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VOLUNTARY NONPROFIT ENTERPRISE MANAGEMENT

David E. Mason

*Supportive Services, Inc.
New Orleans, Louisiana*



PLENUM PRESS • NEW YORK AND LONDON

Library of Congress Cataloging in Publication Data

Mason, David E., 1928-

Voluntary nonprofit enterprise management.

(Nonprofit management and finance)

Bibliography: p.

Includes index.

1. Corporations, Nonprofit—Management. 2. Associations, institutions, etc.—Management.

I. Title. II. Series.

HD62.6.M37 1984

658'.048

84-17907

ISBN 0-306-41582-8



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A Division of Plenum Publishing Corporation
233 Spring Street, New York, N.Y. 10013

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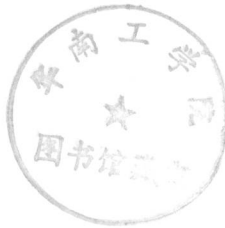
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Printed in the United States of America

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**VOLUNTARY NONPROFIT
ENTERPRISE MANAGEMENT**



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Nonprofit Management and Finance

Series Editor: VIRGINIA WHITE

GRANT PROPOSALS THAT SUCCEEDED

Edited by Virginia White

THE ARTS AT A NEW FRONTIER

The National Endowment for the Arts

Fannie Taylor and Anthony L. Barresi

VOLUNTARY NONPROFIT ENTERPRISE MANAGEMENT

David E. Mason

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To Mother and Dad,
who set my course
and then let me take
hold of the tiller

PREFACE

My values, attitudes, and behaviors, like those of most Americans, have been profoundly influenced by not-for-profit enterprises. My parents were students in one when they met. I was born in one. I learned about God in one, my ABCs in another, how to make a fire and tie knots in another, how to play ball and be part of a team in another, and I met my first girlfriend in another. I prepared for my career at a not-for-profit university, met my wife at a not-for-profit church, went on to several not-for-profit graduate schools, joined numerous not-for-profit professional and special interest groups, brought two newly born sons home from not-for-profit hospitals. I read magazines published by several of them, sail and hunt with their members, and when I vote I consider a variety of their admonitions. Voluntary not-for-profit enterprises have been molding and shaping me as long as I have been alive, and they will even be represented at my funeral.

Therefore, it seems only fair that I should help to shape some of them. I have been at that task for some time now—leading seminars, consulting, writing, and serving on boards and committees. This book is an outgrowth of what I have learned through formal study, observation and analysis, and personal experience in more than half the states of the union and many foreign nations.

I wrote this book for both volunteer and paid leaders, managers, and administrators—those who make the decisions about how these diverse organizations set policy and conduct their operations. This book is for associations, schools, churches, hospitals, all sorts of charities, foundations, guilds, unions, political entities, private clubs, fraternities, ideological groups, museums, libraries, artist conglomerates, community theaters, travel groups, sports teams, professional organizations, af-

filiations, lobbyist groups, special interest groups, and all other not-for-profit organizations—and for individuals in the business and government sectors interested in a greater understanding of the differences in management techniques between voluntary enterprise organizations and for-profit entities.

I discovered my first book on management three years after I started managing my first not-for-profit organization. The author was writing about what I was doing every day. In a structured and comprehensive format, he outlined what I had been piecing together, bit by bit, through daily experience. The book rounded out conclusions I was just beginning to reach on my own. In one sitting I read and read, experiencing a camaraderie with the author—a recognition that “he’s been there.” I was discovering that I was no longer laboring alone. The book was for profit sector managers, but I was discovering that those of us in not-for-profit organizations could learn much from the literature of business management.

A decade later, I had a parallel experience. I had learned much in those intervening years. I had earned two more degrees and I was still reading books and journals on profit sector management. I was still working for a not-for-profit enterprise. As the executive director of an organization in upstate New York providing technical assistance through 17 offices in the Third World, I called a conference of leaders of other organizations working overseas. We met at the beautiful Wingspread Conference Center designed by Frank Lloyd Wright. During our first day in the relaxed and inspiring environment of the Wisconsin countryside, we got to know each other and sought to define how our organizations were similar. The second day we discussed our common needs and opportunities. I experienced the same sort of camaraderie, joy of discovery, and recognition that I had in reading my first management book. As I talked with my counterparts, I knew that they, too, “had been there.” They knew the same frustrations and exhilarations I knew. They were going through what I was going through—the experience of a chief executive officer in a special kind of voluntary not-for-profit enterprise.

The first Wingspread gathering was the beginning of a series of conferences. We sought to define our commonalities. We sought to identify what made our work special—different from other professions. As a group we were a bit ahead of our time. Though the experience was great, we were not able to institute a university program in our field. We produced only one limited-circulation document (thanks to Dewitt Wallace of the *Reader’s Digest*). We did not even establish a permanent organization. But from that time on, I began to think of myself not so much as the leader of a unique organization but as a voluntary enterprise

manager. As such, I knew I had much in common with managers in many voluntary sector fields.

In the late 1960s I began working in New York City as a consultant for some of the largest companies in the world. Initially, it was to be a brief assignment, lasting no longer than a year. I learned much as I observed, discussed, confronted, and taught business and industrial personnel. Their status ranged from first-line supervisors through corporate vice-presidents and occasionally a president or chairman of the board. Though I highly respected the men and women with whom I worked in the profit-seeking sector, my eyes were opened to another fact. Until that time I had had an illusion that business and industry were managed better than institutions and organizations in the not-for-profit sector, in spite of the high educational level of not-for-profit managers. I had felt that business leaders were more efficient. My close association evaporated the business mystique. I found business managers more direct, realistic, and honest about motives, and more erudite than I had thought; but they were not necessarily better managers than their counterparts in the voluntary sector. They struggled with some leadership problems that would not have fazed most managers of voluntary enterprises. Many of them were relatively naive about aspects of organizational behavior. From that time, I began to make notes and gather observations on differences in effective management modes in the two sectors.

I had much help and encouragement. I learned from the organizations that shaped me and that I helped shape. I learned from my clients. I learned from my boards and my peers, and my subordinates. There are far too many to name all who provided general input. But I must mention a few who provided specific assistance: David Duhon, Bill Breedlove, Jennifer Jones, Johanna Schlater, Lucille Francis, Ellen Anderson, Steve Gurian, Darwin Fenner, Tracy Connors and fellow members of the Association of Voluntary Action Scholars, and my dear wife, who for years patiently shared our at-home hours with my work on this project.

My greatest ambition for this book is that it will provoke additional inquiry into the distinctiveness of voluntary enterprise management. Nothing would delight me more than that some of my readers would contest my conclusions, as long as there are others who have shared my kind of experience and will rise to my defense.

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1

VOLUNTARISM

They called it "the New World." The Western hemisphere was not merely a block of real estate, it was an opportunity for Western civilization to reshuffle its components and begin with a new deal.

Leaving most of their assets and liabilities on the European continent, a mixed bag of colonists brought to the frontier little more than their aspirations and mutual needs. But those aspirations and mutual needs were enough. For in their new environment were resources sufficient for them to win for themselves the most prosperous and democratic society the world had ever seen.

It was a new kind of society: a culture of cooperation. It was a culture comprised of people who believed in self-help, in hard work, and in voluntarily going out of their way to reach out and help those whose need required their strength. In bustling coastal cities and on the isolated frontier, they had to cooperate voluntarily in order to survive. As they moved beyond survival and into prosperity, they held onto their ethic of cooperative voluntary action. The interrelations, associations, and societies, which served them so well in survival, in prosperity made life better and richer. From the beginning, the culture of voluntary cooperation stamped the society with a special kind of heart and character.

A Culture of Cooperation

Alexis de Tocqueville, a Frenchman visiting the United States in its infancy, wrote: "These Americans are a peculiar people. In any local community a citizen becomes aware of a human need which is not being met, he thereupon discusses the situation with his neighbor. Suddenly a committee comes into existence. This committee thereupon begins to

operate on behalf of the need."¹ How natural it seems to us in retrospect. How striking it was to the contemporary observer!

Tocqueville also observed, "Whenever at the head of some new undertaking you see the government in France, or a man of rank in England, in the United States you will be sure to find an association." A German visitor in 1853 said, "These people associate as easily as they breathe."² An Englishman, James Bryce, wrote: "Associations are created, extended, and worked in the United States more quickly and effectively than in any other country. In nothing does the executive talent of the people better shine than in the promptitude wherewith the idea of an organization for common objective is taken up. . . ."³

In frontier committees and associations, we see that a vibrant voluntary sector has characterized us from the beginning. Most of our values, much of our nonvocational activity, our health, education, religion, culture, and welfare—and a good deal of our fun—is within this sector.

The story of voluntary enterprise weaves its way through the tapestry of history like a golden thread. When man first found that some tasks required more than one person, the result was an informal organization. Until the production of surpluses made barter possible, profit did not exist. So, by definition, the earliest organizations of man—hunting groups, family and clan, parties for foraging and defense—were non-profit organizations. Mankind has formed itself into groups for religious purposes and to meet the demands of tribal living for thousands of years. Whenever men needed to solve a problem or seize an opportunity that required cooperation, nonprofit organizations were formed.

From the early days of Western civilization, voluntary enterprises were inexorably entwined with democracy. Greece, the cradle of democracy, also nurtured the early societies that evolved into our formally constituted modern organizations. An ancient Greek philosopher was asked, "When shall we achieve justice in Athens?" He replied, "When those who are not injured are as indignant as those who are."⁴ In the early democratic milieu of Greece, membership societies of young men were experiencing the values of cooperative action. The rights of their organizations were recognized by the state, but they were not a part of the state, nor were they in business. In turn, they were a training ground for citizen involvement in the democratic process. Voluntary groups also existed in Rome, and even in the barbarian world that overran the Roman Empire.

Voluntarism landed on the American shore with the arrival of the first colonists. The 41 signers of the Mayflower Compact pledged their lives for their common cause. As settlements became communities, the cooperative society grew and flourished.

As our nation crept westward, the frontiersman awoke each morning to the sounds of the unexplored wilderness outside his western window. No matter how attached he might become to his plot of ground, there was that wistful yen to see what lay beyond the edge of the forest, to see what was beyond the nearby hill, to explore the far horizon.

On the frontier, one's past—be it rich or poor—counted for little. There was no long tradition, no established institutions upon which a weakling could depend. The challenge was always there, and the specter of the ever-present need always loomed before him. There were lands to clear, barns to raise, Indians to defend against, fields to plow, and, ultimately, hospitals, colleges, militia, and religious institutions to establish. An individual could look to no one but his comrades to meet those needs and seize those opportunities.

Women served as midwives for each other. Men took turns in burying the dead, raising new houses, and fighting fires. They set aside tracts of land to be cultivated cooperatively for community projects. Irrigation associations were voluntary enterprises to pool efforts to manage their mutual need for water for their crops. Quilting bees raised funds for schools for the children, and death-aid societies helped with funeral costs. In order to accomplish what one could not accomplish alone, the people formed voluntary groups.

It was of such a milieu that Frederick Jackson Turner said, "The effect of the frontier, has been in the promotion of democracy. . . ." ⁵ The frontier was not simply a place, it was a state of mind, a state of mind in which neighbor depended upon neighbor and in which a complex of voluntary associations flourished.

The Industrial Revolution modified the social structure. It paved the way for the rapid growth of the business sector and giant corporations. It created the middle class. The cooperative culture was still there. "Lady Bountiful" emerged from the parlors of the "winners" to distribute goods to the "losers." What she could not do alone could be done in cooperation with others; voluntary cooperation toward a societal good. Groups were formed, institutions were established, foundations were laid.

Prior to World War I the combined spending of the Carnegie and Rockefeller Foundations on education and social service were twice as much as that of the government! Many functions eventually absorbed by the government were initiated by the voluntary sector. For example, both the Commerce and Labor departments grew out of trade association and labor union movements.

The depression and the onset of World War II created needs on a

mammoth scale. The culture of cooperation responded. It responded as it had in the abolition of slavery, in the establishment of child-labor laws, in getting the vote for women, and as it was to respond in the movement of black citizens to "overcome."

Today, even in the midst of a private sector of multinational conglomerates, and a public sector of the sprawling bureaucracies of mammoth government, the voluntary sector molds our character and gives us our "heart."

Voluntarism Today

After taking office in 1981, President Reagan called attention to voluntarism with an appeal for a rejuvenation of that culture of cooperation. He reminded us that the federal budget is not the appropriate barometer of social conscience or concern. He appealed to our distinctive character in a call to a resurgence of the tradition of citizen helping citizen and groups helping groups.

He told a story about an abnormally high tide and storm-generated surf in Newport Beach, California. "All through the day and cold winter night," he said, "volunteers worked filling and piling sandbags in an effort to save those homes. Local TV stations, aware of the drama of the situation, covered the struggle. It was about two A.M. when one newscaster grabbed a young fellow in his teens, attired only in wet trunks. He had been working all day and night—one of several hundred of his age group. No, he did not live in one of the homes they were trying to save. He was cold and tired. The newscaster wanted to know why he and his friends were doing this. The answer was poignant, and so true it should be printed on a billboard. 'Well,' he said, 'I guess it's the first time we ever felt like we were needed.'"⁶ More voluntarism—and less government—is needed.

Reaction in the wake of Reagan's speech was mixed. Many applauded. They liked the idea of shifting responsibility off the shoulders of the public sector. Others were cynical, accusing the President of "setting up" the private sector to take up the slack resulting from budget cuts in social services. Others agreed with his appeal to our spirit of generous cooperation but ridiculed the idea that we could turn back the clock. "Oh, yeah? Sure the heart is there," they were saying, "but the voluntary sector is just not up to the challenge."

Indeed, the "heart" is there. A recent Gallup poll showed that Americans are volunteering more than ever. Most of us volunteer for something, some of the time. Fifty-two percent of the population is

involved in some voluntary action, and 31% is "involved in organized, structured volunteerism on a regular basis."⁷ The survey showed that the largest percentage of volunteers were in religious activities (19%), health (12%), and education (12%). "Upper socioeconomic groups are most likely to volunteer," the survey said. "More specifically, 63 percent of people with annual incomes of \$20,000 or greater and 63 percent of the people with some college education have volunteered in the past year." Furthermore, it showed that of those volunteering, 91% also made financial contributions.

Mr. George Gallup, Jr., told me in a telephone conversation the results of a follow-up poll that his organization conducted in the Fall of 1983. This survey showed an increase in adult volunteers from 52% to 55% of the population—the growth due to an increase in the number of male volunteers.

Citizens in Arizona, Illinois, Louisiana, and across the nation are forming groups to fight crime. One community in California reported that it had cut its crime rate 20% by involving citizens in their own protection.

Businesses and labor unions are encouraging employees and members to volunteer for community service. A business group in New York found 14,000 jobs for disadvantaged youths. E. B. Industries releases employees to provide much of the emergency fire and ambulance services in Simsbury, Connecticut. Employees of Allstate Insurance have "adopted" a school in Jackson, Mississippi. I once spoke to a national convention of the Pioneers—a volunteer corps of the telephone company that performs community services. Such efforts have their public relations motives, but both management and labor leaders see it as an opportunity for the growth of individuals.

Individuals flexed their cooperative muscle when they banded together to pass California's expenditure-limiting Proposition 13. Then, when the law pulled the rug out from under many previously tax-supported services, volunteers stepped forward to help hospitals, schools, libraries, and other institutions.

A Houston ophthalmologist, Dr. Philip Weisbach, spends a week or more each year working with people with eye problems in the Third World. Dr. David Aiken, a sailing buddy of mine in New Orleans, does much the same for people with back problems, flying to Central America in his own plane.

In New York State, volunteer weather observers recently celebrated the 150th consecutive year of the efforts of their organization. My friend, Larry Ward, of Food for the Hungry, sent a ship to patrol the sea off Vietnam to save "boat people" in their foundering crafts. Mailer