

Strategic management in non profit making organization

[Business](#), [Strategic Management](#)



Introduction Strategic Management is the process by which managers make the choice of a set of strategies that will enable it to achieve better performance. The context of strategic management can be defined as the societal role of the organization, environmental, technological and human resource factors. With changes in a context, a unique set of managerial constraints arise (Stevens & McGowan, 1983). Context influences the nature of managerial behavior: the actions of a manager in arriving at a decision regarding how to deal with a given context.

The way that a strategic plan is developed depends on the nature of the organization's leadership, culture of the organization, complexity of the organization's environment, size of the organization and expertise of planners. The not-for-profit sector is extremely diverse in terms of the organizations it encompasses and the work it undertakes. In recent years, there has been a substantial increase in the creation and consolidation of non-profit organizations of various sizes, with diverse objectives and different scopes of action.

More often than not, these organizations are managed by individuals who are dedicated or committed to the company's goals but have not had the opportunity to undergo specific training for this purpose. There are diverse types of non-profit organizations globally e. g. hospitals, social, cultural and political organizations. Most of the NGOs startups will usually come up with a strategy formulation paper which will consist of the vision, goals and objectives, implementation strategies and the budgets. This is because most

of them are funded through grants and donations which will normally require a well done funds mobilization proposal.

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However, most of them are less likely to engage in procedural strategic management implementation as a formal exercise. Also, these organizations are less likely to exhibit the features of a sound strategic plan as follows: • Whereas one of the features of strategic planning is the long term nature of these plans, most of the non-profit organizations tend to be managed more on a short-term operational basis rather than in a strategic sense. • Secondly strategy formulation takes into account the customers and competitor behavior.

For nonprofit organizations, the influence of their clients or customers is often limited. These organizations will normally decide what is best for their clientele/customers and implement. • Whereas strategic management is dynamic and continuous, most NPO aren't very receptive to changes. They are comfortable in their current positions and transformation is quite an uphill task for them. Most of them thrive on tradeoffs between efficiency/productivity vis a vis processes. They are mostly driven by their social and community focus and appeal more to the conscience. This in turn stifles innovation and productivity and may hamper the decision making process. However, this will also be determined by the leadership style of the leader. . Requirements for strategic planning in non-profit corporate strategies Non profit organizations, just as for business organizations, can and should be designed to bring success and avoid failure. This can be done

by capitalizing on the strongest capabilities of the non-profit organization in question, and exploiting the greatest opportunities, while reducing risk associated with organizational weaknesses, and environmental threats.

This shared understanding of the overall strategic situation of the organization gives a sound basis for strategic decision making. The primary requirement for an overall non-profit organization set of strategies is that they should be developed to cover two main dimensions, bringing success and avoiding failure when things go wrong.

- Non-profit strategies must give the organization a very good chance of hitting the target for satisfactory performance and even exceeding it.
- At the same time, strategic planning nonprofit style must not expose the particular rganization to such risks that its performance might fall below to that considered to be failure.

Additionally strategic planning in non profit must have a set of strategies that meet these requirements-

- Make full use of all the organization's most impressive strengths.
- Correct or neutralize all major weaknesses. It must not be based on these weaknesses.
- Either eliminate or reduce the impact of all the major threats.
- Exploit any highly rated opportunity for enhancing non-profit performance.

Be strictly practical and relevant to the precise strategic situation of the particular non-profit organization, and hopefully be

- Imaginative in the sense of being able to engage staff in implementation, and stand out among similar non-profit organizations in some way, and not be a pale imitation of what everyone else is doing, so as to strengthen the community standing of the organization and its non-profit mission.

The following are some of the strategic contexts for non-profit organizations. (i)

Governorship The not-for-profit organizations are not governed by organic law (constitutions).

Top management teams are empowered by the corporate charter to engage in strategy implementation. A direct link between strategy formulation and implementation and the active involvement of all relevant parties throughout the process is deemed to be essential to effective private sector policy making. (ii) Openness to External Environment Not-for-profit organizations even though open to the external environment, the chief executives or board directors may ignore contributions into policy formulation and implementation processes from the various stakeholders.

Failure to consider such contributions does not necessarily put their careers into risk, neither the legitimacy nor the credibility of the organization. (iii) Clearly defined goals Not-for-profit organizations generally operate within the framework of a limited number of relatively stable goals such as growth, profitability or market share. As (Peters & Waterman, 1982) noted, the top managements of more effective organizations appear to focus their attention on a limited set of clearly defined objectives. (iv) Cultural orientation Strategy formulation is largely affected by culture in non-profit organizations.

Informal processes are used; for example an outstanding performer awarded a bonus in a not-for-profit organization is received well and does not attract bickering from other staff. (v) Human Resource Strategies In non-profit organizations, the personnel system is not based on merit. Employment, reward and advancement are done haphazardly thus creating a dependency relationship between the junior and senior staff. (vi) Separation of functional

authority Not-for-profit organizations do not have a separation of functional authority like in the public sector.

The organizations may be run by the directors who have founded them. The directors make day to day decisions and could even head departments in the organization. (vii) Marketing Strategies for non profit organization • Website platform. • Social media • Brand enthusiasm • Newsletters • Creative Viral Programs • Monitoring. REFERENCES Peters, T. J. , & Waterman, R. H. (1982). In Search of Excellence. New York: Harper & Row. Stevens, J. M. , & McGowan, J. R. (1983). Managerial Strategies in Municipal government Organizations. Academy of Management Journal.