

# [Twenty ‘blurring of uniqueness, service compromises and ultimately,](https://assignbuster.com/twenty-blurring-of-uniqueness-service-compromises-and-ultimately/)

Twenty years ago, management was a dirty word in non-profitorganisations. It meant business, and non-profits prided themselves on beingfree of the taint of commercialism and above such sordid considerations as thebottom line. Now most of them have learned that nonprofits need management evenmore than business does, precisely because they lack the discipline of thebottom line”- this quote (Drucker, 1989)sums up thesituation facing the Tides Centre (TC) upon the arrival of Willa Seldon (WS). TC has grown rapidly, exposing it to ‘ the diseases of corporate obesity: poorcommunication and bureaucratic procedures’ (Adair, 2009).

Lacking strongleadership, TC had fallen on ‘ lean times’ resulting in lack of investment, increased cost and employee loss. It was hoped that the Kellogg grant combinedwith WS’s leadership approach could usher in a new period of productivity andsustainability. On her arrival WS focused her leadership on three key areas: strategy, finance and performance management.  WS began bycollecting data from multiple sources; she conducted employee interviews, sought feedback from clients and used ‘ seed money’ to employ ‘ top notchconsultants’.

This information allowed her to conduct a SWOT (strengths, weaknesses, opportunities, threats) analysis of TC. The American Association of Oncology considers the SWOT analysis tobe a ‘ staple of strategic planning’ and strategy based academic research often prioritisesthe SWOT analysis (Hamel, 2008; Perera, 2012). In conducting the SWOT, WS understandsthe deficiencies TC faces, enabling her to create solutions. She also avoided a’top down approach’ to her SWOT analysis, seeking data from several sources; this ensured a ‘ broad range of perspectives’ and captured ‘ expertise from thefront line’ (Hamel, 2008).

WS’s initial approach to strategy showcases herleadership experience and her ability to proceed diligently, once sheunderstands the problem as a whole.  Following her SWOTanalysis, WS developed an action plan to change TC’s competitive strategy, tailoring activities to carve out a ‘ unique and valuable strategic position'(Porter, 1997). TC currently operates a ‘ variety based position’ i.

e.: producing products/services using a distinct set of activities, which initiallyworked well (Porter, 1997). However, pressure from rapid growth had led to ‘ blurringof uniqueness, service compromises and ultimately, undermined their competitiveadvantage’ (Porter, 1997).  WS believed changingTC’s strategic position would improve performance and customer satisfaction. WSplanned to create a ‘ needs based position’ in TC, a strategy which is closer totraditional for-profit thinking (Porter, 1997). It ‘ arises when there aregroups of customers with differing needs and when a tailored service can servethose needs best’ (Porter, 1997). WS’s approach created systems of experts andgeneralists similar to Porter’s (1997) Citibank and Bessemer comparison.

Bessemer provides apersonalised service for affluent clients, with low account manager to clientratios (1: 14). These clients received a ‘ wide range of customised services’, all dealt with through their personalised account manager. Citibank in contrastoffers generalised services to its customers with a higher manager to clientratio (1: 125). If client needs are beyond the manager’s scope of practice, theclient is referred to other Citibank departments.

Services are less customisedand products are ‘ pre-packaged’ (Porter, 1997).  WS’s expert staffwill act similarly to Bessemer while the generalists will carry out a functioncloser to Citibank. This approach shows the strength of WS’s for-profitleadership experience but also exposes a lack of understanding of non-profits; she has completely disregarded the smaller projects without considering thelevel of social change they represent nor their alignment with TC’s core values. She risks demotivating staff by attempting this strategy.

Other key deficienciesnoted in WS’s SWOT analysis are the lack of standards and accountability at TC. Data collected from high revenue clients determined that TC was ‘ bureaucraticand inefficient’. Internal interviews revealed a company-wide failure toformally assess staff performance. Thus, WS identified performance managementas a key weakness. This is backed up academically; Bernthal et al (2003)established that organisations with strong performance management systems werelikely to outperform competitors on financial and non-financial matters by 51%and 41% respectively.  To overcome thisweakness and improve performance, WS’s drew on her for-profit experience withan aim to create a customer-centric climate within TC.

To create crediblechange, WS needed the staff to embrace her transformational vision while sheestablished dramatic shifts in TC’s business culture. A performance reviewsystem was also a necessary development. As ‘ more changes requires moreleaders’ WS recognised that leadership development would be key to success(Kotter, 2001). To convey TC’s newdirection, WS used “ alignment”, a transformational leadership technique(Kotter, 2001). Alignment involves ‘ communicating the company’s new directionto those who can create coalitions that understand the vision and are committedto its achievement’ (Kotter, 2001). At the All-Hands meetings, WS challengedthe staff to develop their understanding of the TC mission statement corevalues and to conduct their own internal SWOT analysis by asking them what theybelieved would cause TC to fail. By doing this, the staff realised theweaknesses and threats the company faces and how the change in vision wouldprevent this.

The use of alignmenthas many advantages to WS’s leadership strategy. A key strength WS found in herSWOT is that the staff are extremely dedicated to TC; this is consistent withacademic evidence showing non-profit employees are ‘ more intrinsicallymotivated than their for-profit counterparts’ (Pallota, 2016). However, WS ispragmatic in her approach, acknowledging that ‘ she is asking for big changesand motivation from people who are burnt out’. By having the staff identify whychange is necessary, they are more likely to engage. This allows WS to accessthe non-profit staff’s intrinsic motivation, enabling her to enhanceperformance. She can challenge staff to develop a shared vision of the future, encouraging high productivity and engagement.

Furthermore, alignment empowers staff; by having a clear sense of direction communicatedthroughout the entire organisation, even ‘ lower level employees can initiateactions’ for TC’s betterment (Kotter, 2001). WS aims to use this method toexploit staff expertise from the front line, who will spot threats andopportunities faster than management. If they feel empowered to ‘ make changeswithout vulnerability’ (Kotter, 2001), TC can be protected from threats andtake advantage of opportunities, causing sustainable growth. By aligning thestaff with the new vision for TC and encouraging their participation indeveloping that vision, WS seeks not only to motivate the staff but to empowerthem.

This also aides another aspect of WS’s action plans: leadershipdevelopment. TC is in a state ofwartime crisis, battling to save its viability. As stated by Kotter (2001), inwartime, one doesn’t simply need leaders at the top but at ‘ all levels of theorganisation’.

This is a highly valuable state as ‘ coping with change in anycomplex business demands initiatives from a multitude of people’ (Kotter, 2001; Vecchino, 1997) and if people feel empowered to lead, real growth can occur. WShas taken steps to develop leaders within TC; one such technique alreadydiscussed is alignment. WS has also drawn on her previous experience, bringingin the idea of SAT (Strategic Action Team) teams. By bringing differentpersonnel together, she can break down interdepartmental barriers ofcommunication and encourage leadership proliferation throughout TC. WS has alsocreated the M-team from among her managers for the same reasons. In the development ofthe SAT, WS demonstrates herself as a prudent, strategic leader who is willingto use the ideas she has learnt during 16 years of for-profit experience.

Thecreation of SAT also lends to WS’s transformational leadership approach, leading to increased staff engagement and positivity. This approach alsohighlights WS diplomatic leadership abilities- SAT will enhance communicationand create common ground between departments, resulting in lessinterdepartmental feuds. ‘ More change always demands more leadership’ (Kotter, 2001) so by developing the motivated and dedicated staff within TC intoleaders, WS can bring about change more effectively and more efficiently. The final element ofthis action plan is performance improvement, internally and externally. Toimprove external service performance, WS changed the TC projects name to’customers’, citing ‘ everyone knows how they should treat a customer but manydo not know how to treat a project’. She also developed a customer satisfactionsurvey, allowing TC to undergo yearly assessment. Timelines on new projectswere also imposed to ‘ reduce the amount of inefficiency and revenue losses’.              The creation of a customer-centricsystem forces the staff to focus on the clients of TC; motivating them to performbetter with the aim of eradicating customer satisfaction issues.

WSdemonstrates her ability as a leader to prepare for change when she developsthe yearly customer satisfaction survey. This allows clients to providefeedback on TC’s performance each year and to earmark future needs; suchinformation is extremely valuable, allowing TC to benchmark against bestpractice while producing data to assist in the prediction of market placechanges. By predicting changes in client needs, staff and infrastructureinvestments can be directed to meet those needs, keeping TC modernised andpreventing bureaucracy and inefficiency.  Internally, WSdeveloped her 3600 review system which she considered crucial forTC’s future success. However, apart from WS, none of the managerial team supportsthis new assessment structure and the HR manager has presented feasiblealternatives which have been ignored by WS’s dogma to create the 3600review.

Elements of WS’s leadership approach develop an autocratic flair whenconfronted with the ‘ push back’ against the 3600 review process. Despite management disapproval as well as feasible alternatives being provided, there is a sense that WS will force this review system through with potentiallydisastrous results.  WS draws heavily on her for-profit businessexperience to lead TC and thus, it is unsurprising that her initial financialleadership choices are heavily biased by this. WS understands the importance ofcontrolling intrinsic and extrinsic finances when she hires a new ChiefFinancial Officer (CFO). She appreciates that it is ‘ critical to be able toforecast business, understand financials and meet project requirements withaccurate and timely financial reports’.

This is important for maintaining theKellogg grant and ensuring TC’s future livelihood. To be viable long term, TCmust generate revenue to fulfil its financial obligations and invest ininfrastructure development.  Inthis aspect, WS appears to be a fore-thinking leader; she is aware of TC’sprecarious financial position and takes steps to overcome it.

By having astrong CFO in place, TC’s financial position can be strengthened. In hiring theCFO, WS diligence as a leader is apparent- while she knew the person she wishedto recruit, she checks his references and credentials thoroughly. WS also showsself-awareness, a key trait in leadership emotional intelligence (Goleman, 2004); realising that she cannot understand all the financial pitfalls TC faces, sheuses the money set aside for ‘ top- notch consultants’ to uncover the “ log-jams” within the company’s revenue stream. Basedon these consultant recommendations, WS make changes within TC consistent withfor-profit organisations. Referring to the projects as ‘ customers’, WS concludesthat large revenue generating projects must be given to experts whilegeneralists work on the smaller projects.

She also limits the number of smallerprojects and aims to diversify TC to work with independent non-profitorganisations.  Twoaspects of WS’s leadership style must be considered here. In his Havard Business Review article Young(1982) noted that ‘ non-profits engage in activities that require financing’ butacknowledges that ‘ non-profits suffer from not having profit. It is difficultto grow when you have no profit to invest’. TC has had no infrastructuralinvestment in recent years due to ‘ lean times’- this has resulted in out-datedinefficient systems which slow progress and increase costs. It clearly ‘ lacksthe resources to operate and compete at a world class level’. By exploitingopportunities to diversify and gain more high-revenue clients, WS is providingTC with the sound financial leadership needed to ensure infrastructuralinvestment and sustainability.

This sustainability may also ease the anxiety ofher workforce that have been through a ‘ tumultuous time’ in TC. However, in making these changes to a business-like model, WS demonstrates a lack ofunderstanding of non-profit organisations. WS limits small project numberswithout consideration for the social changes they represent. By limiting serviceavailability to smaller projects she may potentially prevent them from gettingnecessary, previously offered services. These changes cause TC to operate morelike a for-profit business financially; forcing it to move away from themission statement her employees are so keenly devoted to.

As these financialchanges affect the way in which employees do their work and their ability tofollow the mission statement, they may become disillusioned.