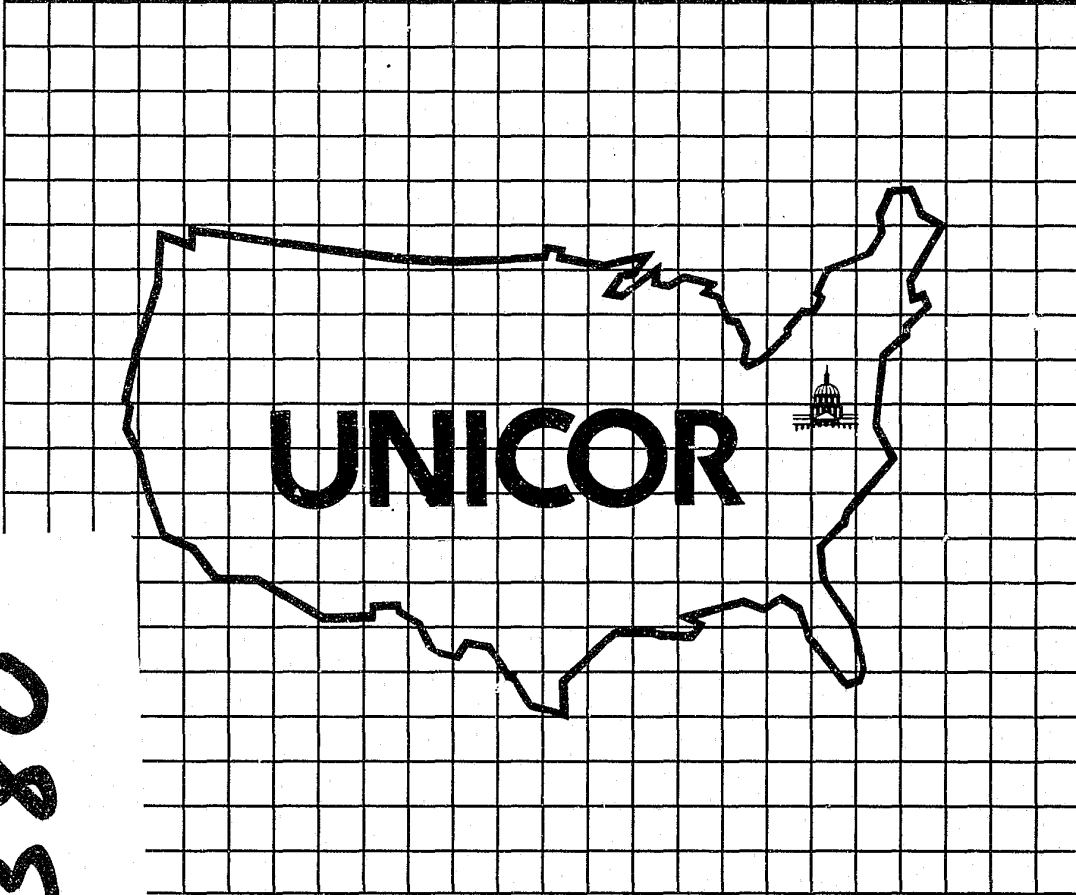


STRATEGIC PLANNING



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THE BUREAU OF PRISONS AND FEDERAL PRISON INDUSTRIES

The growth of the Bureau of Prisons to its present population of over 46,000 inmates and the projected growth of that population to over 80,000 inmates have resulted in unprecedented growth in Federal Prison Industries, Inc. (UNICOR).

UNICOR is essential to successful management of the Federal Prison System because it provides work and training to a large number of those inmates physically able to work. Without such work, inmate idleness would increase significantly, making the operation of controlled and orderly prisons more difficult and posing a serious risk to public safety.

Unprecedented growth in the Federal prison population and UNICOR has produced a new visibility for UNICOR among its suppliers, customers, the Congress, and the Federal marketplace. Such growth and increasing complexity in the Corporation's operating environment, coupled with a transition in Chief Operating Officers, prompted UNICOR's management to hold the first UNICOR Strategic Planning Conference in January 1989.

The purpose of the conference was to begin a new, long term emphasis on strategic management to give the Corporation a renewed focus for dealing with the future. Only through renewing its focus on the future and establishing strategic planning as a routine part of ongoing management can UNICOR be assured of accomplishing its basic mission of inmate employment and training to better manage the Federal Prison System and better serve the public.

What follows is a summary of the highlights of the UNICOR strategic planning effort. We would like to share them with you.

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U.S. Department of Justice
National Institute of Justice

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Strategic Planning: A Tool to Address the Future

“A *lmost all decisions that will affect the future are made referencing the past.”*

Lewis Carroll's Alice in Wonderland included an insightful sequence involving the Cheshire cat. The sequence made the point that one must know where he or she has been before plotting a future course. Any corporation also must know its position and strengths before plotting its future course.

A basic purpose of corporate strategic planning is to establish the direction the organization should follow. A prerequisite for a successful strategic plan, to follow Lewis Carroll's lesson, is accurate self-appraisal. That appraisal, for a corporation such as Federal Prison Industries (UNICOR), must include consideration of the many complex and, in some instances, unpredictable forces affecting UNICOR both internally and externally.

The basic, driving force in UNICOR's internal management environment is one of unprecedented growth in the Federal prison population, in turn causing unprecedented organizational growth in the Bureau of Prisons including UNICOR. There are many important factors associated with this basic force of growth.

The primary force in the external environment stems from the growth in the Federal prison population, Bureau of Prisons organizational growth, and growth in UNICOR sales. That force is increasing public and competitive scrutiny of UNICOR, a government corporation which traditionally has had a very low public profile. UNICOR's management strategy must now take into account a heightened public interest in the workings and impact of the Corporation.

The combined forces of organizational growth and increased public scrutiny, each driven by inmate population increases, are major forces UNICOR must manage in a strategic manner if it is to continue to survive as the major work and training program that keeps inmates constructively occupied in Federal prisons.

In order to deal with those forces in all their complexities, UNICOR must begin to manage with a comprehensive strategy system. Strategic management, to be successful, must take into account all the internal and external environmental forces propelling UNICOR. The extent to which UNICOR manages those forces will determine its effectiveness as a public service.

UNICOR MISSION

The mission of Federal Prison Industries, Inc. (trade name UNICOR) is to employ and train inmates. We do this through the efficient and profitable operation of industries producing quality products and services to the Federal customer. A primary goal of such inmate employment and training is improved management of the Federal Prison System.

Prisons today are experiencing serious operating issues. The growth of most correctional systems across the United States has resulted in overcrowding and an extreme taxing of staff, physical and program resources to the point where safe and controlled environments are difficult to maintain. In such a situation, the existence of active and productive work programs becomes increasingly essential. Most correctional administrators recognize industries as their primary tool in counteracting overcrowding and preparing offenders to return to society as productive and law-abiding citizens.

Former Chief Justice Warren Burger saw the importance of industries in managing prisons in his remarks to the National Conference on "Factories with Fences" in 1984:

... The key to this—and the key to every good system I have ever seen—is *work, education and training*, and it is on this score that so many of our prisons in this country have been, and are today, an appalling failure for a civilized people.

... We know that today a terrible proportion of inmates are under age 30. For them, these should be provided not only productive work of no fewer than 40 hours a week, apart from training and studying, but also whatever athletic facilities are necessary to drain off the excess energies that sometimes go to produce prison disturbances and riots. Tired inmates—tired because they are engaged in productive work and in training and some recreation—who are confined in humane conditions are far less likely to engage in prison riots.



***UNICOR:
A Bureau of Prisons program that
must become more productive to survive***

Over the past several months, UNICOR has closely examined its status, fiscal stability and growth needs. Whereas UNICOR has become a large organization with more than 80 factories in over 40 locations, UNICOR must utilize some of the standard business practices which are routine in the private sector. It is important, therefore, to clarify the emphasis that will be placed on incorporating production and efficiency approaches, recognizing UNICOR is not and should not attempt to be totally like a private-sector corporation.

- *UNICOR will not operate as if profit or return on investment is its primary purpose. Since prison system population management through inmate employment and training is the primary purpose of UNICOR, the Corporation will continue to emphasize labor-intensive production processes.*
- *UNICOR is a vital Bureau of Prisons program that must become more productive to continue to employ and train increasing numbers of inmates, and survive in the Federal marketplace. This requires incorporating more productive approaches into UNICOR management operations.*
- *This means that UNICOR earnings must be sufficient to justify additional employment and factory construction and that, in some cases, particularly lower security level institutions, institution management must create new non-UNICOR work, recreation, training, and education opportunities for inmates.*
- *UNICOR operating more efficiently does not undermine its relationship or role in the Bureau of Prisons. It means UNICOR must focus on being cost-effective to meet expansion needs and continue to employ a large proportion of the inmate population.*

BUSINESS STRATEGY

A company's business strategy sets the tone and direction and develops a framework for decision-making and resource allocation.

The following basic business strategy options have been considered as a way of providing UNICOR with a basic, long term business management direction:

1. High value or differentiated strategy: Under this strategy, a company produces lines perceived as significantly better than or different from the industry standard, and are so valued by customers. Keys are productivity of value adding activities, flexible manufacturing, a high quality emphasis, product development, high technology, and state of the art processes. The return on assets flows from a high margin and low to moderate turnover.
2. Commodity or low cost producer strategy: Under this strategy, a company produces lines at or above the industry standard for quality at or below typical market costs. Keys are operations and purchasing to maximize inventory turns, receivables collections, and working fixed assets. The return on assets flows from a low to moderate margin and a high turnover.

UNICOR management will adopt the business strategy of a low cost producer.

By focusing on a low cost producer strategy, UNICOR can organize and allocate resources in a manner which focuses on the corporate components that must be effective to achieve the strategy. These include keeping overhead at a minimum, turning inventories at a maximum, collecting receivables promptly, and maximizing the production efficiency of field operations.

UNICOR GOAL STATEMENTS

The following goals are those developed and adopted by UNICOR Corporate Management:

- 1. Clearly define and communicate the mission of UNICOR.**
The UNICOR mission of employing and training inmates in order to have controlled and orderly prisons must be clearly communicated to all Bureau of Prisons staff and inmates, to UNICOR's Federal government community, and to the public.
- 2. Clarify roles, linking responsibility and authority in a way which is consistent with mission and goals.**
An important example of Bureau of Prisons-UNICOR organizational roles that must be more clearly defined are the respective responsibilities of Wardens and UNICOR Product Division Managers in basic areas such as factory production, planning and budgeting. Other role relationships, such as within the UNICOR organizational structure, must also be clarified.
- 3. Plan for the growth demands of UNICOR, and accomplish growth in a quality fashion.**
The Bureau of Prisons and UNICOR must coordinate construction and activation of facilities to sustain quality growth. There must be plans (a) to keep inmates employed; (b) for customer requirements; and (c) for close coordination between Bureau of Prisons staff and UNICOR management regarding construction issues.
- 4. Manage UNICOR in an efficient and more productive fashion.**
UNICOR should incorporate routine private business approaches to maximize the use of internal and external resources in a cost-effective manner that expands job and training opportunities and provides a profit margin to sustain required operations and growth.
- 5. Identify and meet the human resources challenge of the future.**
With growth comes an increasing demand for the Bureau of Prisons and UNICOR to refine UNICOR staff recruitment, training, development, and retention. This must also recognize the need for increasing staff management/manufacturing expertise to meet the challenges of providing quality goods to the Federal marketplace.

UNICOR GOAL STATEMENTS

6. Develop and implement proactive, internal and external communications strategies.

UNICOR must better communicate its message to staff and inmates as well as the Federal marketplace, vendors, trade associations, and the public.

7. Develop and implement management, control, and budget measurement systems.

UNICOR must provide all levels of management with information (key indicators) to make sound decisions. An integrated system of sales projections, factory loading and scheduling, factory performance versus expectations, customer responses, costs of quality, and accounts payable and receivable must be developed. This goal requires the development of measures and the enhancement of existing UNICOR mechanized information systems.

8. Develop and implement a marketing, sales, and customer relations plan which ensures required future sales for UNICOR.

A marketing plan which identifies target markets and product mixes to support long range objectives should drive a sales plan that allows regular sales forecast updates. The overall marketing strategy must include a detailed customer service plan delineating responsibilities to retain the customer. It also must analyze similar non-UNICOR products to ensure UNICOR is meeting price and quality customer demands.

9. Continually develop new products and refine current products to meet customer demands.

UNICOR must introduce new work opportunities and refine existing product lines that meet the needs of inmates and Bureau of Prisons institutional management as well as the needs of the Federal government customers.

10. Meet marketplace price, quality, and delivery standards.

Consistent with a low cost producer business strategy, UNICOR products must meet the needs of the customer and keep pace with non-UNICOR market products. Price, delivery, and quality must be at market-driven levels.

WHERE WE GO FROM HERE

It is time to begin developing and implementing action plans that will lead to quality inmate employment and increased productivity.

Since UNICOR's organizational structure may have to be changed to clarify lines of authority and responsibility, a Task Force has been formed to examine the BOP-UNICOR organizational structure and develop alternative management options to clarify lines of authority and responsibility.

Each of the UNICOR goals will be developed into action plans, all of which will contribute to quality inmate employment and increased Corporate productivity.

The strategic plan with action plans will be communicated throughout UNICOR and the Bureau of Prisons and to the public in a variety of ways.

The Executive Staff of the Bureau of Prisons will lend support and guidance in the overall process of UNICOR strategic plan implementation to ensure that the implementation will be fully coordinated with the Bureau of Prisons strategic plan and mission.