

Bookshelf

Managing the Non-Profit Organization: Principles and Practices

By Peter Drucker

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When George Bush urged Americans to renew their society through a "thousand points of light", he recognized and reinforced the importance of volunteer and non-profit activities in American society. For the leaders of these organizations, however, keeping the light burning brightly is a significant managerial challenge. Resources and personnel (much of it unpaid) must be assembled and directed toward providing a shifting range of services which address the problems of the human condition. Peter Drucker's book attempts to provide some inspiration and guidance to those leaders.

This book is an outgrowth of Drucker's work with the Leadership Network, a Texas-based management consulting operation serving non-profit institutions. This partnership originally resulted in the production of a series of audio cassettes and the intent of the book is to extend that work while retaining the power of the spoken word. The book is divided into five parts:

- I. The Mission Comes First (and your role as leader);
- II. From Mission To Performance (effective strategies for marketing, innovation and funding development);
- III. Managing For Performance (how to define it; how to measure it);
- IV. People And Relationships (your staff, your board, your volunteers, your community);
- V. Developing Yourself (as a person, as an executive, as a leader).

Within each part, there are three sections. In the first section, Drucker provides a commentary on the topic, establishing the principles which he recommends should underlie practice. This is followed by one or two interviews to illustrate how successful non-profit leaders have put these

principles into practice. Finally Drucker sums up each part with the implications for readers and their organizations of implementing the recommendations. The structure of the book makes it readable and seductive; it is a 200-plus-page peptalk complete with “cheerleader” interviews with those who exemplify the author’s theses.

The first section establishes the “mission” of the non-profit organization (NPO) as the key concept around which Drucker will structure the book and his prescriptions for NPO management. The mission must be designed to focus the strengths of the organization (competence) on an external need (opportunity) to which the member of the NPO—volunteers, staff and donors—are committed. The leader must act as a role model and provide a task orientation which serves to galvanize the organization into action. At all times the leader must focus on this “mission” and instil a sense of obligation to it in all the parties involved. The mission, however, cannot be static, the leader must maintain a long-run focus and be capable of redirecting short-run actions to maintain the viability of the NPO and its mission.

To this point, Drucker’s prescriptions would not surprise the lay observer of NPOs. In the second section, however, Drucker gets down to the “business” of making an NPO work. Converting the mission into actual performance means defining a strategy, i.e. identifying the market for the organization’s services (and segments within that market), developing programs for product innovation and quality assurance, and developing a donor constituency. The key to developing a strategy is research. The NPO must understand who *should* be a client for its services and find ways of reaching those clients. The clients’ needs must be identified and changes in those needs anticipated. The NPO must develop training programs to ensure that service providers are competent to serve clients (yes, he is talking about ensuring the competence of volunteers). Innovations must be developed carefully and test-marketed to ensure successful product launches. Innovation also means that an NPO must be willing to abandon certain services or client groups if it finds it cannot serve them well.

The key to implementing a strategy once it has been established is to set action goals and to measure performance. In many cases NPO services are provided by volunteers but this should not be used as a reason for avoiding challenging “unpaid staff” to excel or for failing to give task-relevant feedback. In fact, Drucker argues that because volunteers receive no extrinsic rewards, feelings of competence and personal

growth are more important to them than to paid workers and this feedback should be welcomed by volunteers.

NPOs draw on a wealth of human resources—staff, volunteers, board members, clients and donors—which must be carefully managed if the NPO is to achieve its mission. Drucker's recommendations in this area are designed primarily to ensure that the mission of the organization is kept clear and visible, and that people are provided with clear assignments and sufficient information to understand how their work advances the mission. Staff, volunteers and board members should see their roles as an opportunity to learn and to teach. Drucker advances this as the primary (only?) orientation which can maintain effective performance.

The final section addresses a further human resource: the leader. The leader must engage in a process of self-management. This begins with dedication to serve an external goal. With this focus, the leader must strive for self-improvement. If leaders find they have stopped learning, they must engineer sufficient change to re-energize the learning process. Consistent with the earlier emphasis on goal-setting and evaluation for others, leaders must also learn to evaluate themselves. As Drucker says, this maintains humility and ensures that people achieve their long-term potential.

Drucker does a delicate balancing act in this book. On the one hand, he argues strongly that NPOs must adopt a business-like stance if they are to achieve their potential for good in society, i.e., they must become performance-oriented and effective. On the other hand, he recognizes that NPOs are different from businesses and must achieve this performance under unique conditions: complex performance criteria, the separation of income-generating and service-providing activities; and reliance on unpaid staff, among others. While recognizing these problems, Drucker's message remains unequivocal; non-profit organizations must develop management skills if they are to achieve their missions.

This book is likely to be of value to NPO leaders concerned about their role; it may be of greater value to NPO volunteers who will get a glimpse of the possibilities of *their* roles and of their potential. It is a book full of practical advice which should be debated by boards of directors. For example, the book could be used as a starting point for developing personnel policies for unpaid staff. Discussion could include questions like: should the NPO conduct periodic performance reviews?; what remedial programs are in place to supply missing skills?; should incompetent volunteers be "fired"? Drucker's parting question bears

repeating “What will you *do* tomorrow as a result of reading this book? And what will you *stop doing*?” It is a tribute to the power of this book that most readers will take these questions seriously.