

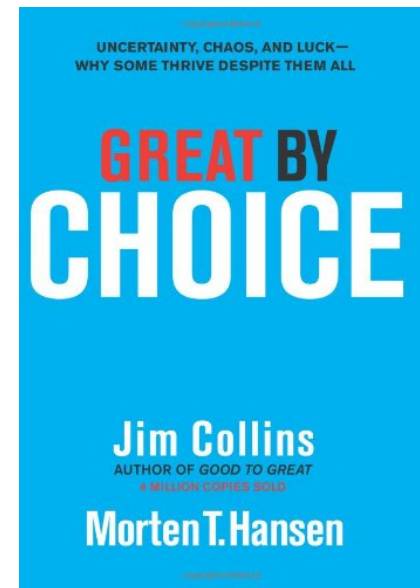
Productive Paranoia and Luck: What's Your Game Changer

Clay Phillips & Mario Canizares



Our Discussion Today

- Introduction
- Chapter 5: Leading Above the Death Line
 - Practical examples in our community
- Chapter 7: Return on Luck
 - Our situation
 - High return
- Conclusion



Introduction

- City of Coppell, Texas
 - Population – 39,750; 14.71 square miles
 - \$98M budget all funds combined
 - October 1 – September 30 fiscal year
 - Full service city
 - Mayor & 7 Council member (all elected at large)
 - 411 employees

Chapter 5: Leading Above the Death Line

- Productive Paranoia 1
 - “Build cash reserves and buffers – *oxygen canisters*- to prepare for unexpected events and bad luck before they happen”. pg. 103

Chapter 5: Leading Above the Death Line

- Productive Paranoia 2
 - “Bound Risk: *Death Line risk, asymmetric risk, and uncontrollable risk* – and manage time-based risk”.
pg. 103

Chapter 5: Leading Above the Death Line

- Productive Paranoia 3
 - “Zoom out, then zoom in, remaining hypervigilant to sense changing conditions and respond effectively”. pg. 103

Chapter 5: Leading Above the Death Line

- Productive Paranoia 2: Risk: Our examples

Vision 2000 Plan:

- 1/3; 1/3; 1/3 philosophy of residential, green space/parks, commercial

- Focused on high-end housing and quality of life

- A focus on partnering with the school district

- A recognition that traditional commercial retail was not a viable option

Chapter 5: Leading Above the Death Line

- Productive Paranoia 2: “Risk”: Our examples
The consequences:
 - Complaints from developers about building standards to difficult/expensive
 - Pushed some viable retail and other developments away
 - Unhappy residents that wanted convenient shopping options (more than just nail salons and donut shops)

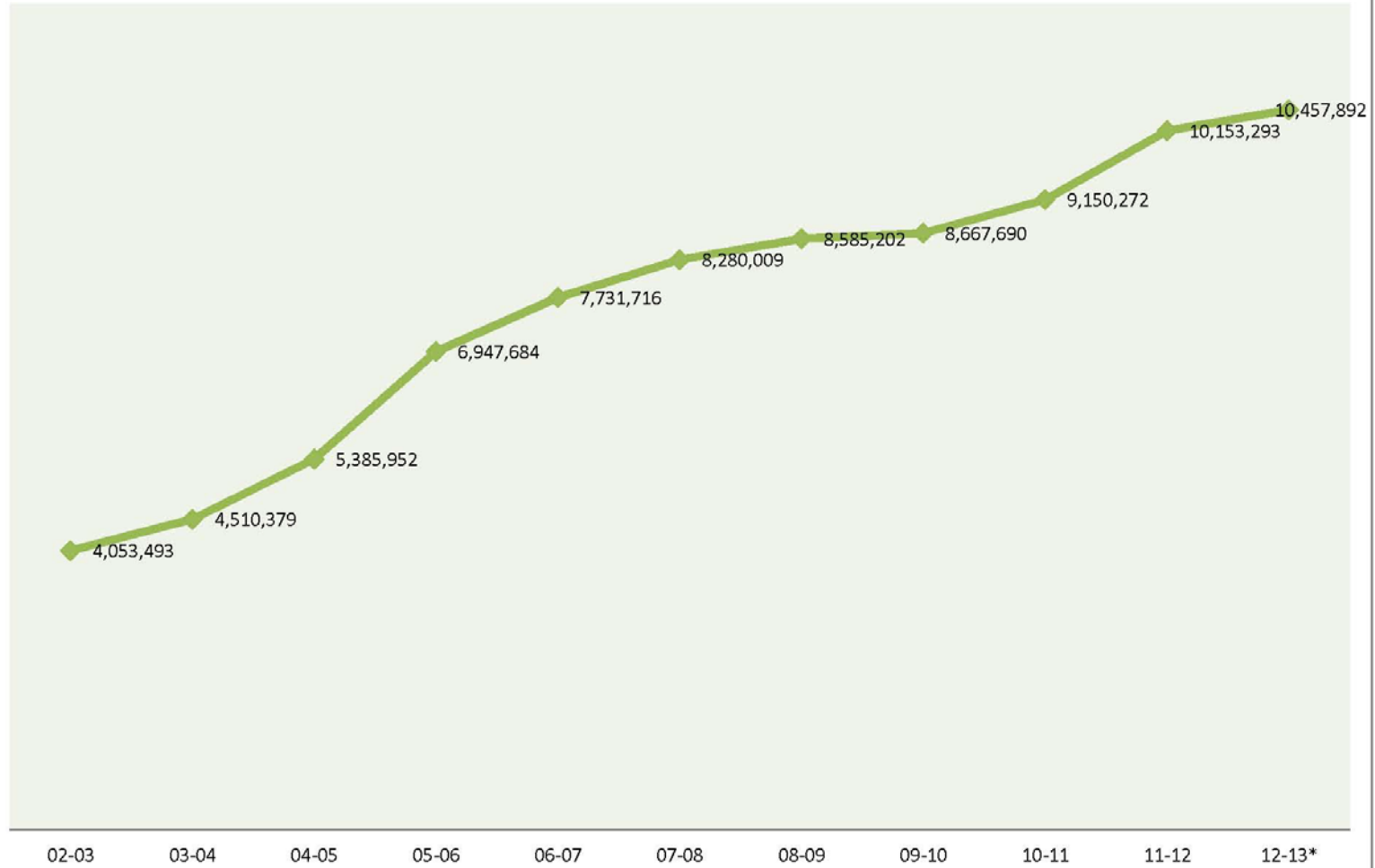
Chapter 5: Leading Above the Death Line

- Productive Paranoia 3: “Zooming”: Our examples
 - By 2002 the residential building boom ended
 - The City completed the Vision 2000 Plan
 - In 2007, the Council initiated 2030 visioning process
 - intentions were to stay relevant
 - maintain a community of choice status
 - ask the question “what’s next?”

Chapter 5: Leading Above the Death Line

- Productive Paranoia 1: “O₂ Canisters”: Our examples
 - In the 2000s light industrial, office/flex space became hot
 - Mid 2000s sales tax receipts increased dramatically
 - We reached residential build-out
 - Demands of services increased
 - How do we address softening economy issues?
 - Post 9/11; tech bubble; real estate bubble
 - Legislative concerns

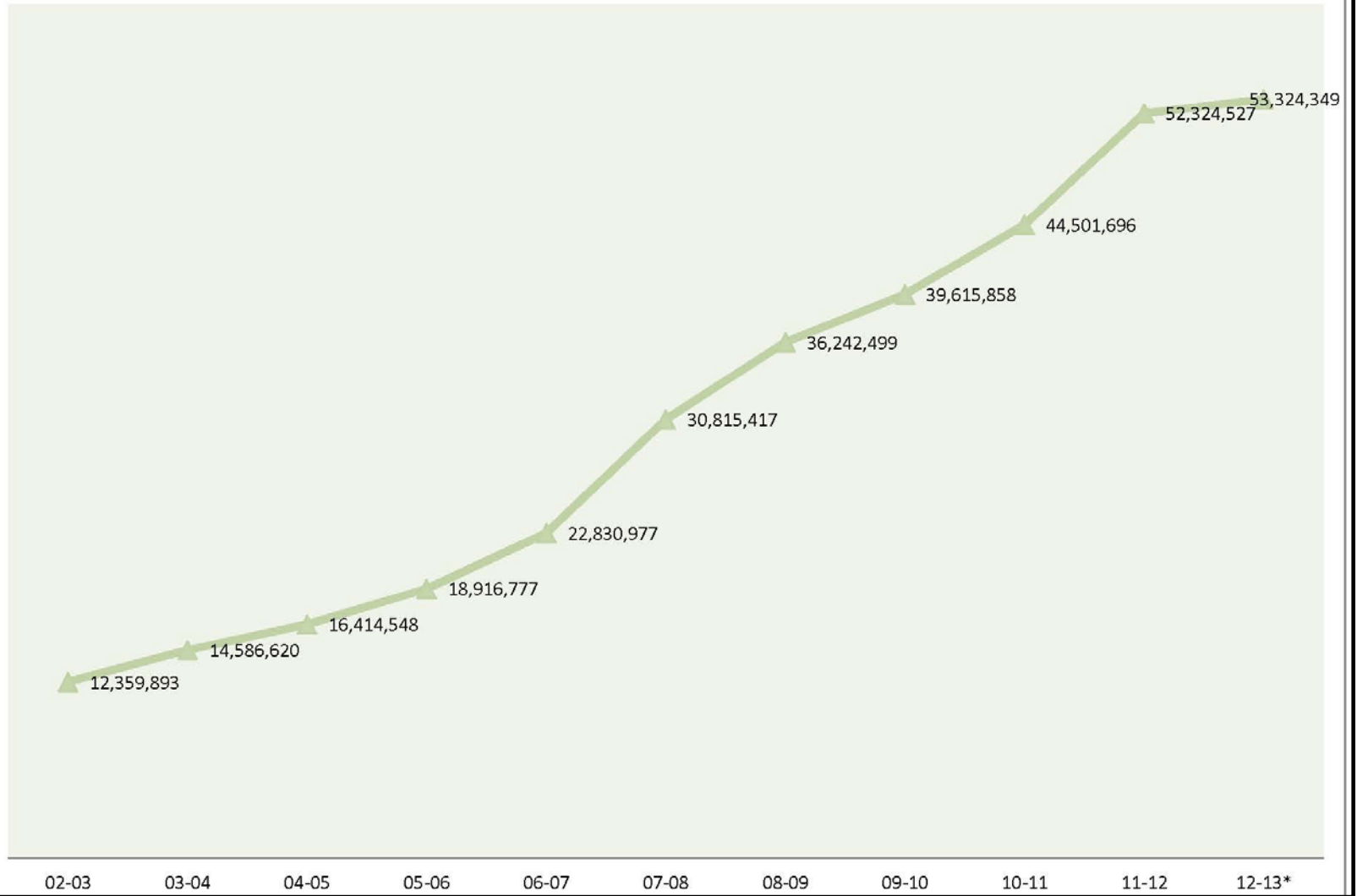
City of Coppell, Texas Sales Tax



Chapter 5: Leading Above the Death Line

- Productive Paranoia 1: “O₂ Canisters”: Our response to the unknown....
 - Created a 5-year financial and a long-range financial plan
 - CC adopted a fund balance policy of 25% of expenditures
 - Purposely built high levels of reserves
 - Recently CC modified fund balance policy to address:
 - economic downturns, economic development, property tax relief, legislative threats, and PAYGO projects

Fund Balance



Chapter 7: Return on Luck

Luck defined as an event that meets three tests:

- 1) some significant aspect of the event occurs largely or entirely independent of the actions of the key actors in the enterprise
- 2.) the event has a potentially significant consequent (good or bad)
- 3) the event has some element of unpredictability.

Chapter 7: Return on Luck

*"Do you feel lucky.... punk?
Do ya?" - Dirty Harry*

Our story in Coppell.....

It all started on
July 13, 2010



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Osborne retires after 12 years as Coppell head cop

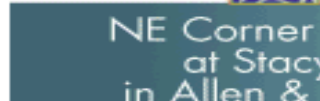
By Jim Kilpatrick, jkilpatrick@acnpapers.com

Published: Wednesday, August 25, 2010 9:17 PM CDT

Search for new chief will begin soon

Coppell Chief of Police Roy Osborne has retired from the Coppell police force as of Aug. 12, and the city has begun its search for a new police chief.

Osborne came to Coppell in 1998 during a time of turmoil in the police department and helped to turn the department around.



Chapter 7: Return on Luck

High Return

- We went into damage control and found ways to explain the unexplainable
- We went into hiding for about a year (Zoomed out)
 - The Council re-grouped and re-engaged
 - The staff began to cope
 - The community healed

Chapter 7: Return on Luck

High Return (cont'd)

- In 2012 CC developed a Value Proposition (Zoomed in)
 - To determine in what manner do we approach issues
 - (Best total cost; Best product/service; **Best total solution**)
- Began to refocus introspectively
 - Branding study
 - Succession planning and career development
 - Emphasis on our “Hedgehog”
 - Developed a “BHAG”

Chapter 7: Return on Luck

High Return (cont'd)

- What are the results so far?
- Lots of change!
- Several reassignments, retirements, and resignations
 - Moving people “on and off the bus”
- A focus on spreading and living our organizational culture
- A focus on re-imagining our community through a voter referendum in November 2013

In Conclusion...

Lessons Learned

- Our leaders took calculated risks
- We assessed from afar and then swooped in when the time was right
- We built reserves: it's the new normal
- We overcame a tragic event and our resolve was to not let it define us
- Our situation was a game changer and we strive to not squander the opportunity

Questions/Comments?

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