limited company may develop its own corporate identity.

c.9) The Holding is financed solely by renting property and appropriations of the profit as decided in the single companies.

d) This means the Foundation will have to change its identity. It will move from an operative Foundation to a purely capital Foundation. This means the Foundation will no longer be entitled to finance its operational business with its own substance, but only with the yields from its capital.

e) Services and administration will be merged into an own Limited Company and will subcontract services from operative service providers. The providers will concentrate on their core business.

The conclusion: The strategic Holding in the form of a capital foundation will only be the organisational frame to guarantee a client-orientated, marketable positioning of all services.

3. This development does cause some problems, especially if we consider the past of big institutions. Whilst decentralising and delegating responsibility into the operational units, we have to make sure that there should not be a return to old structures and powers. Thus further changes will be necessary:

To consolidate this structure, it will be necessary to establish independent agencies. Neither the providers nor the cost units should be entitled to influence these agencies who will have the following main tasks:

a) to find out the exact need in close co-operation with the client and, if necessary, with his/her assistant or family

b) to create an assistance plan consisting of services, development and perspectives in order to define clear priorities, that is to focus on the most important services

- c) the client will be in control of these plans at all time; no decision will be made without him/her
- d) the agency seeks out various providers, compare their services and offers; if necessary it will negotiate costs with the cost unit and support the client in negotiating service contracts
- e) the agency stays in touch with the client at all time; furthermore it monitors the provider's work towards meeting the services that had been agreed on.
- f) The strategic and operational aim is the agency's independence: The diversification of the services is inevitable for economic reasons. To protect this process against the suspicion of manipulation, this independence is most indispensable.

4. The Protestant Foundation Alsterdorf now is at a turning point, and the question is whether it is divided in operational units under regional or rather under functional aspects.

- regional: The operational units are structured in order to serve a certain area and will co-ordinate all services in this area under one single responsibility

or:

- functional: services will be structured according to core competence, that is clearly defined services provided all over Hamburg.

Both ways bare some chances and some risks:

Regional Structure: Chances

- it is easier to establish a network of services
- internal synergies can be realised to the client's benefit
- organisations follow the client's needs. He/she doesn't have to get used to new contact persons all the time
- it is easier to set up client-orientated services
- transparency, communication and diversity can be provided at a reasonable price

Regional Structure: Risks

- the operational unit might be transformed to a small institution (all services under one roof)
- from a client's point of view, some regional boundaries might not seem to make sense
- self-occupation and the emergence of new bureaucracies is more likely

Functional Structure: Chances

- easier to specialise in certain services; competence and know-how can be provided on a large scale

- this can only be achieved if the diverse services of different providers are channelled by independent agencies
- close to 'real life conditions' (landlord, employer and assistance providing organisation are normally not the same legal persons)
- easier to ensure the concentration on core competencies
- extension of services is easier to put into practice on a supra-regional scale

Functional Structure: Risks

- difficult to co-ordinate
- high level of diversification might be confusing
- mediators, that is probably the independent agency, will be needed (new risks as to mediator's competence and quality-orientation)
- cost units have to be willing to pay the agency's extra cost; the service provider will only be responsible for partial services.

The conclusion: The Protestant Foundation Alsterdorf has to decide on one organisational type. Until now, no decision has been made. We hope the discussions during this meeting might give birth to some helpful ideas.

We are looking forward to these discussion and would like to thank you very much for your attention.