

Strategic management of non profit organizations



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The strategic management and strategic planning for all organization is basic the model and methods used for the applications of profit making and nonprofit making varies from organization to organization for e. g. In profit making organization they planned out these strategies which would increase the wealth of shareholders or owner as well as it should have profit orientation but looking towards the nonprofit organization it is there main purpose for providing services for which it has built up so mostly the planning of this kind of organization will be different as compared to profit organization will be different as compared to profit organization. Thus different strategies review and plans change it differently.

WHAT IS STRATEGIC MANAGEMENT?

Strategic management state that “ it enable an enterprise to attain its goals through cross functional decision, it is art and science for formulating, implementing and evaluating concept”.

DEFINITION:

“ The on-going process of formulating, implementing and controlling broad plans guide the Organizational in achieving the strategic goods given its internal and external environment”

INTERPRETATION:

1. On-going process:

Strategic management is existence throughout the life of organization so it is considered as on-going process.

2. Shaping broad plans:

The strategic planning are done mostly as through the formulating and implementing and evaluating the shaping broad plans creating the plans

3. Strategic goals:

Strategic goals the wider plans are made achieve this objective of the organization and it is mainly done by the top level management to set this kind of strategic goals.

4. Internal and external environment:

In the organization there are two environments they are internal and external. The internal environment is this which look towards the how the organization objective is achieve and external environment forced to achieve this kind of objective.

WHAT IS STRATEGIC PLANNING?

Strategic planning is planning of for futures where we wish to be by seeing were we are today. It is creative process which determines how to take next step in organization process strategic planning is considered as a discipline as it has fundamental to make decision based on information and analyzing the various option and choosing the most appropriate one, example are where we now and where are we going.

ORGANIZATION STRATEGY

“ Your organization’s strategy is the direction you choose to follow to reach

Your vision and is central to all business decisions”.

The organization strategy help in formulation of strategy through the planning strategically and constituted some models and applications which are used to set the stage for analysis various a strategic method which are lastly for making the strategic objective to be achieved.

Let look at the three core elements:

_ Vision - the actual declaration of your final thoughts for the institute or for the globe with the purpose of which you can force through it

_ Values - it is code of conduct or ethics which organization have in internal and external process as well as in the implicit and explicit of the organization.

_ Mission it is the strategic plan which links the present with future b view that the product or service provided are for where and how as well as who is utilizing we can say mission as direction or pathway as it is selected from amongst many possibilities mission is closely linked to indeed as it depend on strategic planning.

The strategy is process which has particular come up to fulfill you mission in the direction where the targeted visions of the organization as well as it is relation to value and code of conduct with organization have in relation the environment.

The strategy flows from driving force mainly in the primary driving force you decision making power is dominated and the secondary or sub driving force is how much you are influence through this decision and up to what extent that the strategic decision are stronger which will be reveal in last step of your process.

The strategy of organization is mainly depending on vision mission and values as it still the matter of great creativity to choose the strategic model that can be done with sure confidence and validity of driving force in planner.

NON-PROFIT ORGANIZATIONS (NPOS)

The nonprofit organization was introduce by brain w Barry as he was the first person to give idea about strategic planning in nonprofit organization as every organization has to carry the strategic planning do for NPO it is also the most mainly the NPO are small scale and they have some services or aid giving or providing objective . the NPO have narrow focus into the market and seeing others strategy mostly in NPO the representative are top level that its stakeholder which take all decision and their decision are been considered as final as they have only authority. This mainly constitute in homogenous NPO but the situation are little bit different in heterogeneous NPO as model is modified with having to accommodate multiple mission this kind of heterogeneous NPO are more complex and complicated they provide various services so it lacks attention on soliciting feedback and developing.

NPO Strategic Planning includes:

- selecting stakeholders, supremacy brokers, and headship

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- analyzing the organization's past with future and present situation.
- Analyzing and interpreting (or developing) the organization's mission statement.
- Opportunities and threats of organization should be identified.
- Strengths and weaknesses of organization should be over view
- Outlook the most critical issues that falls under the SWOT analysis of organization.
- Setting goals to take away weaknesses, dulled threats, and garb opportunities.
- interpreting, analyzing, and choosing strategies to authorize privileged
- implementing new plan.
- using alternative goals, by re-formulating goals, as suitable.

COMPONENTS OF STRATEGIC PLANNING

The component of strategic planning is divided into three parts they are mainly plan development, plan evaluation and plan analysis so as this factors will help out to sort all the three part as we care comparing the strategic planning of the organization which are profit making as well as the organization which are not profit making.

ASSESS THE ASSOCIATION'S CURRENT STATUS.

From this institution will come to know that what is there current status means where actually they are standing whether there objective are

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achieved or not and what sort of things they should keep ready for themselves to attain the pre determine course of action.

DEVELOP MISSION AND VISION STATEMENTS.

It is one important factor which the all organization should have but as mission and vision for both this institution can developed as viewing on their activities they are carrying and the objective for which they are come up with let's check the vision e. g. Of profit making and nonprofit making organization this NPO's Vision statement of Stokes Eye Clinic in Florence, South Carolina, is " Our vision is to take care of your vision." The vision of the Institute of Management Accountants is " Global leadership in education, certification, and practice of management accounting and financial management." Now the profit making organization. " It is the vision of the California Energy Commission for Californians to have energy choices that are affordable, reliable, diverse, safe, and environmentally acceptable". California Energy Commission" and this also second example To be the first choice in the printed communications business, the first choice is the best choice, and being the best is what Atlanta Web pledges to work hard at being- every day!" Atlanta Web Printers, Inc

PERFORM A NEEDS ASSESSMENT.

For every institution whether profit making or NPO it is the need to check their performance that whether they are going in the right direction or not this can be check by using various application and models of strategy.

DETERMINE CRITICAL ISSUES.

The critical issues are faced by both profit as well as nonprofit organization but this issues varies from each other and it can be assess by SWOT analysis and once the mission and vision of organization is been firm.

DEFINE THE ROLES OF KEY PLAYERS.

The role of key players is also important in both the organsiation as in profit making organization customer plays the key role because due to very much competition in the business every business wants to focus new customer and hold the old customer but in the nonprofit firms the key role is played by representative of NPO as they have come up with some objective and they have to achieve those course of action.

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DEVELOP AND PRIORITIZE LONG-RANGE GOALS.

Both the profit and nonprofit making organization give first priorities to long run objective as this would smooth their process of working in day to day basis.

DEVELOP SHORT-TERM GOALS AND ACTION PLANS.

It is important for both the organization to have short term plan or action plans as it will support their main idea or objective.

MONITOR THE PROGRESS.

In this mostly profit making unit will how much there is profit increase but nonprofit making firm will see that up to what extent the unit has achieved its objective.

CASE STUDY OF SIENA COMMUNITY ASSOCIATION, INC. WHICH IS NONPROFIT ORGANIZATION

Size: 380 (as of July 2001), 1927 upon build-out

Age: One-and-a-half (11â), 2) years

Location: Las Vegas, Nevada

Board size: Three (3) declarant representatives

Contact: John J. Holden, CPA, CMCA®, Manager

Only a year-and-a-half old, Siena is a guard-gated, master-planned, age-qualified community consisting primarily of single-family detached homes. There are plans for approximately 100 attached townhome-style structures. Amenities include a 16, 000-square-foot health and fitness center, a temporary 10, 000-square-foot social center, common-area landscaping, and an entry fountain. In 2003, the builder will construct a 40, 000-squarefoot permanent community center. The association offers many activities for its residents including bocce clubs, water aerobics, ceramics and computer classes, social and holiday dances, mixers, and excursions. The purpose of Siena's strategic planning is to provide the association with stable management and financial structure too successfully and efficiently transition from developer control. The major goals include: avoiding special assessments, avoiding large assessment increases after developer transition,

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and avoiding homeowner lawsuits. These goals contribute to the existence of a comfortable and stress-free community association living experience for residents. To achieve these goals, the association will have an interim reserve study and a reserve study when construction is complete to ensure that the association's reserves are fully funded at the time of transition. State laws require these items, but it is the association's intent to incorporate homeowners into the process and to provide them with updates. In addition, some homeowners will sit on a transition team and be charged with the responsibility of studying the association's management operations and make subsequent recommendations.

One advantage of strategic planning in this instance is that homeowners have a voice in association management. It is also an organized way to collect homeowner input and initiates an objective, fact-based method by which the association collects this input.

EXAMPLE OF NONPROFIT ORGANIZATION IN STRATEGIC PLANNING

The strategic planning of the government hospital that is having outlook of it, as how it is been planning and what the threats and weakness of this organization and how it is handle

THE STEPS OF THE STRATEGIC PLANNING

There are five stages which the nonprofit organization has to follow in strategic planning and applying various models according to that only, they are basically:

Get organized

Perform an environmental assessment

Develop a vision

Develop the mission statement

Develop strategies

As further through the different strategic model like balance score card and ADL strategic condition matrix we will see how the hospital is working.

BALANCE SCORECARD

This method or technique is also helpful for nonprofit organization as it helps in strategies which the representatives of nonprofit enterprise will keep a control on their performance and while it can also trace some services it verifies the whole strategy as it is considered as long term source for organization to view its success. The core elements of the balance score card is learning and growth, internal business process, customer, and financial.

LEARNING AND GROWTH

Learning and Growth mainly deals with trial of corporate accomplishment in relative to how it learns as it develops over time. In case of nonprofit organization one should have intention of learning and as to what they have to increase the height of providing the services the main motto should be expand as in case of hospital new technology and new equipment which are necessary should be considered and thus their learning of this must be through relevant person.

INTERNAL BUSINESS PROCESSES

Internal business processes involve varieties of different functioning inside the organization. In case of public hospital the planning is done according to need and as the representative plan out the whole process as to which the institution follow accordingly many time lack of coordination is seeing as there are different people involve in different activities as misinterpretation are taking place.

CUSTOMER:

Due to government hospital name mostly customer who want to utilize will be attracts because this the cheap service provided with same inputs, and through this many are satisfied specially poor customer who do not have that much of money to put in this kind of services so here the non profit organisation gives almost satisfaction those people.

FINANCIAL

The finance is the means which keeps the institution functioning to long time as it is considered as life blood of the institution in case of hospital is public hospital so there should be some donors who will provided the finance and with this funds the medicine and treatment of patients should be done.

THE ARTHUR D LITTLE (ADL) STRATEGIC CONDITION MATRIX

The formulation of different perspective strategy in the profit making organization, but the Arthur D Little (ADL) Strategic Condition Matrix had given new senior to world by implementing this strategy in non profit making organization. It mainly focuses on the 2 component and that are - competitive position and industry maturity.

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COMPETITIVE POSITION is driven by the sectors or segments in which a Strategic Business Unit (SBU) operates. Mainly in hospital if one can see there are various sector which are concentrate while as each section have different objective this all objective will in combine sort out the main policy or main objective.

INDUSTRY MATURITY the nonprofit organization is mostly standing in the growth stage as every time new donors will provide the help to the organization to achieve its objective but in some homogenous the time period of growth stage is very low as they complete the objective this organization will cease.

EXAMPLE OF PROFIT MAKING ORGANIZATION

As in this we have taken the example of Tata Company as it is one very good profit making companies and what it are is strategy and mission.

“ I don't see the Tata Group saying GE did this, so we will. We may use business unit aggregation strategies where synergy is valuable to the sustainability and future of that business. We have the expertise to rearrange our financial structuring in ways that best suit the needs of the group and we have enough opportunities to put people into positions of responsibility. Come to think of it, which group in the world has 100 legal entities with independent managing director responsibilities? We have a full stable of opportunities.”

The Tata group had developed the model that TATA BUISNESS EXCELLENCE MODEL which is looking for new talent as it is grabbing new opportunities for

company. In this model the system is applied which guide and encourage the individual as well as it also co-relate with business activities.

GENERIC STRATEGIES (PORTER MODEL)

To upgrade their working functions, Tata group have put forward series of various strategic model and applications.

FOCUS ON CUSTOMER SERVICES

The Tata group is having their vision to provide extra-ordinary services to their customer as they believe in saying that brilliance can be achieved by hard working as well as smart working all the time.

HIGHLY SKILLED SELECTION OF STAFF AND TRAINING

Tata group is having excellent quality of staff which are highly qualified and trained superbly as their motive to supply high paradigm customer services.

SELECTION STRATEGY FOR CHOOSING SITE

By means of geographical information in statistical data and representing a model of TATA group it can be assess likely position to discriminate the demography of such attribute and how much income it hold. As one of the best example of TATA motors site shifting from one site to another in TATA NANO car for cheap labor and other advantageous so selecting a favorable site plays important successive launch of product.

CONCLUSION

Thus strategy is one of core component which would help the organization to develop its planning and achieve the predetermine course of action as we

have compared the NPO and profit making organization “ Tata” we have look that in NPO that is government hospital it is been discuss about providing services to great popularity who are suffering from the big diseases. So this is their objective to cure the person diseases as much as they can without any intention to develop or increase their wealth and profit. But if you look towards profit making organization that is Tata and it is generic strategy given you will find that they are having strongest brand with highest earning revenue and they want to expand more and become one of big automobile company as well as Tata group vision is that Tata should be at first position in each and every sector it main objective is maximize wealth of stakeholders.

So this notice that strategic planning is necessary but both have different side of view it.

REFRENECES

The strategic planning available at [www. info@freshthinking. co. za](http://www.info@freshthinking.co.za) and access on 2nd FEB’ 10

The strategic planning available at [www. onecitizen. net](http://www.onecitizen.net) and access on 2nd FEB’ 10

Community Associations Institute-[www. caionline. org](http://www.caionline.org)

Georgia Center for Nonprofits-[www. nonprofitgeorgia. org](http://www.nonprofitgeorgia.org)

Creating and Implementing Your Strategic Plan: A Workbook for Public and Nonprofit Organizations (Jossey-Bass Public Administration Series) by John M. Bryson, Farnum K. Alston. Jossey-Bass, 1995, ISBN: 0787901423.

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Laycock, Kerry D., " Strategic Planning and Management Objectives", The Nonprofit Management Handbook: Operating Policies and Procedures, ed. Tracey Conners, New York: John Wiley and Sons, 1992.