

Twenty 'blurring of
uniqueness, service
compromises and
ultimately,



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Twenty years ago, management was a dirty word in non-profit organisations. It meant business, and non-profits prided themselves on being free of the taint of commercialism and above such sordid considerations as the bottom line. Now most of them have learned that nonprofits need management even more than business does, precisely because they lack the discipline of the bottom line"- this quote (Drucker, 1989) sums up the situation facing the Tides Centre (TC) upon the arrival of Willa Seldon (WS). TC has grown rapidly, exposing it to ' the diseases of corporate obesity: poor communication and bureaucratic procedures' (Adair, 2009).

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

This information allowed her to conduct a SWOT (strengths, weaknesses, opportunities, threats) analysis of TC. The American Association of Oncology considers the SWOT analysis to be a ' staple of strategic planning' and strategy based academic research often prioritises the SWOT analysis (Hamel, 2008; Perera, 2012). In conducting the SWOT, WS understood the 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 the front line' (Hamel, 2008).

WS's initial approach to strategy showcases her leadership experience and her ability to proceed diligently, once she understands the problem as a whole. Following her SWOT analysis, 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 initially worked well (Porter, 1997). However, pressure from rapid growth had led to ' blurring of uniqueness, service compromises and ultimately, undermined their competitive advantage' (Porter, 1997). WS believed changing TC's strategic position would improve performance and customer satisfaction. WS planned to create a ' needs based position' in TC, a strategy which is closer to traditional for-profit thinking (Porter, 1997). It ' arises when there are groups of customers with differing needs and when a tailored service can serve those needs best' (Porter, 1997). WS's approach created systems of experts and generalists similar to Porter's (1997) Citibank and Bessemer comparison.

Bessemer provides a personalised service for affluent clients, with low account manager to client ratios (1: 14). These clients received a ' wide range of customised services', all dealt with through their personalised account manager. Citibank in contrast offers generalised services to its customers with a higher manager to client ratio (1: 125). If client needs are beyond the

manager's scope of practice, the client is referred to other Citibank departments.

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

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

To create credible change, WS needed the staff to embrace her transformational vision while she established dramatic shifts in TC's business culture. A performance review system was also a necessary development. As 'more changes requires more leaders' WS recognised that leadership

development would be key to success (Kotter, 2001). To convey TC's new direction, WS used "alignment", a transformational leadership technique (Kotter, 2001). Alignment involves 'communicating the company's new direction to those who can create coalitions that understand the vision and are committed to its achievement' (Kotter, 2001). At the All-Hands meetings, WS challenged the staff to develop their understanding of the TC mission statement core values and to conduct their own internal SWOT analysis by asking them what they believed would cause TC to fail. By doing this, the staff realised the weaknesses and threats the company faces and how the change in vision would prevent this.

The use of alignment has many advantages to WS's leadership strategy. A key strength WS found in her SWOT is that the staff are extremely dedicated to TC; this is consistent with academic evidence showing non-profit employees are 'more intrinsically motivated than their for-profit counterparts' (Pallota, 2016). However, WS is pragmatic in her approach, acknowledging that 'she is asking for big changes and motivation from people who are burnt out'. By having the staff identify why change is necessary, they are more likely to engage. This allows WS to access the non-profit staff's intrinsic motivation, enabling her to enhance performance. 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 communicated throughout the entire organisation, even 'lower level employees can initiate actions' for TC's betterment (Kotter, 2001). WS aims to use this method to exploit staff expertise from the front line, who will spot

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threats and opportunities faster than management. If they feel empowered to 'make changes without vulnerability' (Kotter, 2001), TC can be protected from threats and take advantage of opportunities, causing sustainable growth. By aligning the staff with the new vision for TC and encouraging their participation in developing that vision, WS seeks not only to motivate the staff but to empower them.

This also aids another aspect of WS's action plans:

leadership development. TC is in a state of wartime crisis, battling to save its viability. As stated by Kotter (2001), in wartime, one doesn't simply need leaders at the top but at 'all levels of the organisation'.

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

The creation of SAT also lends to WS's transformational leadership approach, leading to increased staff engagement and positivity. This approach

also highlights WS diplomatic leadership abilities- SAT will enhance communication and create common ground between departments, resulting in less interdepartmental feuds. ' More change always demands more leadership' (Kotter, 2001) so by developing the motivated and dedicated staff within TC into leaders, WS can bring about change more effectively and more efficiently. The final element of this action plan is performance improvement, internally and externally. To improve external service performance, WS changed the TC projects name to 'customers', citing ' everyone knows how they should treat a customer but many do not know how to treat a project'. She also developed a customer satisfaction survey, allowing TC to undergo yearly assessment. Timelines on new projects were also imposed to ' reduce the amount of inefficiency and revenue losses'. The creation of a customer-centric system forces the staff to focus on the clients of TC; motivating them to perform better with the aim of eradicating customer satisfaction issues.

WS demonstrates her ability as a leader to prepare for change when she develops the yearly customer satisfaction survey. This allows clients to provide feedback on TC's performance each year and to earmark future needs; such information is extremely valuable, allowing TC to benchmark against best practice while producing data to assist in the prediction of market place changes. By predicting changes in client needs, staff and infrastructure investments can be directed to meet those needs, keeping TC modernised and preventing bureaucracy and inefficiency. Internally, WS developed her 360 review system which she considered crucial for TC'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 showself-awareness, a key trait in leadership emotional intelligence (Goleman, 2004); realising that she cannot understand all the

financial pitfalls TC faces, she uses the money set aside for 'top-notch consultants' to uncover the "log-jams" within the company's revenue stream. Based on these consultant recommendations, WS makes changes within TC consistent with for-profit organisations. Referring to the projects as 'customers', WS concludes that large revenue generating projects must be given to experts while generalists work on the smaller projects.

She also limits the number of smaller projects and aims to diversify TC to work with independent non-profit organisations. Two aspects of WS's leadership style must be considered here. In his Harvard Business Review article Young (1982) noted that 'non-profits engage in activities that require financing' but acknowledges that 'non-profits suffer from not having profit. It is difficult to grow when you have no profit to invest'. TC has had no infrastructural investment in recent years due to 'lean times'- this has resulted in out-dated inefficient systems which slow progress and increase costs. It clearly 'lacks the resources to operate and compete at a world class level'. By exploiting opportunities to diversify and gain more high-revenue clients, WS is providing TC with the sound financial leadership needed to ensure infrastructural investment and sustainability.

This sustainability may also ease the anxiety of her workforce that have been through a 'tumultuous time' in TC. However, in making these changes to a business-like model, WS demonstrates a lack of understanding of non-profit organisations. WS limits small project numbers without consideration for the social changes they represent. By limiting service availability to smaller projects she may potentially prevent them from getting necessary, previously offered services. These changes cause TC to operate more like a for-profit

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business financially; forcing it to move away from the mission statement her employees are so keenly devoted to.

As these financial changes affect the way in which employees do their work and their ability to follow the mission statement, they may become disillusioned.