

PA 745: Administration of Nonprofit Organizations
San Francisco State University Public Administration Program
Spring 2005

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The "Nonprofit World" is changing rapidly— increasing privatization of public services, ever growing social needs, and decreasing resources are changing the way nonprofit organizations are doing business. Increased competition for resources, increased expectations for results, and growing demands for accountability are challenging nonprofit organizations to be resilient, innovative and even entrepreneurial.

For everyone who thinks that "management" is dull, I hope to introduce them to the **passion** and **urgency** that so often is part of management in nonprofit organizations. As an introduction to the rapidly changing demands of management of nonprofit organizations, this course is designed to help students better understand their roles as volunteers, donors, employees, or "monitors" of nonprofit organizations in the rapidly changing nonprofit context. As such, this course introduces students to key themes, concepts and theories in the fields of nonprofit management/administration; with a particular focus on how/why the management of nonprofit organizations is different from the management of for-profit organizations or public organizations. This course applies the more theoretical concepts of nonprofit management to the practical management of nonprofit organizations through class discussion and practical activities.

The primary objectives of this course are to:

1. Introduce students to key themes, concepts and theories in the fields of nonprofit management/administration, with a particular focus on how/why the management of nonprofit organizations is different from the management of for-profit organizations or public organization
2. To apply these concepts and theories to the practical management of nonprofit organizations.
3. To gain a better understanding and familiarity with the academic and professional resources that are available to professionals working with nonprofit organizations.

Class Format

The success of this course is dependent upon each student's preparation and participation. I will assume that each student has read the assigned readings and has come to class ready to participate. You will be required to participate in numerous ways: case discussions; group projects; and by presenting your findings about a particular nonprofit management topic to the class.

Despite what we read about in books, management is messy and there is never one easy and "right" answer to the issues faced by complex organizations. We will explore the messiness of organizations through the safety of cases and then in more detail by describing and prescribing the application of concepts and tools to the operation of local organizations.

Case analysis: Each class will be apply class readings to a particular case and then to the analysis of our project organizations. Cases provide us with a "practice" management practices in the safety of the classroom. Most of our cases describe a dilemma or problem in a particular situation and provide us with an opportunity to

understand both the complexities of everyday management; the challenges of arriving at decisions within a real organization; and the multitude of potential "solutions" to anyone issue. The cases are not intended as descriptions of right or wrong, but rather as vehicles for discussion. There is no "correct" answer to any case. However in preparing for case discussion, you should be prepared to:

- Concisely describe the situation:
 - o what went on and why?;
 - o what are the positives and negatives of the current situation?
- What should be done next?
 - o What are the alternatives available to the organization in this situation?
 - o Which alternative do you recommend be adopted and why?

Application to project organizations: During most classes we will have an opportunity to move away from a written case to apply what we have learned from both our readings and case discussion to actual Bay Area organizations. Once again this application allows us to think about what our readings say to the realities of implementation in a particular setting.

Assignments

	Pts	Due Date
Group Projects	60	
1. Analysis of:	30	
a. Mission	10	2/22
b. "strategic position"	10	3/8
c. Performance (programmatic and financial)	10	5/10
1. Development of a business plan	30	5/24
Individual Assignments	40	
2. Case Analysis		Variable
a. memo 1	5	
b. memo 2	5	
c. memo 3	5	
3. Briefing memo on a particular research topic ** (oral presentations will be made based upon the date in the syllabus and the sign-up sheet)	25	4/05

Resources

In *The Cathedral Within* (1999), Bill Shore, suggests that the "prescription for creativity...is to have a wide range of interests to increase the likelihood of two disparate ideas coming together." (p.145) He uses Gutenberg's invention of movable type as an example of two ideas from different worlds coming together to create something new. "Having already been familiar with idea of carving letters into small individual blocks, it took participating in a wine harvest and noticing the pressure exerted by the wine press to conceive the idea of movable type and the printing press." (Shore,1999, p. 145) Similarly, to you to be an innovative and entrepreneurial problem solving, we will draw upon a variety of resources available to practicing managers --management texts, academic literature, "popular" newspapers and magazines, as well as movies and web resources. We will use materials that span the sectors, drawing upon examples of management principles from nonprofit, public and for-profit sources. In addition, because US based nonprofits are increasingly influenced by events worldwide, we will also use both domestic and international cases to highlight class concepts.

Electronic resources:

SFSU Electronic Reserve (ER) <http://eres.sfsu.edu/eres/courseindex.aspx?page=search>
password: popcorn

Blackboard (BB) @ <http://online.sfsu.edu/> (course documents/class readings)

Texts:

Dees, J Gregory; Emerson, Jed; Economy, Peter. 2001. *Enterprising Nonprofits: A Tool Kit for Social Entrepreneurs*. Wiley Press. ISBN: 0471397350

Dees, J Gregory; Emerson, Jed; Economy, Peter. 2002. *Strategic Tools for Social Entrepreneurs: Enhancing the Performance of Your Enterprising Nonprofit*. Wiley Press. ISBN: 0471150681

Ott, J. Steven. 2001. *Understanding Nonprofit Organizations*. Westview Press. ISBN: 0813367875

Optional:

Oster, Sharon. 1995. *Strategic Management for Nonprofit Organizations*. Oxford University Press. ISBN: 0195085035

Possible Cases¹: (available from Kennedy School of Government Case collection: <http://www.ksgcase.harvard.edu/>). These cases are available at the academic rate of \$2.95 per case.

Mikhukhu People of South Africa: A Question of Survival
Accion International: Where Latin America Meets Brooklyn (**)
Cabrini's Prodigal Daughters
Diversity Programs at The New England Aquarium
Prison Fellowship Ministries (B)
'Self-Help' Housing on the Texas-Mexico Border (A): The Complications of Good Fortune for a Small Nonprofit Organization
Terry Ann Lunt and Greater Boston Rehabilitation Services (A)
Providing Two-Way Feedback: Assessing Headquarters and Field Service Performance at

¹ The selection of cases used for discussion purposes may change with notice as current events dictate!

Course Readings, Discussion Topics and Activities

Week 1 Legal definitions of a nonprofit organization

2/1

Key Issues:

What is a nonprofit organization?

What are the legal characteristics and requirements of nonprofit status?

What is the non-distribution constraint and what does that mean for nonprofit organizations?

What are the different classifications of nonprofit?

What are the characteristics of the nonprofit sector?—size and scope

What challenges are nonprofit organizations facing in 21st century America?

Resources:

Ott, J. Steven. 2001.

Chapter 5 and 6.

Salamon, Lester M. 2002. The State of Nonprofit America. Washington, D.C.: Brookings Institution Press. Chapter 1: The Resilient Sector: The State of Nonprofit America.

Optional resources:

Bryce, Herrington J. 2001. *Financial and Strategic Management for Nonprofit Organizations*. 3rd ed. San Francisco: Jossey-Bass Publishers. Chapters 1-3: Provides a detailed description of the legal requirements of nonprofit organizations.

<http://nccs.urban.org/product.htm>: provides descriptions of the nonprofit sector by industry, county/state

<http://www.guidestar.org/>: individual level data on specific nonprofits by location/industry/size

Additional Resources on Starting a nonprofit

Manusco, Anthony. 2000. *Starting a Nonprofit in California*. Advertised at NOLO: Law for All at <http://www.com/lawstore/>

<http://www.canonprofits.org/faq/start.html>: reviews the steps in starting a nonprofit

http://www.ss.ca.gov/business/corp/corp_artsnpinf.htm; Secretary of State page on the incorporation of nonprofit organizations

<http://www.nonprofits.org/npofaq/>: The Internet Nonprofit Center Provides information about a variety of topics, these two questions and answers might be most appropriate to start up questions:

<http://www.nonprofits.org/npofaq/02/01.html>

<http://www.nonprofits.org/npofaq/17/39.html>

CA tax information:

<http://www.taxes.ca.gov/exemptbus.html>

Week 2 What: The Role of Nonprofit Organizations in American Society- 2/8 Establishing the Mission

Key Issues:

What unique roles do nonprofit organizations play in American society?
 How has the roles of nonprofit organizations changed over time?
 In what ways might the societal value of nonprofit organizations influence the management of the organization?
 How do nonprofit organizations articulate their unique contributions?
 What roles does a mission statement play in holding a nonprofit to its mission?

Case: Mikhukhu People of South Africa: A Question of Survival

Why is clarity of a mission important to this organization?
 Why has it been difficult for this organization to maintain this clarity or to keep the organization activities aligned with its mission?

Resources:

Frumkin, Peter. 2002. On Being Nonprofit: A Conceptual and Policy Primer. Cambridge, Mass: Chapter 1. pp. 1-29.

O'Neill, Michael. Nonprofit Nation: A New Look at the Third America. San Francisco: A New Look at the Third America. Chapter 2: Theories. Pp. 35-53.

Dees and Emerson (2001): Chapter 2: Defining your mission

Dees and Emerson (2002): Chapter 1: Developing a Strategic Service Vision

Optional Resources

"Oster, Sharon. 1995. Chapter 2: *The Mission of the Nonprofit Organization.*"

Week 3**Environmental Analysis**

2/15

Key issues:

What is "strategy"?
 Are nonprofit organizations strategic?
 What internal and external forces influence the selection of nonprofit strategy?
 What key environmental forces are influencing the management of nonprofit organizations today?
 Possible research topics: nps and globalization;

Case: Mikhukhu People of South Africa: A Question of Survival (cont).**Resources**

Oster, Sharon.1995. *Strategic Management for Nonprofit Organizations*. Oxford University Press.Chapter 3.Structural Analysis of a Nonprofit Industry. *Strategic Management for Nonprofit Organizations*. New York: Oxford Press.

Ott. 2002. Chapter 10,11,12.

Dees and Emerson (2001) : Chapter 3: Recognizing and Assessing New Opportunities

Dees and Emerson (2002): Chapters 2,3: Competitive and Cooperative Strategy

Week 4 Marketing

2/22

Key Issues

- What is marketing?
- What are the five P's of marketing?
- Why is marketing important in nonprofit organizations and how should the market position of nonprofits differ from that of for-profit competitors?
- How do nonprofit organizations market their strategies?

Possible research topics: co-production of services;

Case: Accion International: Where Latin America Meets Brooklyn

- What are the five P's of Accion International?
- What management challenges is Accion International facing and how are these related to the marketing of their products?
- Is there an alignment between the five P's and the mission? Is there consistency among the five P's?

Resources

Gainer, Brenda and Moyer, Mel S. "Marketing for Nonprofit Managers" in Herman, Robert D. *The Jossey-Bass Handbook of Nonprofit Leadership and Management*. 2nd ed.

Dees and Emerson. 2001. Chapter 8: Understanding and Attracting Your "Customers"

Optional resources:

Carter McNamara. Framework for developing a nonprofit marketing plan.

http://marketing.about.com/gi/dynamic/offsite.htm?site=http%3A%2F%2Fwww.mapnp.org%2Flibrary%2Fnp_progs%2Fmba_crse%2Fmrk_org.htm

Oster, Sharon. *Chapter 7: Product Mix and Pricing*

Moyer, Mel S. "Marketing for Nonprofit Managers" pp. 249-278. in Herman, Robert D. *The Jossey-Bass Handbook of Nonprofit Leadership and Management*. (1 st ed).

Week 5 Governance of nonprofits

3/1

Key issues:

- What are the roles and responsibilities of nonprofit board of trustees?
- What responsibilities do board members have in terms of accountability?
- What impact does board composition have on the organization?

Possible research topics: Carver model of board governance; corporate models of board governance; use of committees in nonprofit boards; elite governance of nonprofits; "social networks" of elite governance

Case: Who brought Bernadine Healy down? (BB)

Deborah Sontag. *New York Times Magazine*. New York: Dec 23, 2001. p. 32

- Describe the relationship between BH and the Red Cross Board?
- How were these relationships strained by the events of 9/11?
- To what extent do you think that the Red Cross criticisms of 9/11 been avoided by an active and engaged board? Or were they inevitable?
- How did the Board/ED conflicts figure into the departure of the Healy?

Resources:

Board responsibilities

Dees and Emerson (2002): Chapter 5: Board

Herzlinger, Regina E. Effective Oversight: A Guide for Nonprofit Directors. Harvard

Business Review. July/August 1994.

Taylor, Barbara; Chait, Richard P.; Holland, Thomas P. "The New Work of the Nonprofit Board". *Harvard Business Review*. Sept/Oct 1996. pp. 4-11.

Robert D. Herman, David O. Renz. Nonprofit Organizational Effectiveness: Contrasts Between Especially Effective and Less Effective Organizations. *Nonprofit Management and Leadership*. Volume 9, Issue 1, Date: Autumn (Fall) 1998, Pages: 23-38

Richard P. Chait, William P. Ryan, and Barbara E. Taylor. Governance as Leadership. Governance as Leadership From Boardsource. [Feature Article: http://www.boardsource.org/Welcome.asp?ID=1](http://www.boardsource.org/Welcome.asp?ID=1)

Board composition

Bowen, William G. "When a Business Leader Joins a Nonprofit Board". *Harvard Business Review*. Sept/Oct 1994.

McFarlan, F. Warren. Working on Nonprofits Boards: Don't Assume the Shoe Fits. *Harvard Business Review*. November/December 1999.

Optional Resources

Oster, Chapter 6: *The Nonprofit Board of Directors*.

Week 6 Human Resource Issues in Nonprofit Organizations

3/8

Key issues:

- How do you motivate staff in nonprofit organizations?
- How does the non-distribution restraint influence your ability to motivate staff?
- What trends in human resources are unique to nonprofits?

Possible research topics: performance based compensation in np's; turnover of np leadership in the coming decade; glass ceiling; excessive executive compensation;

Case: Cabrini's Prodigal Daughters

- What challenges does this organization face in finding and retaining qualified staff?
- What recommendations would you make to improve their management of human resources?

Resources:

Light, Paul. 2002. The State of the Nonprofit Workforce. *The Nonprofit Quarterly*. Fall 2002. (BB)

Dees and Emerson. 2002. Chapter 4: Leading, Retaining and Rewarding Employees.

Watson, Mary R. and Abzug, Rikki. 2004. "Finding the Ones you Want, Keeping the Ones You Find." Pp. 623-659. in Herman, Robert D. *The Jossey-Bass Handbook of Nonprofit Leadership and Management*. 2nd ed. (ER)

Letts, Ryan and Grossman. 1999. Chapter 6: Human Resources: Developing Employees to Advance Organizational Goals. *High Performance Nonprofit Organizations*. New York: John Wiley and Sons. (ER)

Hallock, Kevin F. 2004. Managerial Pay in Nonprofit and For-Profit Organizations. Pp 76-101. In Riggio, Ronald E. and Orr, Sarah Smith, ed. *Improving Leadership in Nonprofit Organizations*. San Francisco: Jossey-Bass.

Optional

Oster, Sharon M. Chapter 5: *Human Resource Management*.

Week 7 Managing Diversity in Nonprofit Organizations

3/15

Key Issues:

- Why is diversity important in nonprofit organizations?
- What legal mandates do nonprofits have to diversity in hiring staff?
- How do nonprofits achieve diversity in recruiting and retaining staff and volunteers?

Possible research topics: Affirmative action in nonprofits; minority representation on boards; elitism and diversity;

Case: Diversity Programs at The New England Aquarium

- What does diversity mean at the NE Aquarium?
- What mandates does the NE Aquarium have to support diversity?
- Evaluate the NE Aquarium's efforts to support diversity? Have they done enough?

Resources:

William A. Brown. "Inclusive Governance Practices in Nonprofit Organizations and Implications for Practice". *Nonprofit Management and Leadership*. Volume 12, Issue 4, Date: Summer 2002, Pages: 369-385

(More to be assigned later...)

Week 8 Managing Volunteers

3/22

Key Issues:

- In what ways is volunteer management an integral part of the mission of many np organizations?
- How is the management (retention and recruitment) of volunteers different from that of paid employees?
- How can np organizations improve their management of volunteers?

Possible research topics: changing demographics of volunteers;

Case: Prison Fellowship Ministries (B)

- What obstacles does PFM face in using volunteers to minister to prisoners?
- Are their limits to the value of volunteers in responding to social needs?
- What recommendations would you have for PFM as they move forward?

Resources:**Ott: Part 9**

Brudney. Voluntarism. Chapter 27
Pearce. Volunteers at Work.
Brudney. Volunteer administration.
Scheier. Staff//volunteer relations

Week 9 Financial Resources: Changing Patterns and Management Implications

4/5

Key issues:

- What financial resources are available to nonprofits and how are resource patterns changing?
- How does the composition of financial resources influence organizational behavior?
- In what ways does the type of financial resources your organization uses influence management practices and/or service delivery?

- What are the challenges of balancing multiple funding sources?

Possible research topics: funding for operation; the impact of commercialization on nonprofit mission; social enterprise

Case: Terry Ann Lunt and Greater Boston Rehabilitation Services (A). 1300.0.

- What were the funding challenges that Lunt faced when she arrived at GBRs?
- In what ways do these challenges mirror broader developments in the sector?
- What were her strategies to addressing those challenges? And what were the strengths and weaknesses of her approach?
- What alternative suggestions would you offer to Lunt?

Resources:

Emerson and Dees (2001): Chapter 4
 Dees and Emerson (2002): Chapters 6,9

Ott: Froelich, Karen. "Diversification of Revenue Strategies: Evolving resource dependence in nonprofit organizations."

Ryan, "The New Landscape for Nonprofits". *Harvard Business Review*. Jan/Feb 1999.

Gronbjerg, Kirsten. Chapter 1, 12. *Understanding Nonprofit Funding*. San Francisco: Jossey-Bass Publishers.

Optional

Oster, Sharon. Chapter 8.

Week 10 | Funding Cont: Government Contracting
 4/12

Key Issues:

- How are changes in the environment influencing the relationships between nonprofits, government and the for-profit sector?
- What is the impact of increased privatization and government contracting on nonprofit organizations?

Possible research topics: performance based contracts; "compassionate conservatism"; Charitable Choice

Case: 'Self-Help' Housing on the Texas-Mexico Border (A): The Complications of Good Fortune for a Small Nonprofit Organization

- What are the complications of good fortune for Project Azteca?
- Was the contract that they pursued consistent with their mission?
- What are the weaknesses of the contract?
- What should have been done differently and by whom?
- What should be done now?
- If you were a government official overseeing future contracting relationships, what additional guidelines might you put in place?
- Managing government contracts has often been described as a "game". How does that metaphor apply to this case?

Resources:

Ott: Section VII: Managing Under Government Contracts

Judith R. Saidel, Sharon L. Harlan. "Contracting and Patterns of Nonprofit Governance". *Nonprofit Management and Leadership*. Volume 8, Issue 3, Date: Spring 1998, Pages: 243-259

Week 11 Accountability

4/19

Key Issues:

What are the mandates for accountability?

How do government regulations influence nonprofit accountability?

To whom are nonprofits accountable? Funders? Clients? The public?

Possible research topics: citizen watchdogs; 9/11 and np accountability;

Discussion Case²: "NGO's: Fighting Poverty? Hurting the Poor?" By Sebastian Mallaby. *Foreign Affairs*. Sept/Oct. 2004.

Resources:

Ott: Kearns: Accountability concepts and controversies.

Herman and Renz. "Multiple Constitutencies and the Social Construction of Nonprofit Organization Effectiveness"

Dees and Emerson (2001): Chapter 5: The accountable social entrepreneur

Dees and Emerson (2002): Chapter 7: Community

Guide to new California Nonprofit Integrity Act (SB 1262)

<http://www.canonprofits.org/>

Week 12 Measuring performance

4/26

Key issues:

- What are the challenges of measuring performance in nonprofit organization?
- What are the advantages and disadvantages of various types of performance measurement?

Possible research topics: outcome based measurement; balance scorecard and np's;

Case: Providing Two-Way Feedback: Assessing Headquarters and Field Service Performance at CARE

- What challenges did CARE face in measuring performance?
- How did the concepts and practice of performance take on different priorities in the field and in the home office?
- What are the strengths and limitations of the new method of evaluating performance?

Resources:

Ott: Paddock. Evaluation.

Herman and Renz. Multiple Constituencies and the Social Construction of Nonprofit Organization Effectiveness.

Dees and Emerson. 2002. Chapter 8. Performance Measurement

Compilation of standards:

<http://www.independentsector.org/issues/accountability/standards.html>

Outcome measurements: <http://national.unitedway.org/outcomes/>

Kaplan, Robert S and Norton. The Balanced Scorecard: Measures that Drive

² This case is subject to change and be supplemented-- based upon any current scandals in the nonprofit sector!

Performance. *Harvard Business Review*. Jan/Feb 1991.

Optional Resources:

Oster. Chapter 10: Program Evaluation.

Week 13: Financial Measures of Performance

5/3

Key Issues:

- What are the key indicators of financial performance for nonprofit organizations?
- To what extent are these measures "absolute indicators" of financial health?

Possible research topics: overhead and administrative costs in np organizations; revenue concentration

Case: WBLT Public Television, 1999

- Is WBLT financially healthy?

Resources:

Dees and Emerson (2001): Chapter 9: Financial Management
Ott: Section VIII

Janet S. Greenlee, John M. Trussel. Predicting the Financial Vulnerability of Charitable Organizations. *Nonprofit Management and Leadership*. Volume 11, Issue 2, Date: Winter 2000, Pages: 199-210. (BB)

William J. Ritchie, Robert W. Kolodinsky. Nonprofit organization financial performance measurement: An evaluation of new and existing financial performance measures. *Nonprofit Management and Leadership*. Volume 13, Issue 4, Date: Summer 2003, Pages: 367-381 (BB)

City and County of San Francisco, Controller's Office. "Finance Guide for Nonprofit Organizations." Available at: <http://www.sfgov.org/controller> (this is an excellent free resource for those with basic financial management skills).

Optional:

Oster, Chapter 9: Managerial Control

Week 14 Improving performance and the new language of capacity development

5/10

Key Issues:

- What does the term capacity development mean?
- How is capacity development in nonprofit organizations different from that of for-profit organizations?
- What is the impact of philanthropic funders on capacity development?

Case: TBA: As a class we will select our favorite case and return to it to discuss the challenges of "capacity development"

Resources:

Improving Performance

Dees and Emerson. 2002. Chapters 10, 11, 12

Dees and Emerson. 2001. Chapter 7: Mastering the Art of Innovation

Capacity Development

Venture Philanthropy Partners. Effective capacity building for nonprofit organizations. http://www.venturephilanthropypartners.org/inf-url_nocat2026/info-url_nocat.htm

Paul Light and Elizabeth Hubbard. The capacity building challenge. http://www.brook.edu/gs/np_effectiveness.htm

Light, Paul. 2004. *Sustaining Nonprofit Performance*. Washington, D.C.: Brookings Institute Press.

Week 15 Competition and Collaboration

5/17

Key issues:

- What is collaboration?
- Are nonprofits inherently prone to collaboration? What forces are encouraging increased emphases on np collaboration?
- How do np's go about structuring more effective collaborative relationships?

Case: Rebuilding Los Angeles: A Public, Private and Nonprofit Partnership (Web-based Case)

- What were the impetuses to structure ReBuild LA as a collaborative initiative?
- What challenges did the Rebuilding LA leadership face?
- How might they have structured their organization to more effectively deal with the unique challenges of this situation?

Resources:

Ott: Section VI

Andreasen, Alan. Profits for Nonprofits: Find a corporate partner. *Harvard Business Review*. Nov/Dec 1996.

Austin, James. 2000. Strategic Collaboration Between Nonprofits and Business. *Nonprofit Voluntary Sector Quarterly*. 29(1): 69-97 (ER)

Stone, Melissa. 2000. Exploring the Effects of Collaborations on Member Organizations: Washington County's Welfare-to-Work Partnership. *NVSQ*. 29(1):98-119. (ER)

O'Regan, Katherine and Oster, Sharon M. 2000. Nonprofit and For Profit Partnerships: Rationale and Challenges of Cross Sector Contracting. *NVSQ*. 29(1): 120-141. (ER)

Week 16: Finals Week: Presentation of Business Plan Proposals

5/24
