



## **The 2018-2028 Strategic Plan**

*Advancing the school trust legacy through strategic innovation*

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## Introduction

School trust lands are an important, little known, and often misunderstood category of land ownership. They are not “public lands” in the sense we think of state parks and forests. Rather, these lands are set aside in the state constitution, and deliver millions of dollars annually to Minnesota's K-12 public school students.

Minnesota holds 2.5 million acres of school trust lands and an additional one million acres of severed mineral rights. The state manages trust assets, trust resources and the revenues derived from them. Everyone who acts on behalf of the state for the trust beneficiaries are trustees, and owe the same fiduciary duties—acting with undivided loyalty, ensuring income for current and future beneficiaries, and preserving trust assets in perpetuity.

The Office of School Trust Lands (OSTL) was established by the Minnesota Legislature in 2012 in conjunction with the reorganization of the Legislative Permanent School Fund Commission. The Office has three core functions:

- 1) Advises the Governor, Executive Council, Land Exchange Board and Department of Natural Resources on school trust management activities;
- 2) Works in conjunction with the Legislative Permanent School Fund Commission on legislation to improve school trust assets; and
- 3) Develops long range strategic plans to ensure school trust resources are optimally managed for each generation of beneficiaries.

## Strategic Plan Framework

Pursuant to Minnesota Statutes, section 127A.353 subdivision 4(a)(6), OSTL commenced development of its first comprehensive ten-year strategic plan in August 2017, and engaged the services of *K2OHSolutions* to design and facilitate the creation of the plan. OSTL invited a variety of key stakeholders to participate in the planning process to ensure a thorough understanding of the current situation and desired future outcomes for the trust and its beneficiaries.

The primary functions of this strategic plan are to describe a path for OSTL to achieve its mission, to articulate core values for decision-making, to set clear specific goals and management strategies, and to create the resources and capacities needed to realize those goals. The vision, mission, values and strategies described in this plan will guide OSTL and our work as trustees to support the long-term value of school trust assets. The plan serves as OSTL’s strategic direction from 2018 to 2028 and is designed to function at a high level and be flexible to change.

In addition to completion of a strategic plan, the school trust lands director must develop a 25-year framework for the management of school trust lands. Statutory specifications for the 25-year framework align with the development of a comprehensive Asset Management and Investment Policy document to allow for future portfolio rebalancing. This additional activity is one of the key strategies contained in this plan.

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## OSTL Vision, Mission and Values

OSTL is guided by obligations articulated in the Minnesota Constitution and state law, and has a fiduciary duty to ensure that both current and future beneficiaries receive maximum economic returns from school trust assets. As a trustee, we have legal and ethical responsibilities to act solely in their best interest.

### Our Vision

*Optimize school trust benefits for every generation of public school students.*

### Our Mission

*Advocate for sustainable asset management strategies that maximize revenue for Minnesota's public schools.*

## Core Values

Core values are the basis upon which we strategize, make decisions, and interact with each other and our stakeholders. The following values represent what is important to OSTL and how we support our vision and shape our culture. These principles guide our internal conduct and external relationships to ensure we stay true to our mission, and provide a critical foundation for developing the goals and strategies that follow in this strategic plan.

#### **Accountability**

We are committed to meeting expectations and achieving the targeted results presented in this plan and in all of our work.

#### **Transparency**

We strive to conduct ourselves openly and honestly, and be upfront and visible in the actions we take.

#### **Fairness**

We listen with an open mind and are equitable in our decision making.

#### **Dedication**

As a trustee of the state's school trust assets, we act with a strong sense of purpose, commitment and integrity.

## Aspirational Values

OSTL was created to highlight the distinct and sacred mission of school trust asset management. Since engrained practices and attitudes of organizational culture can often hinder success, behaviors and norms that could impact the effectiveness of OSTL's working relationships with all stakeholders were closely examined as part of the strategic planning process.

A strategy's effectiveness depends on proper cultural alignment, and when operational issues become all consuming, strategy tends to get set aside. As renowned management guru Peter Drucker said, "Culture eats strategy for breakfast!" To address this concern, OSTL has identified a set of aspirational values and behaviors which are embedded in the strategies laid out in this plan.

### **Collaboration**

We will collaborate inside and outside the office to maximize our shared knowledge and bring greater value to the trust.

### **Vision**

We will actively seek new opportunities for innovation, and will proactively look for partnering opportunities in both the public and private sector.

### **Respect**

We will create a work environment in which all are valued and encouraged to engage in open communication.

### **Teamwork**

We believe that by working together we can deliver exceptional outcomes for the trust beneficiaries.

## A Framework for the Future: OSTL Goals and Strategies

The goals and strategies described in this section address existing and developing issues, challenges and opportunities that OSTL and its stakeholders have identified as most important to the current and future vitality of school trust assets. These goals result from a thorough analysis of business practices, opportunities, threats and customer values. They also reflect OSTL's trust-related constitutional commitments and statutory responsibilities.

Each goal is supported by a number of strategies which in turn are supported by planned actions. Detailed operational plans will be developed and implemented in support of the broad strategies outlined here.

**Goal #1:**

OSTL operates in a collaborative, efficient and transparent environment.

**Goal #2:**

Trustees act with undivided loyalty to maximize and balance distributions to school trust beneficiaries.

**Goal #3:**

OSTL shapes strategies to maximize revenue from new and existing opportunities.

**Goal #4:**

All Minnesotans understand that every public school child is a trust fund beneficiary.

**FOCUS AREA: OPERATING ENVIRONMENT**

**Goal #1:** OSTL operates in a collaborative, efficient and transparent environment.

STRATEGIES	Year Priority				
	1	2	3	4	5
1.1 Clarify roles and responsibilities between OSTL, Department of Natural Resources, Department of Education, and Department of Administration.	x				
1.2 Jointly develop a communication plan to convey the operating environment modifications between OSTL and DNR.					
1.3 OSTL and DNR engage in regular, meaningful consultation with each other.	Ongoing per Operating Agrmt.				
1.4 Engage subject matter experts to better understand operating processes that foster efficiency and transparency.					
1.5 Streamline the OSTL budgetary structure to provide better transparency, efficiency and flexibility in trust management.					

**FOCUS AREA: FIDUCIARY INTEGRITY**

**Goal #2:** Trustees act with undivided loyalty to maximize and balance distributions to school trust beneficiaries.

STRATEGIES	Year Priority				
	1	2	3	4	5
2.1 OSTL and DNR jointly advocate for legislative initiatives to compensate the School Trust for past designations and policies prohibiting revenue generation.	x				



STRATEGIES	Year Priority				
	1	2	3	4	5
2.2 Provide guidance regarding the statutory goal to maximize long-term revenue with sound natural resource and conservation and management principles.					
2.3 OSTL and DNR jointly work to resolve the issue of school trust lands trapped in the BWCAW.	x				
2.4 Introduce the whole trust management concept to state trustees and beneficiary representatives to address the imbalance in PSF distributions between current and future beneficiaries.					
2.5 Design a regular internal and external performance audit program.					

**FOCUS AREA: INNOVATION AND STRATEGIC DIRECTION**

**Goal #3:** OSTL shapes strategies to maximize revenue from new and existing opportunities.

STRATEGIES	Year Priority				
	1	2	3	4	5
3.1 Develop a comprehensive asset management plan to provide long-term strategic direction that balances revenue enhancement and resource stewardship, retains core assets, rebalances the portfolio, and increases the revenue stream from real estate assets.	x				
3.2 Regularly engage industry and market innovation experts to understand emerging technologies and new opportunities.					
3.3 Diversify income opportunities by exploring alternative activities and supporting initiatives that produce additional sources of revenue.					
3.4 Develop comprehensive business plans for each asset type to provide ongoing, specific direction for land asset management practices.					
3.5 Design management strategies for natural resource assets that promote long-term, sustainable revenue generation.					

**FOCUS AREA: EDUCATION AND COMMUNICATION ABOUT TRUST LANDS**

**Goal #4:** All Minnesotans understand that every public-school child is a trust fund beneficiary.

STRATEGIES	Year Priority				
	1	2	3	4	5
4.1 Engage with stakeholder groups via regular meetings to communicate current projects, legislative initiatives, and explore creative partnerships for innovation.	x				
4.2 Develop a relationship and partnership with MDE to ensure consistent messaging to school districts about school trust endowment distributions.					

STRATEGIES	Year Priority				
	1	2	3	4	5
4.3 Develop a comprehensive communication plan to “tell the school trust story” and convey the value of school trust assets.	x				
4.4 Engage the LPSFC and Minnesota legislators about school trust assets and educational funding.					
4.5 Develop/strengthen relationships and partnerships with state educational associations to connect the management of trust assets to education funding in Minnesota.					
4.6 Engage Minnesota legislators and congressional delegation about school trust assets, including the intersect and impact of federal land management.	ongoing				

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## Strategic Planning Process

OSTL, in conjunction with DNR, established a strategic planning core team in August 2017. The team chose the organizational consulting firm *K2OHSolutions* to guide the team through the development of the plan. From October 2017 through February 2018, the core team followed a Strategic Directioning framework and the Organizations of Character Model™<sup>1</sup> to ensure a comprehensive work product that addressed planning needs as well as successful plan implementation. The following list describes the processes and decisions the team worked through during development of this plan.

1. Agree to project scope and timeline.
2. Initialize understanding the “current situation”.
  - Identify key stakeholders: Legislative Permanent School Fund Commission, Beneficiary Representatives, Conservation Representatives, Industry Representatives, DNR Staff, OSTL staff.
  - Complete the Value Proposition Canvas<sup>22</sup> for each stakeholder group.
  - Gather a variety of stakeholder input through interviews and survey techniques.
    - i. Environmental Scan  
The Environmental Scan asks about events, conditions or relationships, both internal and external to an organization, that will shape the future direction of the organization.
    - ii. Keep-Stop-Start  
Keep-Stop-Start is a tool to assess organizational effectiveness, as well as in a 1:1 personal dynamics setting. What should OSTL absolutely Keep Doing - that adds value? What does OSTL do that does not add value and therefore they should Stop Doing? And, what should OSTL Start Doing that would contribute significantly to the value they bring to the stakeholder business or relationship?
    - iii. Validate the Value Proposition Canvas<sup>2</sup> and generate and prioritize stakeholder “Pain Relievers” and “Gain Creators”.
    - iv. Face-to-face focus group sessions  
Each focus group was asked the same question set to understand what key indicators represent OSTL future success, behaviors that are working and behaviors that are not working, what the group needs most from OSTL and preferred method and frequency of communication with OSTL.

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<sup>1</sup> The Organizations of Character Model™ can be found on the K2OHSolution website <http://www.k2ohsolutions.com/products-services/long-range-planning-future-thinking/>.

<sup>2</sup> Business Model Generation and Value Proposition Design training and usage available at <https://strategyzer.com/>.

- Review OSTL requirements and current operating environment.
  - i. The Minnesota Constitution and statutes, OSTL duties.
  - ii. The OSTL/DNR Operating Agreement and Collaborative Problem-Solving Process.
  - iii. The dynamics of the current culture, characteristics of organizational behavior, and desired working environment.
- 3. Claim the future by discussing important goals, feedback and what success looks like.
  - Complete a Business Model Canvas<sup>2</sup> to reflect stakeholder needs and values, necessary partners and resources, and preferred communication methods.
  - Analyze and identify themes from all information received.
  - Draft vision, mission, core values, aspirational values, goals and strategies.
  - Prioritize strategies and develop Year 1 actions for priority strategies.
- 4. Provide opportunity for stakeholder feedback to the draft plan.
- 5. Finalize plan.

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## Acknowledgments

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### Core Planning Team

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### Legislative Permanent School Fund Commission

Rep. Dale Lueck, Chair  
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Sen. John Hoffman  
Rep. Mary Kunesch-Podein  
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