



What can commercial enterprises learn from NPOs – from the point of view of a management consultant who has been involved with projects involving NPOs and commercial enterprises for more than 15 years.

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Can they learn from the Nonprofits?

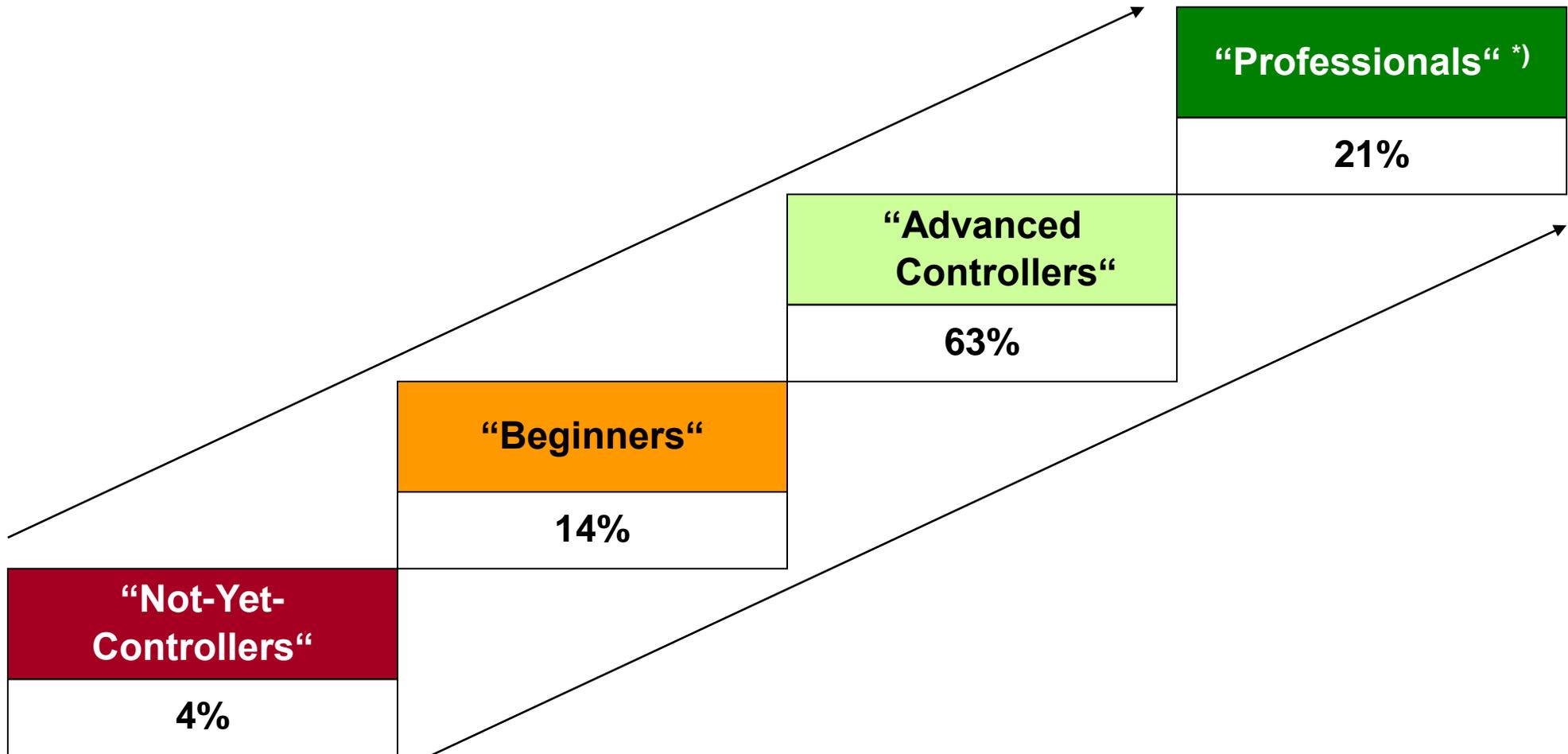
YES! They can!

Core Thesis

”Managing nonprofit-organizations is comparatively more complex and challenging than managing commercial enterprises of comparable size and structure“.

84% of the analyzed organizations operate at an advanced level regarding the operational controlling.

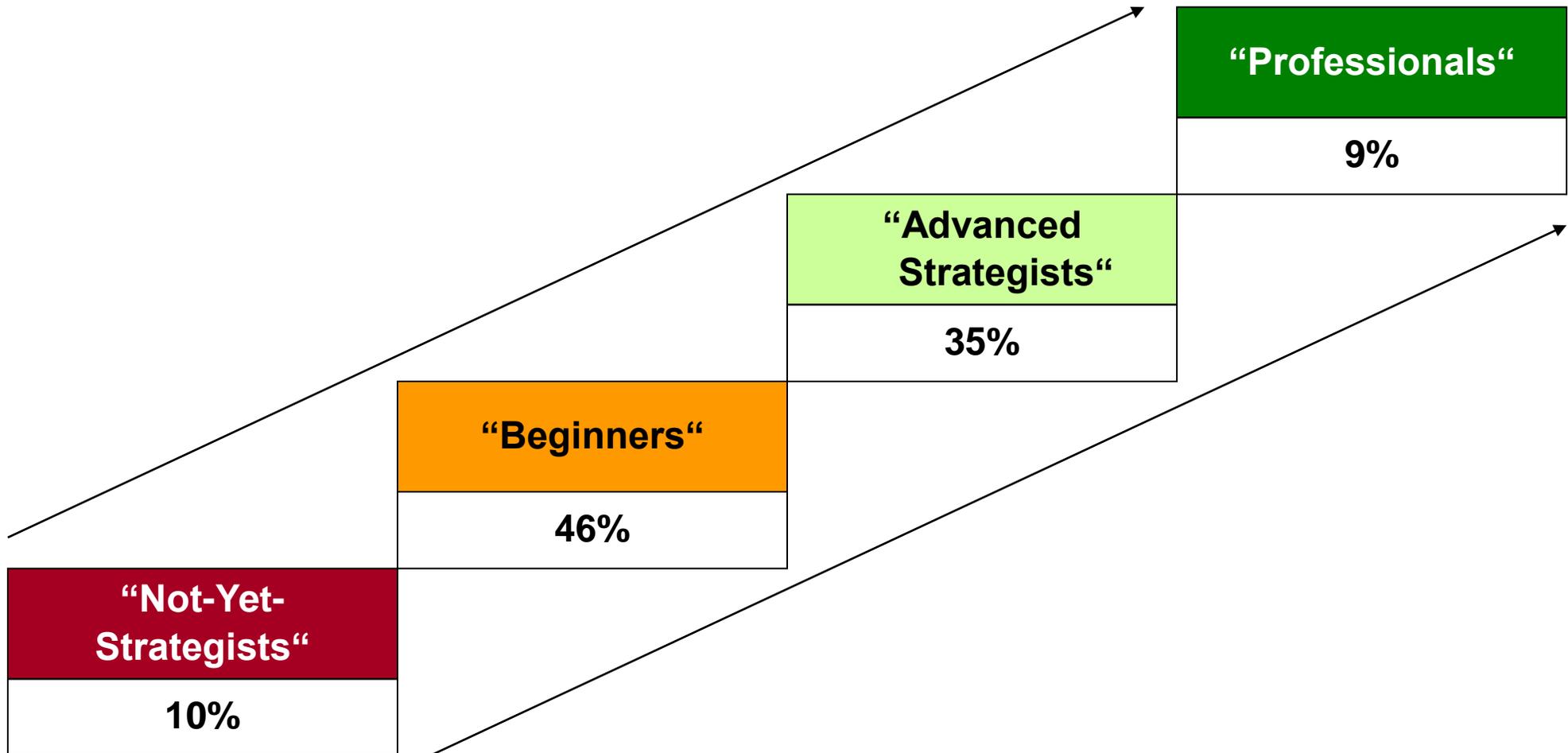
Level of development of operational controlling



*) The Professionals still have potential for optimization regarding particular criteria.

Many organizations show higher need for development regarding strategic controlling compared to operational controlling.

Level of development of strategic controlling



Core Thesis: Reasoning (1/3): Peter Drucker about NPOs

- ▲ **“Managing NPOs is in general more complex than managing comparable companies”**
- ▲ **“The social sector’s task is to have an impact on people and thus change their lives (NPOs as change agents)”**
- ▲ **“Good intentions are not enough!”**

(P. F. Drucker at Salzburg Seminar, June 8th, 1992)

- ▲ **“Nonprofits need management precisely because they don’t have a bottom line” (Harvard Business Review July-August 1989)**
- ▲ **“If I had to put somebody in to take Roger Smith’s Place (CEO) at GM, I would pick Frances Hesselbein (Former Director of Girl Scouts USA)” Business Week March 26, 1990**

Core Thesis: Reasoning (2/3)

Many companies are never or hardly ever confronted with problems the management of NPOs has to solve.

- ▲ NPOs generally have a much more differentiated system of objectives and thus very different and more difficult methods of measuring their success. How do we define and evaluate intended effects with individuals? (e.g. When is a hospice successful?)**
- ▲ How does personnel management handle different groups of employees that, partly due to different motivations, do very similar or identical work? (e.g. full-time and voluntary employees)**
- ▲ How do we manage a dense network of stakeholders that partly have significantly diverging demands vis-à-vis the NPO and very different ways of measuring success? (e.g. patients, management, doctors etc. in a hospital)**

Core Thesis: Reasoning (3/3)

- ▲ **How do we deal with the high level of trust we enjoy and the related pressure for justification people put on us? (e.g. handling money entrusted to us in the form of donations)**
- ▲ **How do we make sure that the NPO's values are clearly reflected in day-to-day work? (e.g. how do we always respect human dignity in a care home?)**
- ▲ **How do we manage the high emotional involvement with the NPO's objectives and services many employees show, which in turn makes any necessary changes much more difficult? (e.g. the personal involvement of parents' representatives in a facility for handicapped people)**
- ▲ **How do we deal with the fact that sometimes the recipient of a service is not identical to the person paying for it, and the payer determines only afterwards whether rendering the service was justified? (e.g. the use of a helicopter after a car crash).**

What can companies learn from great managed NPOs?

- ▲ **To focus on the mission, purpose driven management**
- ▲ **Sustainable, value-based management**
- ▲ **Multiple stakeholder management**
- ▲ **Personnel management when dealing with very heterogeneous groups of employees**
- ▲ **Solving conflicts of objectives and interests**
- ▲ **Managing change processes involving strong ties and emotions**
- ▲ **Handling high uncertainty or high dependencies**